Mondi Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1967/013038/06)
JSE share code: MND ISIN: ZAE000156550

Mondi plc

(Incorporated in England and Wales)
(Registered number: 6209386)
JSE share code: MNP ISIN: GB00B1CRLC47
LSE share code: MNDI

4 August 2016

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 Listings Requirements of the JSE Limited and/or the Disclosure Guidance and Transparency and Listing Rules of the United Kingdom Listing Authority.

Half-yearly results for the six months ended 30 June 2016

Highlights

- **Continued strong financial performance on all key metrics**
    - Underlying operating profit of €529 million, up 8%
    - Underlying earnings of 75.0 euro cents per share, up 11%
    - Cash generated from operations of €620 million, up 15%
    - Return on capital employed of 21.2%
- **Capital projects continue to deliver growth**
- **Strategic acquisitions enhance packaging portfolio**
- **Interim dividend declared of 18.81 euro cents per share**

Financial Summary

€ million, except for percentages and per share measures	Six months ended 30 June 2016	Six months ended 30 June 2015	Six months ended 31 December 2015
Group revenue	**3,312**	3,459	3,360
Underlying EBITDA[1]	**714**	671	654
Underlying operating profit[1]	**529**	490	467
Operating profit	**529**	451	449
Profit before tax	**482**	392	404
Per share measures			
Basic underlying earnings per share[1] (euro cents)	**75.0**	67.8	65.9
Basic earnings per share (euro cents)	**75.0**	60.3	63.7
Interim dividend per share (euro cents)	**18.81**	14.38	
Cash generated from operations	**620**	538	741
Net debt	**1,491**	1,741	1,498
Group return on capital employed (ROCE)[2]	**21.2%**	19.0%	20.5%

Notes:

1 The Group presents underlying EBITDA, operating profit and related per share information as measures which exclude special items in order to provide a more effective comparison of the underlying financial performance of the Group between financial reporting periods. A reconciliation of underlying operating profit to profit before tax is provided in note 4 of the condensed financial statements.

2 ROCE is the 12-month rolling average underlying operating profit expressed as a percentage of the average rolling 12-month capital employed, adjusted for impairments and spend on strategic projects which are not yet in operation.

David Hathorn, Mondi Group chief executive, said:

“Mondi delivered a strong performance in the first half of 2016 with underlying operating profit up 8% to €529 million and a return on capital employed of 21.2%. We saw strong contributions from Consumer Packaging, Uncoated Fine Paper and the South Africa Division, partially offset by the anticipated price weakness in certain of our packaging paper grades.

We continue to make good progress in driving growth through our capital investment programme. We are on track to deliver an anticipated €60 million in incremental operating profit in 2016 from recently completed major capital projects, and our projects in development remain on time and on budget. The Boards recently approved the first phase of a modernisation programme at our Štětí mill in the Czech Republic with follow-on investments still under evaluation.

In April 2016 we completed the acquisition of a corrugated packaging plant in Poland, and we have recently completed two acquisitions that will further enhance our product offering and geographic reach in the growing consumer packaging segment.

While we saw some price weakness in certain of our packaging grades in the first half, demand for these products remains strong and pricing has generally stabilised with increases recently achieved in certain grades. The second half will be impacted by planned maintenance shuts at a number of our mills and the usual seasonal downturn in our Uncoated Fine Paper business. Furthermore, we anticipate a lower forestry fair value gain than was recognised in the first half. We expect to continue to benefit from stable input costs and incremental contributions from our capital investment programme, together with the stability afforded by our downstream converting businesses.

While mindful of the heightened macroeconomic and political uncertainties in Europe, we remain confident of continuing to deliver an industry leading performance in line with our expectations.”

Group performance review

Our underlying operating profit for the half-year ended 30 June 2016 increased 8% to €529 million compared to the first half of 2015. We saw strong contributions from Consumer Packaging, Uncoated Fine Paper and the South Africa Division, driven by volume growth, pricing benefits and forestry fair value gains, respectively. This was partially offset by Packaging Paper, which was negatively impacted by lower average selling prices, and Fibre Packaging, which saw lower sales volumes and experienced negative currency effects.

Revenue was down 4%, primarily due to currency effects and disposals completed in 2015. Excluding these effects revenue grew 1%.

Like-for-like sales volumes were similar to the comparable prior year period, with generally stable volumes in the paper businesses and strong volume growth in Consumer Packaging offset by lower sales volumes in the Industrial Bags and Extrusion Coatings segments of Fibre Packaging.

Pricing movements in the Group's key paper grades were mixed, with domestic currency selling prices significantly up in Uncoated Fine Paper, more modestly up in the South Africa Division, and down in Packaging Paper on the comparable prior year period.

Input costs were generally lower in our Europe & International businesses. Wood, fuel and energy input costs were lower than the comparable prior year period, enhanced by the benefits of the green energy investments at Świecie, Poland, completed in the second half of 2015. Average benchmark paper for recycling costs were up 13% on the comparable prior year period, at similar levels to the second half of 2015. In the South Africa Division, higher domestic wood costs and inflationary increases contributed to higher variable costs in local currency terms, partially offset by higher energy sales. A significantly higher fair value gain on forestry assets reduced the net cost base in South Africa.

In the first half of 2016, we completed the annual maintenance shut at our Syktyvkar mill in Russia and some smaller shuts at a number of our other mills. The balance of our maintenance shuts are scheduled for the second half of the year. Based on prevailing market prices, the full year impact on underlying operating profit of the Group's maintenance shuts is estimated at around €70 million (2015: €90 million) of which the first half effect was around €20 million (2015: €35 million).

Generally weaker emerging market currencies had a net negative impact on translation of the profits of our domestically focused uncoated fine paper and Fibre Packaging operations in those countries, partly offset by the benefits of the export oriented packaging paper and pulp operations in Russia, Poland and South Africa.

Underlying earnings increased 11% to 75.0 euro cents per share, reflecting the increase in underlying operating profit and the benefit of lower net finance charges.

An interim dividend of 18.81 euro cents per share has been declared.

Packaging Paper (Europe & International Division)

€ million	**Six months ended 30 June 2016**	Six months ended 30 June 2015	Six months ended 31 December 2015
Segment revenue	**1,045**	1,122	1,034
Underlying EBITDA	**251**	266	239
Underlying operating profit	**192**	211	180
Underlying operating profit margin	**18.4%**	18.8%	17.4%
Special items	**—**	(14)	—
Capital expenditure	**70**	104	155
Net segment assets	**1,712**	1,734	1,753
ROCE	**23.5%**	26.6%	25.5%

Underlying operating profit of €192 million was down 9% on the comparable prior year period.

On a like-for-like basis, excluding the impact of the sale of the Raubling mill during 2015, sales volumes were marginally up across all containerboard grades.

As anticipated, despite solid demand, increased supply from new capacity in Europe and competition from importers benefiting from weak emerging market currencies resulted in downward pressure on kraftliner prices during the period. Average European benchmark selling prices for unbleached kraftliner were down 2% on the comparable prior year period and down 5% on the second half of 2015. European white-top kraftliner prices were similar to the comparable prior year period and down around 2% on the second half of 2015. In response to sustained good demand and a strong order position, by the beginning of August, selling price increases of €20/tonne had been implemented for both unbleached kraftliner and white-top kraftliner in all European markets excluding southern Europe. In Russia, price increases for white-top kraftliner were implemented at the beginning of the year.

Average European benchmark selling prices for recycled containerboard were up 3% on the comparable prior year period, but down around 3% on the second half of 2015.

