

Mondi Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1967/013038/06)

JSE share code: MND ISIN: ZAE000097051

Mondi plc

(Incorporated in England and Wales)

(Registration number: 6209386)

JSE share code: MNP ISIN: GB00B1CRLC47

As part of the dual listed company structure, Mondi Limited and Mondi plc (together 'Mondi Group') notify both the JSE Limited and the London Stock Exchange of matters required to be disclosed under the JSE listings requirements and/or the Disclosure and Transparency and Listing Rules of the United Kingdom Listing Authority.

Mondi Group: Interim Management Statement 7 May 2008

This statement provides an update on the Group's progress since the year ended 31 December 2007, based on estimated results up to end April 2008 (volume and selling price comments are mainly based on data to end March 2008) and precedes the announcement on 30 July 2008 of the half-yearly results for the six months ending 30 June 2008.

Reporting Format

As previously announced, from 1 January 2008, the former Mondi Packaging and Mondi Business Paper business units now operate as two divisions: Europe & International and South Africa. Accordingly, we have used this new reporting structure for commenting on trading in this Interim Management Statement. We have also provided, as an attachment to this announcement, a restatement of our segmental analysis for 2007 and 2006 under the new reporting format for revenues and operating profit.

Group Overview

Since the year end the Group's underlying operating profit has come in ahead of the comparable period for the prior year helped by a strong performance from the Europe & International Division and, in particular, the Bags & Specialities business unit where good price increases were secured in kraft paper and the related downstream converting operations.

Divisional Overview**Europe & International**

In the Corrugated business unit volumes have held up but the pricing environment has, as expected, been impacted by the weak US dollar with kraftliner prices down 2% since the year end, albeit still at good levels. Box prices have increased marginally since the year end but the recent softening in testliner prices will make further price increases more difficult to achieve in the short term.

Bags & Specialities has benefitted from continuing strong sack kraft paper and converted bag prices (up around 5% since the year end), however converting volumes have seen some recent softness as demand from the construction industry, particularly in Southern Europe, begins to slow. The Specialities business results benefit from the acquisition of Unterland in the second half of 2007 which is trading in line with expectations.

In the Uncoated Fine Paper business unit, revenues were up despite the closure of our Hungarian mill during the period. Selling prices are up on average 4% against the comparable period but are relatively unchanged since the year end. Whilst we continue to seek price increases the weak US dollar and recent softening in demand have made progress on this front difficult despite industry capacity closures.

South Africa Division

Results to date have been negatively impacted versus prior year by the timing of planned maintenance shuts (Richards Bay pulp mill was closed for two weeks during March for maintenance work) and lower export sales volumes (mainly in woodchips) as we have taken the active decision to pursue margin not volume in certain markets. Overall, we are confident that the measures we are taking to improve profitability are working with PM31 at our Merebank operation running well and the implementation of a 5% price increase in the domestic market effective 1 May. The weaker rand is also beginning to benefit margins in our export business.

Mondi Packaging South Africa (MPSA)

Demand and pricing remain positive. However, the improved local performance is impacted on translation into euros at the much weaker rand rate (circa 20% down on 2007 rates). Progress on execution of major projects has been good. The Felixton rebuild has been commissioned on time and within budget and this will increase containerboard production by 45,000 tonnes per annum to 155,000 tonnes per annum.

Merchant and Newsprint

Europapier and Mondi Shanduka Newsprint have had a reasonable start to the year. However, our joint venture, Aylesford Newsprint (which accounted for just under half the divisions 2007 result), has seen a significant deterioration in profitability as a result of falling selling prices and rising energy and recycled fibre input costs and it is likely that their full year profits will be substantially below 2007 levels.

Input Costs and Currency

External fibre cost pressures have continued to ease but are up on the comparable period given the steep increase in external fibre costs, up circa 25%, in the first half of 2007. Other input cost pressures are a concern and the rising oil price continues to feed through into rising energy and transport bills. Importantly, our results continue to benefit from Mondi's ongoing focus on cost reductions, restructuring and productivity improvements, all of which help to mitigate the impact of cost inflation.

The further weakness of the US dollar has led to an increase in imports and a reduction in exports for most paper grades including uncoated fine paper and containerboard which has impacted selling prices. However, the relatively modest levels of net export dependency of uncoated fine paper and containerboard (circa 5% versus 20% for most coated and graphic paper grades) has helped to limit the impact of the weak US dollar. Partially offsetting the weakness of the US dollar has been the favourable impact of the weakness of the South African rand which has benefitted the profitability of export sales from that country.

Restructuring

The previously announced closure of our 140,000 tonne uncoated fine paper mill in Hungary has been completed (production ceased on 20 March 2008). The charge for impairment of the site was recognised in the 2007 results and the latest estimate for the cash and other closure costs is €31m which will be disclosed as a special item in the 2008 financial statements. During the period we also completed the restructuring and simplification of our European Uncoated Fine Paper divisional structure. We are now beginning to see the benefits of these actions coming through.