Sales volumes for sack kraft paper were at similar levels to the comparable prior year period. As previously indicated, demand softness in a number of export markets and seasonal weakness in European markets towards the end of the prior year lead to average selling prices for sack kraft paper produced in Europe declining by 5-6% in the early part of 2016. Demand has since improved in the important export markets of south east Asia and the Middle East, while Europe has seen the usual seasonal pick-up in demand, supporting the stabilising of pricing.

We saw good demand across our range of speciality kraft papers, although sales volumes of certain grades were impacted by the closure of high cost production capacity in 2015. Selling prices were, on average, marginally higher than in the comparable prior year period.

Input costs were at a similar level to the comparable prior year period with the business benefiting from stable raw material input costs and lower energy costs which offset higher paper for recycling costs and other inflationary increases. Green energy prices were lower in Poland, reducing the contribution from the sale of green energy credits.

We completed planned maintenance shuts at our Syktyvkar, Russia and Świecie, Poland mills during the first half. A further planned maintenance shut is scheduled at Świecie in the third quarter and the majority of our kraft paper mill shuts will take place during the final quarter of the year.

Fibre Packaging (Europe & International Division)

€ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Six months ended 31 December 2015
Segment revenue	**968**	1,046	985
Underlying EBITDA	**94**	101	86
Underlying operating profit	**59**	68	52
Underlying operating profit margin	**6.1%**	6.5%	5.3%
Special items	**—**	(10)	(11)
Capital expenditure	**50**	58	60
Net segment assets	**993**	963	935
ROCE	**12.6%**	15.2%	13.9%

Underlying operating profit of €59 million was down by 13%. Lower sales volumes in Industrial Bags and Extrusion Coatings and a one-off gain recorded in the comparable prior year period were partially offset by the benefits of restructuring and rationalisation activities. Weaker emerging market currencies had a significant negative impact on the translation of the results of our domestically focused Fibre Packaging operations.

Sales volumes in our Corrugated Packaging segment were in line with the comparable prior year period. We achieved good growth in central Europe, offset by lower volumes in Turkey which continued to be impacted by political turbulence in the region. In Poland, sales volumes were up following the acquisition of SIMET S.A. in the early part of the year, although sales growth was tempered by the ongoing Russian embargo preventing the export of fresh fruit and vegetables to that market.

In the Industrial Bags segment, while volumes in European markets were up around 3%, capacity rationalisation and challenging market conditions in the US and weakness in the CIS region resulted in an overall decline in sales volumes. This was partly offset by significant cost savings resulting from a strong focus on cost management and the benefits of restructuring and rationalisation activities completed during 2015.

Lower sales volumes in Extrusion Coatings were largely offset by improved sales margins and ongoing cost management.

Consumer Packaging (Europe & International Division)

€ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Six months ended 31 December 2015
Segment revenue	**765**	730	739
Underlying EBITDA	**100**	83	94
Underlying operating profit	**64**	49	59
Underlying operating profit margin	**8.4%**	6.7%	8.0%
Special items	**—**	(15)	(7)
Capital expenditure	**42**	50	42
Net segment assets	**1,148**	1,065	1,146
ROCE	**11.6%**	10.9%	10.7%

Consumer Packaging continues to show good progress, with a 31% increase in operating profit over the comparable prior year period to €64 million driven by strong volume growth.

Sales volumes grew across most product segments on a like-for-like basis, with particularly strong growth in the high value-added segment of consumer laminates and bags.

Fixed costs were higher, in line with the increased focus on innovation and customer service, incorporating an enhanced sales and application engineering infrastructure. This was partially offset by one off gains during the period. We are making good progress with initiatives to improve the productivity and efficiency of our operations and capital expenditure is directed at both growth opportunities and the modernisation of equipment at a number of our sites.

We also benefited from the successful integration of Ascania, Germany and KSP, South Korea and Thailand, acquired in the second half of 2015. During July 2016, we completed two further acquisitions supporting the growth of this business. In Turkey, we acquired 90% of the outstanding share capital in Kalenobel, a consumer packaging company focused on the manufacture of flexible consumer packaging for ice cream and other applications, as well as aseptic cartons. The company is headquartered in Istanbul and operates two manufacturing sites northwest of the city, serving both international FMCG companies as well as regional food and beverage producers. In Russia, we acquired 100% of Uralplastic which manufactures a range of consumer flexible packaging products for food, hygiene, homecare and other applications. The company serves both local and international customers.

Uncoated Fine Paper (Europe & International Division)

€ million	**Six months ended 30 June 2016**	Six months ended 30 June 2015	Six months ended 31 December 2015
Segment revenue	**625**	626	607
Underlying EBITDA	**172**	152	139
Underlying operating profit	**133**	113	99
Underlying operating profit margin	**21.3%**	18.1%	16.3%
Capital expenditure	**27**	32	33
Net segment assets	**864**	951	821
ROCE	**30.3%**	19.4%	25.6%

Our Uncoated Fine Paper business continued to perform strongly, with underlying operating profit of €133 million, up 18% on the comparable prior year period. Strong pricing, stable volumes and lower input costs, particularly energy costs, more than offset negative currency effects and inflationary pressures on the fixed cost base.

The business maintained sales volumes at a similar level to the comparable prior year period. European prices were stable following the increases seen in the second half of 2015, with the benefits of industry capacity rationalisation in the prior year offset by subdued demand and pressure from imports. Average benchmark European selling prices were up 2.4% on the comparable prior year period and in line with the second half of 2015.

In Russia, we achieved higher average selling prices following the increases implemented during 2015 and at the beginning of the current year.

We completed maintenance shuts at Syktyvkar, Russia and Ružomberok, Slovakia in the first half of 2016. A further shut is scheduled for the Ružomberok mill during the second half of the year. In line with previous years, the second half is also expected to be impacted by the seasonal slowdown in demand during the third quarter.

South Africa Division

€ million	**Six months ended 30 June 2016**	Six months ended 30 June 2015	Six months ended 31 December 2015
Segment revenue	**290**	314	338
Underlying EBITDA	**114**	89	110
Underlying operating profit	**98**	69	92
Underlying operating profit margin	**33.8%**	22.0%	27.2%
Capital expenditure	**25**	32	29
Net segment assets	**640**	672	563
ROCE	**37.4%**	22.9%	30.1%

Underlying operating profit of €98 million was up 42% on the first half of 2015, benefiting from higher domestic selling prices, forestry gains and the timing of the Richards Bay shut.

Average domestic selling prices were above both the comparable prior year period and the second half of 2015 across all product grades. Export selling prices for white-top kraftliner were in line with the comparable prior year period, while pulp export prices were well below those achieved in the first half of the previous year. Average benchmark US dollar hardwood pulp prices were down 5% on the comparable prior year period and down 9% on the second half of 2015.

Forestry gains are dependent on a variety of external factors, the most significant of which is the export price of timber. Significant increases in selling prices resulted in a fair value gain of €48 million being recognised in the first half of the year, an increase of €25 million over the comparable prior year period. This level of gain is not expected to recur in the second half of 2016.

In 2015, the annual maintenance shut of our Richards Bay mill in South Africa took place in the first quarter of the year, while in 2016 it is scheduled for the fourth quarter.

Tax

Based on the Group's geographic profit mix and the relevant tax rates applicable, we would expect our tax rate to be around 22%. However, we continued to benefit from tax incentives related to our capital investments in Poland, Slovakia and Russia, giving rise to an underlying effective tax rate of 19%, consistent with the comparable prior year period.

Special items

Special items are those items of financial performance that we believe should be separately disclosed to assist in the understanding of our underlying financial performance. Special items are considered to be material either in nature or in amount.

There were no special items in the six months ended 30 June 2016. In the six months ended 30 June 2015, the Group recognised a net special item charge after tax of €36 million.

Cash flow

Cash generated from our operations of €620 million was up 15% on the comparable prior year period.

Working capital at 30 June 2016 was 13.3% of revenue, in line with our target of 12-14% and higher than the year-end level of 11.6%. This reflects the usual seasonal uptick in the first half of the year, giving rise to a net outflow of €61 million (2015: €101 million).

Significant net cash outflows from financing activities included the payment of the final 2015 dividend in May 2016, payment of the 5.75% coupon on the €500 million 2017 Eurobond and payments of dividends to holders of non-controlling interests.

Capital investments

During the first half of the year we invested €214 million in our property, plant and equipment.

We benefited from the contributions from a number of our recently completed capital projects and remain on track to deliver an anticipated incremental operating profit contribution of €60 million in 2016. These include the €166 million recovery and biofuel boiler project at Świecie, Poland, which started up in the second half of 2015; the ongoing ramp-up of the rebuilt paper and inline coating machine at Štětí, Czech Republic and investments in our Packaging Paper and Fibre Packaging operations.

We made good progress with our ongoing projects, all of which are running on time and on budget. These include the €94 million second phase of the investment at Świecie to provide 100,000 tonnes of additional softwood pulp capacity and 80,000 tonnes of lightweight kraftliner; the upgrade of the woodyard and project to provide capacity to produce unbleached kraftliner at Richards Bay, South Africa; and a number of investments to modernise and expand our facilities in our Fibre and Consumer Packaging businesses.

During the period, the Boards approved:

- an investment of €310 million in a new 300,000 tonne per annum kraft top white machine at our Ružomberok mill in Slovakia and related pulp mill upgrades. This project remains subject to obtaining approval of tax incentives from the European Commission and necessary permitting; and
- the first phase of the modernisation of the Štětí mill in the Czech Republic, which includes a new woodyard and bleaching line for a total investment of €41 million.

Further investments in the Štětí mill, including the possible replacement of the recovery boiler, remain under evaluation.

Given the current approved major project pipeline, annual capital expenditure is expected to remain in line with previous estimates at between €400 million and €450 million per annum over the 2016/2017 period.

Treasury and borrowings

Net debt at 30 June 2016 was €1,491 million (31 December 2015: €1,498 million). The net debt to 12 month trailing EBITDA ratio was 1.1 times.

On 14 April 2016 we issued a 1.5% €500 million Eurobond with an 8 year term under our European Medium Term Note Programme, thereby extending the Group's maturity profile and ensuring ample liquidity. At 30 June 2016, we had €2.5 billion of committed facilities of which €757 million were undrawn and €293 million in cash. The weighted average maturity of our committed debt facilities is approximately 4.4 years.

Finance charges of €47 million were below those of the comparable prior year period. Average net debt was around 14% down on the comparable prior year period and the average effective interest rate for the period was 5.9% (six months ended 30 June 2015: 6.9%; six months ended 31 December 2015: 5.6%). Cash interest paid decreased to €46 million.

Dividend

The Boards' aim is to offer shareholders long-term dividend growth within a targeted dividend cover range of two to three times over the business cycle.

An interim dividend of 18.81 euro cents per share has been declared by the directors and will be paid on 13 September 2016 to those shareholders on the register of Mondi plc on 19 August 2016. An equivalent South African rand interim dividend will be paid on 13 September 2016 to shareholders on the register of Mondi Limited on 19 August 2016. The dividend will be paid from distributable reserves of Mondi Limited and Mondi plc, as presented in the respective company annual financial statements for the year ended 31 December 2015.

Outlook

While we saw some price weakness in certain of our packaging grades in the first half, demand for these products remains strong and pricing has generally stabilised with increases recently achieved in certain grades. The second half will be impacted by planned maintenance shuts at a number of our mills and the usual seasonal downturn in our Uncoated Fine Paper business. Furthermore, we anticipate a lower forestry fair value gain than was recognised in the first half. We expect to continue to benefit from stable input costs and incremental contributions from our capital investment programme, together with the stability afforded by our downstream converting businesses.

While mindful of the heightened macroeconomic and political uncertainties in Europe, we remain confident of continuing to deliver an industry leading performance in line with our expectations.

Principal risks and uncertainties

The Boards are responsible for the effectiveness of the Group's risk management activities and internal control processes. The Boards have put in place procedures for identifying, evaluating and managing significant risks that the Group faces.

Risk management is by nature a dynamic and ongoing process. Our approach is flexible, to ensure that it remains relevant at all levels of the business; and dynamic to ensure we can be responsive to changing business conditions. This is particularly important given the diversity of the Group's locations, markets and production processes.

Over the course of the year, the audit committee will review each of the principal risks set out below. In evaluating the Group's risk management and internal control processes, the committee considers both internal and external audit reports and receives confirmation from the finance heads of the business units that financial control frameworks have operated satisfactorily.

The Boards are satisfied that the Group has effective systems and controls in place to manage its key risks within the risk tolerance levels established by the Boards and that there have been no significant changes to these risks during the reporting period.

Industry capacity

Plant utilisation levels are the main driver of profitability in paper mills. New capacity additions are usually in large increments which, through their impact on the supply/demand balance, influence market prices. Unless market growth exceeds capacity additions, excess capacity may lead to lower selling prices. In our converting operations, newer technology may lower operating costs and provide increased product functionality, impacting margins.

We monitor industry developments in terms of changes in capacity as well as trends and developments in our own product markets. Our strategic focus on low-cost production and innovation activities to produce higher value-added products, combined with our focus on growing markets and consistent investment in our operating capacity, ensures that we remain competitive.

Product substitution

Changing global socio-economic and demographic trends and increased public awareness of sustainability challenges affect the demand for Mondi's products.

Factors that impact the demand for our products include reduced weight of packaging materials; increased use of recycled materials; electronic substitution of paper products; increased demand for high-quality printed material; certified and responsibly produced goods; and specific material qualities.

Our ability to meet changes in consumer demand depends on our capacity to correctly anticipate change and develop new products on a sustainable, competitive and cost-effective basis. Our focus is on products enjoying positive substitution dynamics and growing regional markets. We work with our customers to develop new markets and new products. Our broad range of converting products provides some protection from the effects of substitution between paper and plastic-based packaging products.

Fluctuations and variability in selling prices and gross margins

Our selling prices are determined by changes in capacity and by demand for our products, which are, in turn, influenced by macroeconomic conditions, consumer spending preferences and inventory levels maintained by our customers. Changes in prices differ between products and geographic regions and the timing and magnitude of such changes have varied significantly over time.

Our strategic focus is on higher growth markets and products where we enjoy a competitive advantage through innovation, proximity or a production cost advantage. We continue to invest in our high-quality, low-cost production assets to ensure we maintain our competitive cost position. Our high levels of vertical integration reduce our exposure to price volatility of our key input costs. Our financial policies and structures are designed taking the inherent price volatility of the markets in which we operate into consideration.

Economic risks in the markets in which we operate

We are an international packaging and paper group with more than 100 production operations across more than 30 countries. Consequently, our business, financial condition and/or results of operations are affected by changes in global economic conditions.