Major Projects

The new 470,000 tonne recycled containerboard machine and related box plant at Swiecie in Poland, at a total cost of €350m, is progressing well. The main machine orders have now been placed and we remain on track for completion in the second half of 2009. We anticipate this machine will have the lowest operating cost of its type.

The project to modernise our Russian mill (total cost of €525m) is also making good progress. All main equipment contracts have been agreed and construction has commenced with completion scheduled by mid to late 2010. The key value drivers of this project are to lower our cost base in Russia, improve efficiency, increase energy production and revenue by selling surplus energy to the grid as well as providing some extra capacity (both pulp and paper) for the strongly growing domestic market.

Borrowings and Finance Charges

Group borrowings, as expected, have increased as the rate of capital expenditure increases due to the commencement of the two key projects in Poland and Russia. As at the end of March the Group had just under €1.2bn of undrawn committed debt facilities (€1.0bn of which is available under a €1.55bn facility expiring on 22 June 2012).

Interest rates in South Africa have continued to increase with the Reserve Bank repurchase base rate now standing at 11.5%. Overall finance charges are higher than the comparable period because for the first half of 2007 Mondi was a subsidiary of Anglo American plc and under a different capital structure which resulted in lower finance charges.

Summary

Whilst there is some uncertainty over pricing and demand developments, Mondi's product mix, emerging market focus, continued push to drive down costs and willingness to respond quickly to changing market conditions, gives us confidence that we will make further progress in 2008.

This statement is being released on the day of our annual general meeting, details of which can be found on our website www.mondigroup.com

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A conference call will take place on 7 May 2008 at 08:30am (UK time) / 09:30am (SA time). The dial-in number is +44 (0) 1452 569 393 – call reference – 45712285

A replay service has been booked and will be available until 13 May 2008 for anyone not able to join the call. These details are dial in no: +44 (0) 1452 550 000, pin: 45712285

Editors' notes:

Mondi is an international paper and packaging group and in 2007 had revenues of €6.3 billion. Its key operations and interests are in western Europe, emerging Europe, Russia and South Africa.

The Group is principally involved in the manufacture of packaging paper and converted packaging products; uncoated fine paper; and speciality products and processes, including coating, release liner and consumer flexibles.

Mondi is fully integrated across the paper and packaging process, from the growing of wood and manufacture of pulp and paper (including recycled paper) to the converting of packaging papers into corrugated packaging and industrial bags.

Mondi has production operations across 35 countries and had an average of 35,000 employees in 2007.

Operating segment revenues

Internal and external segment revenues are presented, and reconciled to Group revenue, as follows:

€ million	2007			2006		
	Total	Internal revenue	External revenue	Total	Internal revenue	External revenue
Europe & International						
Corrugated	1,616	(55)	1,561	1,467	(56)	1,411
Bags & Specialities	2,005	(19)	1,986	1,726	(16)	1,710
Uncoated Fine Paper	1,666	(177)	1,489	1,583	(164)	1,419
Intra-segment elimination	(98)	98	-	(85)	85	-
Total Europe & International	5,189	(153)	5,036	4,691	(151)	4,540
South Africa						
Corrugated	125	(125)	-	125	(125)	-
Uncoated Fine Paper	491	(267)	224	519	(212)	307
Intra-segment elimination	(25)	25	-	(25)	25	-
Total South Africa	591	(367)	224	619	(312)	307
Merchant and Newsprint	591	(1)	590	539	(1)	538
Mondi Packaging South Africa	419	(28)	391	360	(25)	335
Corporate and other businesses	28	-	28	31	-	31
Inter-segment elimination	(549)	549	-	(489)	489	-
Total	6,269	-	6,269	5,751	-	5,751

Operating segment operating profit

Segment operating profits are presented, and reconciled to Group profit before tax, as follows:

€ million	Segment operating profit before special items		Segment operating profit after special items	
	2007	2006	2007	2006
Europe & International				
Corrugated	133	98	128	49
Bags & Specialities	154	106	153	93
Uncoated Fine Paper	99	89	36	73
Total Europe & International	386	293	317	215
South Africa				
Corrugated	25	22	25	22
Uncoated Fine Paper	53	15	48	15
Total South Africa	78	37	73	37
Merchant and Newsprint	40	29	40	29
Mondi Packaging South Africa	35	35	35	35
Corporate and other businesses	(37)	(17)	(40)	(17)
Total	502	377	425	299
Reconciling items:				
Net profit/(loss) on disposal of subsidiaries and associates	-	-	83	(4)
Net income from associates	2	5	2	5
Net finance costs	(99)	(77)	(128)	(77)
Group profit before tax	405	305	382	223