A number of our operations are in jurisdictions where the political, economic and legal systems are less predictable than in countries with more developed institutional structures. Political or economic upheaval, inflation, changes in laws, nationalisation or expropriation of assets may have a material effect on our operations in those countries. Areas of weaker governance also present the challenge of addressing potential human rights issues in our operations and supply chain. From a human capital perspective, we face different demographic and social conditions in the countries we operate in, affecting the availability of skills and talent for the Group.

We actively monitor all countries and environments in which we operate. We engage in regular formal and informal interaction with the authorities to ensure we remain abreast of any new developments. Despite recent improvements in certain segments of the global economy, uncertainties remain concerning the future economic environment, including concerns over slowing growth (particularly in China), political and economic structural weakness in the Eurozone's single currency framework, the impact of political challenges in Turkey and uncertainty over the UK's continued membership of the European Union.

Our geographic diversity and decentralised management structure, utilising local resources in countries in which we operate, reduces our exposure to any specific jurisdiction.

Cost and availability of responsibly produced wood, pulp and paper for recycling

We have access to our own sources of wood in Russia and South Africa and we purchase wood, pulp and paper for recycling to meet our needs in the balance of our operations. Wood prices and availability may be adversely affected by reduced quantities of available wood supply that meet FSC or PEFC Chain-of-Custody standards and our minimum wood standard that complies with the standard for Controlled Wood (FSC-STD-40-005), as well as initiatives to promote the use of woody biomass from residues of pulp and paper processes as a renewable energy source.

We are committed to acquiring fibre from sustainable, responsible sources and avoiding the use of any controversial or illegal supply. The sustainable management of our forestry operations is key in managing our overall environmental impact, helping to protect ecosystems and develop resilient landscapes. We have built strong forestry management resources in Russia and South Africa to actively monitor and manage our wood resources in those countries.

We have multiple suppliers for each of our mills and actively pursue longer term agreements with strategic suppliers of wood, pulp and paper for recycling. We are involved in multi-stakeholder processes to address challenges in meeting the global demand for sustainable, responsible fibre.

Energy security and related input costs

Mondi is a significant consumer of electricity, which we generate internally and purchase from external suppliers. Where we don't generate electricity from biomass and by-products of our production processes, we are dependent on external suppliers for raw materials such as gas, oil and coal.

As an energy-intensive business, we face potential physical and regulatory risks related to climate change.

We monitor our electricity usage, carbon emission levels and use of renewable energy. Most of our larger operations have high levels of electricity self-sufficiency. We focus on improving the energy efficiency of our operations and have invested in our operations to improve our energy profile and increase electricity self-sufficiency, while reducing ongoing operating costs and carbon emission levels.

To the extent that we generate electricity surplus to our own requirements, we may sell such surplus externally. We also generate revenue from the sale of green energy credits in certain of our operations, the prices of which are determined in the open market.

Technical integrity of our operating assets

We have five major mills which together account for approximately 70% of our total pulp and paper production capacity and a significant consumer packaging manufacturing facility in Germany. If operations at any of these key facilities were interrupted for any significant length of time, it could have a material adverse effect on our financial position or performance. Accidents or incidents such as fires, explosions or large machinery breakdowns, could result in property damage, loss of production, reputational damage and/or safety incidents.

Our capital investment programme supports the replacement of older equipment to improve both reliability and integrity and our proactive repair and maintenance strategy is designed to minimise breakdown risks.

We conduct detailed risk assessments of our high-priority equipment and have specific processes and procedures in place for the ongoing management and maintenance of such equipment.

We actively monitor all incidents and have a formal process which allows us to share lessons learnt across our operations, identify emerging issues, conduct benchmarking and evaluate the effectiveness of our risk reduction activities.

Environmental impact

We operate in a high-impact sector and need to manage the associated risks and responsibilities. Our operations are water, carbon and energy intensive; consume materials such as fibre, polymers, metals and chemicals; and generate emissions to air, water and land. We are the custodian of more than two million hectares of forested land. We are subject to a wide range of international, national and local environmental laws and regulations as well as the requirements of our customers and expectations of our broader stakeholders.

We ensure that we are complying with all applicable environmental, health and safety requirements where we operate. Our own policies and procedures, at or above local policy requirements, are embedded in all our operations.

We focus on a clean production philosophy to address the impact from emissions, discharge and waste. We focus on increasing the energy efficiency of our operations and using biomass-based fuels, reducing our use of fossil-based energy sources. We emphasise the responsible management of forests and associated ecosystems, protecting high conservation value areas.

Employee and contractor safety

We operate large facilities, often in remote locations. Accidents or incidents cause injury to our employees or contractors, property damage, lost production time and/or harm to our reputation.

We have a zero harm policy. We continually monitor incidents and close calls and actively transfer learnings across our operations. We apply an externally accredited safety management system and conduct regular audits of our operations to support safe and productive workplaces.

We focus on engineering out the most significant risks in our operations, supported by robust controls and procedures for operating those assets.

Reputational risk

Non-compliance with the legal and governance requirements and globally established responsible business conduct practices in any of the jurisdictions in which we operate could expose us to significant risk if not actively managed. These include laws relating to the environment, exports, price controls, taxation, human rights and labour.

We operate a comprehensive training and compliance programme, supported by self-certification and reporting. Our legal and governance compliance is managed at business unit level, supported by a central team of relevant professionals, and is subject to regular internal audit review.

We also operate a confidential reporting hotline, Speakout, enabling employees, customers, suppliers, managers and other stakeholders to raise concerns about conduct that may be contrary to our values.

We increasingly work with our suppliers to promote responsible business conduct in the value chain.

Information technology risk

Many of our operations are dependent on the availability of IT services and an extended interruption of such services may result in plant shutdown. Cyber crime continues to increase and attempts are more and more sophisticated, with the consequences of successful attacks including compromised data, financial fraud and system shutdowns.

We have a comprehensive IT Security Policy approved by our Boards. We conduct regular threat assessments and utilise external providers to evaluate and review our security policies and procedures. Where possible, we have redundancies in place, our system landscape is based on well-proven products and we have cyber crime insurance.

Financial risks

Our trading and financing activities expose the Group to financial risks that, if left unmanaged, could adversely impact our financial position. These risks relate to the currencies in which we conduct our activities, interest rate and liquidity risks and exposure to customer credit risk.

Our approach to financial risk management is described in notes 18 and 30 of the Group's annual financial statements for the year ended 31 December 2015.

Going concern

The directors have reviewed the Group's budget and latest outlook for 2016, considered the assumptions contained therein and reviewed the critical risks which may impact the Group's performance in the near term. These include an evaluation of the current macroeconomic environment and reasonably possible changes in the Group's trading performance.

The Group's financial position, cash flows, liquidity position and borrowing facilities are described in the financial statements. At 30 June 2016, Mondi had €757 million of undrawn, committed debt facilities. The Group's debt facilities have maturity dates of between 1 and 9 years, with a weighted average maturity of 4.4 years.

Based on their evaluation, the Boards are satisfied that the Group remains solvent and has adequate liquidity to meet its obligations and continue in operational existence for the foreseeable future.

Accordingly, the Group continues to adopt the going concern basis in preparing the condensed financial statements.

Contact details

Mondi Group	
David Hathorn	+27 11 994 5418
Andrew King	+27 11 994 5415
Lora Rossler	+27 83 627 0292
FTI Consulting	
Richard Mountain	+44 7909 684 466
Roger Newby	+44 20 3727 1385
Max Gebhardt	+27 11 214 2402

Conference call dial-in and webcast details

Please see below details of our dial-in conference call and webcast that will be held at 09:00 (UK) and 10:00 (SA).

The conference call dial-in numbers are:

South Africa	0800 200 648 (toll-free)
UK	0808 162 4061 (toll-free)
Europe/ other	00800 246 78 700 (toll-free)

The webcast will be available via www.mondigroup.com/HYResults16.

The presentation will be available to download from the above website an hour before the webcast commences. Questions can be submitted via the dial-in conference call or via the webcast.

Should you have any issues on the day with accessing the dial-in conference call, please call +27 11 535 3600.

Should you have any issues on the day with accessing the webcast, please e-mail mondi@kraftwerk.co.at and you will be contacted immediately.

A video recording of the presentation will be available on Mondi's website during the afternoon of 4 August 2016.

Directors' responsibility statement

The directors confirm that to the best of their knowledge:

- the condensed combined and consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards and in particular with International Accounting Standard 34, 'Interim Financial Reporting';
- the half-yearly results announcement includes a fair review of the significant events during the six months ended 30 June 2016 and a description of the principal risks and uncertainties for the remaining six months of the year ending 31 December 2016;
- there have been no significant individual related party transactions during the first six months of the financial year; and
- there have been no significant changes in the Group's related party relationships from that reported in the Integrated report and financial statements 2015.

The Group's condensed combined and consolidated financial statements, and related notes, were approved by the Boards and authorised for issue on 3 August 2016 and were signed on their behalf by:

David Hathorn	**Andrew King**
Director	Director

3 August 2016

Independent auditor’s review report on interim financial information to the shareholders of Mondi Limited

We have reviewed the condensed combined and consolidated financial statements of Mondi Limited contained in the accompanying interim report, which comprise the condensed combined and consolidated statement of financial position as at 30 June 2016 and the condensed combined and consolidated income statement, the condensed combined and consolidated statement of comprehensive income, condensed combined and consolidated statement of changes in equity and condensed combined and consolidated statement of cash flows for the six months then ended, and selected explanatory notes.

Directors’ responsibility for the interim financial statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’ (IAS 34), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa 2008, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’ (ISRE 2410). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures to evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed combined and consolidated financial statements of Mondi Limited for the six months ended 30 June 2016 are not prepared, in all material respects, in accordance with IAS 34, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa 2008.

Deloitte & Touche
Registered Auditor

Per Shelly Nelson
Partner
Sandton

3 August 2016

Building 1 and 2, Deloitte Place, The Woodlands
Woodlands Drive, Woodmead, Sandton,
Republic of South Africa

Riverwalk Office Park, Block B
41 Matroosberg Road, Ashlea Gardens X6, Pretoria,
Republic of South Africa

Independent review report to Mondi plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2016, which comprises the condensed combined and consolidated income statement, the condensed combined and consolidated statement of comprehensive income, the condensed combined and consolidated statement of financial position, the condensed combined and consolidated statement of changes in equity, the condensed combined and consolidated statement of cash flows and the related notes 1 to 21. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410,'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' (ISRE 2410), issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34), as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with ISRE 2410, issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

3 August 2016

Condensed combined and consolidated income statement

for the six months ended 30 June 2016

		(Reviewed) Six months ended 30 June 2016			(Reviewed) Six months ended 30 June 2015			(Audited) Year ended 31 December 2015		
€ million	Notes	**Underlying**	**Special items (Note 5)**	**Total**	Underlying	Special items (Note 5)	Total	Underlying	Special items (Note 5)	Total
Group revenue		**3,312**	**—**	**3,312**	**3,459**	**—**	**3,459**	**6,819**	**—**	**6,819**
Materials, energy and consumables used		(1,614)	—	(1,614)	(1,727)	—	(1,727)	(3,413)	—	(3,413)
Variable selling expenses		(251)	—	(251)	(264)	—	(264)	(512)	—	(512)
Gross margin		**1,447**	**—**	**1,447**	**1,468**	**—**	**1,468**	**2,894**	**—**	**2,894**
Maintenance and other indirect expenses		(136)	—	(136)	(146)	—	(146)	(308)	—	(308)
Personnel costs		(493)	—	(493)	(515)	(17)	(532)	(1,003)	(28)	(1,031)
Other net operating expenses		(104)	—	(104)	(136)	(18)	(154)	(258)	(25)	(283)
Depreciation, amortisation and impairments		(185)	—	(185)	(181)	(4)	(185)	(368)	(4)	(372)
Operating profit		**529**	**—**	**529**	**490**	**(39)**	**451**	**957**	**(57)**	**900**
Net profit from associates		—	—	—	—	—	—	1	—	1
Total profit from operations and associates		**529**	**—**	**529**	**490**	**(39)**	**451**	**958**	**(57)**	**901**
Net finance costs	7	(47)	—	(47)	(59)	—	(59)	(105)	—	(105)
Profit before tax		**482**	**—**	**482**	**431**	**(39)**	**392**	**853**	**(57)**	**796**
Tax charge	8	(92)	—	(92)	(82)	3	(79)	(161)	10	(151)
Profit for the period		**390**	**—**	**390**	**349**	**(36)**	**313**	**692**	**(47)**	**645**
Attributable to:										
Non-controlling interests		**27**		**27**	**21**		**21**	**45**		**45**
Shareholders		**363**		**363**	**328**		**292**	**647**		**600**
Earnings per share (EPS) for profit attributable to shareholders										
Basic EPS (euro cents)	9			**75.0**			**60.3**			**124.0**
Diluted EPS (euro cents)	9			**74.9**			**60.2**			**123.7**
Basic underlying EPS (euro cents)	9			**75.0**			**67.8**			**133.7**
Diluted underlying EPS (euro cents)	9			**74.9**			**67.7**			**133.4**
Basic headline EPS (euro cents)	9			**75.0**			**60.1**			**123.4**
Diluted headline EPS (euro cents)	9			**74.9**			**60.0**			**123.1**

Condensed combined and consolidated statement of comprehensive income

for the six months ended 30 June 2016

€ million	(Reviewed) Six months ended 30 June 2016	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Profit for the period	**390**	**313**	**645**
Items that may subsequently be reclassified to the condensed combined and consolidated income statement			
Fair value losses on cash flow hedges	—	—	(1)
Exchange differences on translation of foreign operations	32	92	(122)
Tax effect thereof	—	—	—
Items that will not subsequently be reclassified to the condensed combined and consolidated income statement			
Remeasurements of retirement benefits plans	(29)	20	27
Tax effect thereof	7	(3)	(3)
Other comprehensive income/(expense) for the period	**10**	**109**	**(99)**
Total comprehensive income for the period	**400**	**422**	**546**
Attributable to:			
Non-controlling interests	**27**	**22**	**41**
Shareholders	**373**	**400**	**505**

Condensed combined and consolidated statement of financial position

as at 30 June 2016

€ million	Notes	(Reviewed) As at 30 June 2016	(Reviewed) As at 30 June 2015	(Audited) As at 31 December 2015
Property, plant and equipment		3,598	3,615	3,554
Goodwill		592	549	590
Intangible assets		100	106	105
Forestry assets	11	267	260	219
Other non-current assets		55	49	58
Total non-current assets		**4,612**	**4,579**	**4,526**
Inventories		835	895	838
Trade and other receivables		1,041	1,147	994
Financial instruments		10	22	15
Cash and cash equivalents	16b	322	48	64
Other current assets		33	26	32
Total current assets		**2,241**	**2,138**	**1,943**
Total assets		**6,853**	**6,717**	**6,469**
Short-term borrowings	12	(669)	(299)	(250)
Trade and other payables		(993)	(1,064)	(1,038)
Other current liabilities		(150)	(164)	(165)
Total current liabilities		**(1,812)**	**(1,527)**	**(1,453)**
Medium and long-term borrowings	12	(1,137)	(1,506)	(1,319)
Net retirement benefits liability		(243)	(234)	(212)
Deferred tax liabilities		(240)	(261)	(241)
Other non-current liabilities		(61)	(56)	(57)
Total non-current liabilities		**(1,681)**	**(2,057)**	**(1,829)**
Total liabilities		**(3,493)**	**(3,584)**	**(3,282)**
Net assets		**3,360**	**3,133**	**3,187**
Equity				
Share capital and stated capital		542	542	542
Retained earnings and other reserves		2,536	2,321	2,363
Total attributable to shareholders		**3,078**	**2,863**	**2,905**
Non-controlling interests in equity		282	270	282
Total equity		**3,360**	**3,133**	**3,187**

The Group's condensed combined and consolidated financial statements, and related notes 1 to 21, were approved by the Boards and authorised for issue on 3 August 2016 and were signed on their behalf by:

David Hathorn
Director

Andrew King
Director

Mondi Limited company registration number: 1967/013038/06
Mondi plc company registered number: 6209386

Condensed combined and consolidated statement of changes in equity

for the six months ended 30 June 2016

€ million	Equity attributable to shareholders	Non-controlling interests	Total equity
At 1 January 2015 (Audited)	2,628	266	**2,894**
Total comprehensive income for the period	400	22	**422**
Dividends paid	(140)	(17)	**(157)**
Purchases of treasury shares	(31)	—	**(31)**
Other	6	(1)	**5**
At 30 June 2015 (Reviewed)	2,863	270	**3,133**
Total comprehensive income for the period	105	19	**124**
Dividends paid	(69)	(8)	**(77)**
Other	6	1	**7**
At 31 December 2015 (Audited)	2,905	282	**3,187**
Total comprehensive income for the period	373	27	**400**
Dividends paid	(183)	(30)	**(213)**
Purchases of treasury shares	(20)	—	**(20)**
Other	3	3	**6**
At 30 June 2016 (Reviewed)	**3,078**	**282**	**3,360**

Equity attributable to shareholders € million	**(Reviewed)** **Six months ended 30 June 2016**	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Combined share capital and stated capital	542	542	542
Treasury shares	(24)	(29)	(29)
Retained earnings	3,031	2,631	2,868
Cumulative translation adjustment reserve	(653)	(477)	(685)
Post-retirement benefits reserve	(87)	(75)	(65)
Share-based payment reserve	15	16	20
Cash flow hedge reserve	(2)	(1)	(2)
Statutory reserves	256	256	256
Total	**3,078**	**2,863**	**2,905**

Condensed combined and consolidated statement of cash flows

for the six months ended 30 June 2016

€ million	Notes	(Reviewed) Six months ended 30 June 2016	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Cash flows from operating activities				
Cash generated from operations	16a	620	538	1,279
Income tax paid		(104)	(90)	(160)
Net cash generated from operating activities		**516**	**448**	**1,119**
Cash flows from investing activities				
Investment in property, plant and equipment		(214)	(276)	(595)
Investment in forestry assets		(18)	(21)	(41)
Proceeds from the disposal of property, plant and equipment and forestry assets		8	22	41
Acquisition of subsidiaries, net of cash and cash equivalents	14	(10)	—	(72)
Proceeds from the disposal of businesses, net of cash and cash equivalents	15	—	—	38
Other investing activities		(2)	(1)	(4)
Net cash used in investing activities		**(236)**	**(276)**	**(633)**
Cash flows from financing activities				
Proceeds from medium and long-term borrowings		500	—	2
Repayment of medium and long-term borrowings		(145)	(69)	(221)
(Repayment of)/proceeds from short-term borrowings	16c	(109)	89	52
Interest paid		(46)	(57)	(93)
Dividends paid to shareholders	10	(183)	(140)	(209)
Dividends paid to non-controlling interests		(30)	(18)	(26)
Purchases of treasury shares		(20)	(31)	(31)
Net realised gain on held-for-trading derivatives		10	39	74
Other financing activities		—	(1)	(2)
Net cash used in financing activities		**(23)**	**(188)**	**(454)**
Net increase/(decrease) in cash and cash equivalents		**257**	**(16)**	**32**
Cash and cash equivalents at beginning of period		36	9	9
Cash movement in the period	16c	257	(16)	32
Effects of changes in foreign exchange rates	16c	—	1	(5)
Cash and cash equivalents at end of period	16b	**293**	**(6)**	**36**

Notes to the condensed combined and consolidated financial statements
for the six months ended 30 June 2016

1 Basis of preparation

The Group has two separate legal parent entities, Mondi Limited and Mondi plc, which operate under a dual listed company (DLC) structure. The substance of the DLC structure is such that Mondi Limited and its subsidiaries, and Mondi plc and its subsidiaries, operate together as a single economic entity through a sharing agreement, with neither parent entity assuming a dominant role. Accordingly, Mondi Limited and Mondi plc are reported on a combined and consolidated basis as a single reporting entity.

The Group's condensed combined and consolidated half-yearly financial statements and notes 1 to 21 for the six months ended 30 June 2016 have been prepared in accordance with International Financial Reporting Standard IAS 34, 'Interim Financial Reporting'; the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee; the requirements of the Companies Act of South Africa; and Financial Reporting Pronouncements as issued by the Financial Reporting Council. They should be read in conjunction with the Group's Integrated report and financial statements 2015, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). There are no differences for the Group in applying IFRS as issued by the IASB and IFRS as adopted by the European Union (EU) and therefore the Group also complies with Article 4 of the EU IAS Regulation.

The financial information set out above does not constitute statutory accounts as defined by section 434 of the UK Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2015 has been delivered to the Registrar of Companies. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the UK Companies Act 2006.

These condensed combined and consolidated financial statements have been prepared on the historical cost basis, except for the fair valuing of financial instruments and forestry assets.

The condensed combined and consolidated financial statements have been prepared on a going concern basis as discussed in the commentary under the heading 'Going concern'.

These financial statements have been prepared under the supervision of the Group chief financial officer, Andrew King CA (SA).

2 Accounting policies

The same accounting policies, methods of computation and presentation have been followed in the preparation of the condensed combined and consolidated financial statements for the six months ended 30 June 2016 as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except that the quantitative threshold for recognition of special items incurred after 1 January 2016 has been increased to €10 million (2015: €5 million).

3 Seasonality

The seasonality of the Group's operations had no significant impact on the condensed combined and consolidated financial statements.

4 Operating segments

Identification of the Group's externally reportable operating segments

The Group's externally reportable operating segments reflect the internal reporting structure of the Group. Due to its unique characteristics in terms of geography, currency and underlying risks, the South Africa Division is managed and reported as a separate geographic segment. The remaining operating segments, consolidated as the Europe & International Division, are managed based on the nature of the underlying products produced by that business and comprise four distinct segments.

Each of the reportable business segments derives its income from the sale of manufactured products.

4 Operating segments (continued)

Six months ended 30 June 2016 (Reviewed)

€ million, unless otherwise stated	Europe & International				South Africa Division	Corporate	Intersegment elimination	**Segments total**
	Packaging Paper	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper				
Segment revenue	1,045	968	765	625	290	—	(381)	**3,312**
Internal revenue	(305)	(17)	(2)	(2)	(55)	—	381	**—**
External revenue	740	951	763	623	235	—	—	**3,312**
Underlying EBITDA	251	94	100	172	114	(17)	—	**714**
Depreciation and impairments	(58)	(33)	(28)	(38)	(16)	—	—	**(173)**
Amortisation	(1)	(2)	(8)	(1)	—	—	—	**(12)**
Underlying operating profit/ (loss)	192	59	64	133	98	(17)	—	**529**
Operating segment assets	2,078	1,288	1,347	1,043	749	7	(192)	**6,320**
Operating net segment assets	1,712	993	1,148	864	640	6	—	**5,363**
Additions to non-current non-financial assets	60	65	40	22	42	—	—	**229**
Capital expenditure cash payments	70	50	42	27	25	—	—	**214**
Operating margin (%)	*18.4*	*6.1*	*8.4*	*21.3*	*33.8*	—	—	***16.0***
Return on capital employed (%)	*23.5*	*12.6*	*11.6*	*30.3*	*37.4*	—	—	***21.2***
Average number of employees (thousands)	5.0	7.6	4.9	5.6	1.7	0.1	—	**24.9**

Six months ended 30 June 2015 (Reviewed)

€ million, unless otherwise stated	Europe & International				South Africa Division	Corporate	Intersegment elimination	**Segments total**
	Packaging Paper	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper				
Segment revenue	1,122	1,046	730	626	314	—	(379)	**3,459**
Internal revenue	(307)	(19)	(3)	(3)	(47)	—	379	**—**
External revenue	815	1,027	727	623	267	—	—	**3,459**
Underlying EBITDA	266	101	83	152	89	(20)	—	**671**
Depreciation and impairments	(54)	(31)	(26)	(38)	(20)	—	—	**(169)**
Amortisation	(1)	(2)	(8)	(1)	—	—	—	**(12)**
Underlying operating profit/ (loss)	211	68	49	113	69	(20)	—	**490**
Special items	(14)	(10)	(15)	—	—	—	—	**(39)**
Operating segment assets	2,125	1,285	1,250	1,128	791	8	(183)	**6,404**
Operating net segment assets	1,734	963	1,065	951	672	9	—	**5,394**
Additions to non-current non-financial assets	106	57	37	20	52	1	—	**273**
Capital expenditure cash payments	104	58	50	32	32	—	—	**276**
Operating margin (%)	*18.8*	*6.5*	*6.7*	*18.1*	*22.0*	—	—	***14.2***
Return on capital employed (%)	*26.6*	*15.2*	*10.9*	*19.4*	*22.9*	—	—	***19.0***
Average number of employees (thousands)	5.3	7.8	4.7	6.0	1.6	0.1	—	**25.5**

4 Operating segments (continued)

Year ended 31 December 2015 (Audited)

€ million, unless otherwise stated	Europe & International Packaging Paper	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper	South Africa Division	Corporate	Intersegment elimination	**Segments total**
Segment revenue	2,156	2,031	1,469	1,233	652	—	(722)	**6,819**
Internal revenue	(574)	(37)	(4)	(6)	(101)	—	722	**—**
External revenue	1,582	1,994	1,465	1,227	551	—	—	**6,819**
Underlying EBITDA	505	187	177	291	199	(34)	—	**1,325**
Depreciation and impairments	(111)	(63)	(54)	(77)	(38)	(1)	—	**(344)**
Amortisation	(3)	(4)	(15)	(2)	—	—	—	**(24)**
Underlying operating profit/ (loss)	391	120	108	212	161	(35)	—	**957**
Special items	(14)	(21)	(22)	—	—	—	—	**(57)**
Operating segment assets	2,094	1,224	1,333	1,001	669	6	(168)	**6,159**
Operating net segment assets	1,753	935	1,146	821	563	1	—	**5,219**
Additions to non-current non-financial assets	281	118	173	56	104	1	—	**733**
Capital expenditure cash payments	259	118	92	65	61	—	—	**595**
Operating margin (%)	*18.1*	*5.9*	*7.4*	*17.2*	*24.7*	—	—	***14.0***
Return on capital employed (%)	*25.5*	*13.9*	*10.7*	*25.6*	*30.1*	—	—	***20.5***
Average number of employees (thousands)	5.3	7.7	4.6	6.0	1.6	0.1	—	**25.3**

Reconciliation of underlying EBITDA and underlying operating profit to profit before tax

€ million	**(Reviewed) Six months ended 30 June 2016**	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Underlying EBITDA	**714**	**671**	**1,325**
Depreciation and impairments	(173)	(169)	(344)
Amortisation	(12)	(12)	(24)
Underlying operating profit	**529**	**490**	**957**
Special items (see note 5)	—	(39)	(57)
Net profit from associates	—	—	1
Net finance costs	(47)	(59)	(105)
Profit before tax	**482**	**392**	**796**

Reconciliation of operating segment assets

€ million	**(Reviewed) As at 30 June 2016 Segment assets**	**Net segment assets**	(Reviewed) As at 30 June 2015 Segment assets	Net segment assets	(Audited) As at 31 December 2015 Segment assets	Net segment assets
Segments total	**6,320**	**5,363**	**6,404**	**5,394**	**6,159**	**5,219**
Unallocated						
Investment in equity accounted investees	10	10	4	4	9	9
Deferred tax assets/(liabilities)	19	(221)	17	(244)	23	(218)
Other non-operating assets/(liabilities)	174	(301)	223	(280)	201	(325)
Group capital employed	**6,523**	**4,851**	**6,648**	**4,874**	**6,392**	**4,685**
Financial instruments/(net debt)	330	(1,491)	69	(1,741)	77	(1,498)
Total assets/equity	**6,853**	**3,360**	**6,717**	**3,133**	**6,469**	**3,187**

4 Operating segments (continued)

€ million	External revenue by location of production			External revenue by location of customer		
	(Reviewed)	(Reviewed)	(Audited)	**(Reviewed)**	(Reviewed)	(Audited)
	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	**Six months ended 30 June 2016**	Six months ended 30 June 2015	Year ended 31 December 2015
Revenue						
Africa						
South Africa	286	312	652	189	226	465
Rest of Africa	6	6	13	98	104	205
Africa total	292	318	665	287	330	670
Western Europe						
Austria	500	509	981	73	77	144
Germany	445	469	964	466	483	960
United Kingdom	17	21	39	116	128	252
Rest of western Europe	273	321	607	666	717	1,360
Western Europe total	1,235	1,320	2,591	1,321	1,405	2,716
Emerging Europe						
Poland	465	458	909	274	255	515
Rest of emerging Europe	625	635	1,225	433	444	877
Emerging Europe total	1,090	1,093	2,134	707	699	1,392
Russia	350	335	674	273	253	535
North America	302	341	664	371	396	771
South America	—	—	—	34	36	72
Asia and Australia	43	52	91	319	340	663
Group total	**3,312**	**3,459**	**6,819**	**3,312**	**3,459**	**6,819**

5 Special items

€ million	**(Reviewed)** **Six months ended 30 June 2016**	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Operating special items			
Asset impairments	—	(4)	(4)
Restructuring and closure costs:			
Personnel costs relating to restructuring	—	(17)	(28)
Restructuring and closure costs excluding related personnel costs	—	(15)	(17)
Adjustments relating to 2012 Nordenia acquisition	—	(3)	(8)
Total special items before tax and non-controlling interests	**—**	**(39)**	**(57)**
Tax (see note 8)	—	3	10
Total special items attributable to shareholders	**—**	**(36)**	**(47)**

6 Write-down of inventories to net realisable value

€ million	**(Reviewed)** **Six months ended 30 June 2016**	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Write-down of inventories to net realisable value	(21)	(15)	(24)
Aggregate reversal of previous write-down of inventories	13	11	19

7 Net finance costs

€ million	(Reviewed) Six months ended 30 June 2016	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Investment income			
Total investment income	**3**	**2**	**4**
Foreign currency losses			
Foreign currency losses	**(2)**	—	—
Finance costs			
Interest expense			
Interest on bank overdrafts and loans	(46)	(60)	(107)
Net interest expense on net retirement benefits liability	(4)	(5)	(9)
Total interest expense	**(50)**	**(65)**	**(116)**
Less: Interest capitalised	2	4	7
Total finance costs	**(48)**	**(61)**	**(109)**
Net finance costs	**(47)**	**(59)**	**(105)**

8 Tax charge

The Group's effective rate of tax before special items for the six months ended 30 June 2016, calculated on profit before tax before special items and including net profit from associates, was 19% (six months ended 30 June 2015: 19%, year ended 31 December 2015: 19%).

€ million	(Reviewed) Six months ended 30 June 2016	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
UK corporation tax at 20.0% (2015: 20.5%)	1	—	1
SA corporation tax at 28% (2015: 28%)	17	13	35
Overseas tax	72	87	137
Current tax	**90**	**100**	**173**
Deferred tax	2	(18)	(12)
Total tax charge before special items	**92**	**82**	**161**
Current tax on special items	—	(3)	(2)
Deferred tax on special items	—	—	(8)
Total tax credit on special items (see note 5)	**—**	**(3)**	**(10)**
Total tax charge	**92**	**79**	**151**

9 Earnings per share

The calculation of basic and diluted EPS, basic and diluted underlying EPS and basic and diluted headline EPS is based on the following data:

	Earnings		
€ million	(Reviewed) Six months ended 30 June 2016	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Profit for the period attributable to shareholders	**363**	**292**	**600**
Special items (see note 5)	—	39	57
Related tax (see note 5)	—	(3)	(10)
Underlying earnings for the period	**363**	**328**	**647**
Special items not excluded from headline earnings	—	(32)	(53)
Profit on disposal of property, plant and equipment	(1)	(11)	(13)
Impairments not included in special items	1	1	3
Related tax	—	5	13
Headline earnings for the period	**363**	**291**	**597**

9 Earnings per share (continued)

million	Weighted average number of shares (Reviewed) Six months ended 30 June 2016	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Basic number of ordinary shares outstanding	**484.1**	**483.9**	**483.9**
Effect of dilutive potential ordinary shares	0.3	0.9	1.1
Diluted number of ordinary shares outstanding	**484.4**	**484.8**	**485.0**

10 Dividends

The interim dividend for the year ending 31 December 2016 of 18.81 euro cents per share will be paid on 13 September 2016 to those shareholders on the register of Mondi plc on 19 August 2016. An equivalent South African rand interim dividend will be paid on 13 September 2016 to shareholders on the register of Mondi Limited on 19 August 2016. The dividend will be paid from distributable reserves of Mondi Limited and Mondi plc, as presented in the respective company annual financial statements for the year ended 31 December 2015.

Dividends paid to the shareholders of Mondi Limited and Mondi plc are presented on a combined basis.

euro cents per share	(Reviewed) Six months ended 30 June 2016	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Final dividend paid (in respect of prior year)	37.62	28.77	28.77
Interim dividend paid			14.38
Interim dividend declared for the six months ended 30 June	**18.81**	**14.38**	
Final dividend proposed for the year ended 31 December 2015			37.62

€ million	(Reviewed) Six months ended 30 June 2016	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Final dividend paid (in respect of prior year)	183	140	140
Interim dividend paid			69
Total dividends paid	**183**	**140**	**209**
Interim dividend declared for the six months ended 30 June	**91**	**70**	
Final dividend proposed for the year ended 31 December 2015			182
Declared by Group companies to non-controlling interests	30	17	25

Dividend timetable

The interim dividend for the year ending 31 December 2016 will be paid in accordance with the following timetable:

	Mondi Limited	Mondi plc
Last date to trade shares cum-dividend		
JSE Limited	16 August 2016	16 August 2016
London Stock Exchange	Not applicable	17 August 2016
Shares commence trading ex-dividend		
JSE Limited	17 August 2016	17 August 2016
London Stock Exchange	Not applicable	18 August 2016
Record date		
JSE Limited	19 August 2016	19 August 2016
London Stock Exchange	Not applicable	19 August 2016
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants	25 August 2016	25 August 2016
Last date for DRIP elections to UK Registrar and South African Transfer Secretaries by shareholders of Mondi Limited and Mondi plc	26 August 2016	19 August 2016*

*26 August 2016 for Mondi plc South African branch register shareholders

10 Dividends (continued)

	Mondi Limited	Mondi plc
Payment Date		
South African Register	13 September 2016	13 September 2016
UK Register	Not applicable	13 September 2016
DRIP purchase settlement dates (subject to market conditions and the purchase of shares in the open market)	19 September 2016	15 September 2016**
Currency conversion dates		
ZAR/euro	4 August 2016	4 August 2016
Euro/sterling	Not applicable	26 August 2016

**19 September 2016 for Mondi plc South African branch register shareholders

Share certificates on the South African registers of Mondi Limited and Mondi plc may not be dematerialised or rematerialised between 17 August 2016 and 21 August 2016, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between 10 August 2016 and 21 August 2016, both dates inclusive.

Information relating to the dividend tax to be withheld from Mondi Limited shareholders and Mondi plc shareholders on the South African branch register will be announced separately, together with the ZAR/euro exchange rate to be applied, on or shortly after 4 August 2016.

11 Forestry assets

€ million	**(Reviewed) Six months ended 30 June 2016**	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
At 1 January	219	235	235
Capitalised expenditure	17	19	38
Acquisition of assets	1	2	3
Fair value gains	48	23	40
Disposal of assets	—	—	(1)
Felling costs	(26)	(25)	(51)
Currency movements	8	6	(45)
At 30 June / 31 December	**267**	**260**	**219**

The fair value of forestry assets is a level 3 measure in terms of the fair value measurement hierarchy (see note 19) and this category is consistent with prior years. The fair value of forestry assets is calculated on the basis of future expected net cash flows arising on the Group's owned forestry assets, discounted based on a pre tax yield on long-term bonds.

12 Borrowings

€ million	**(Reviewed) Six months ended 30 June 2016**	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Secured	**7**	**8**	**6**
Unsecured			
Bonds	1,493	996	996
Bank loans and overdrafts	292	786	553
Other loans	14	15	14
Total unsecured	**1,799**	**1,797**	**1,563**
Total borrowings	**1,806**	**1,805**	**1,569**
Maturity of borrowings			
Current	**669**	299	250
Non-current	**1,137**	1,506	1,319

12 Borrowings (continued)

Financing facilities
Group liquidity is provided through a range of committed debt facilities. The principal loan arrangements in place include the following:

€ million	Maturity	Interest rate %	(Reviewed) Six months ended 30 June 2016	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Financing facilities					
Syndicated Revolving Credit Facility	July 2021	EURIBOR/LIBOR + margin	750	750	750
€500 million Eurobond	April 2017	5.75%	500	500	500
€500 million Eurobond	September 2020	3.375%	500	500	500
€500 million Eurobond	April 2024	1.50%	500	—	—
European Investment Bank Facility	June 2025	EURIBOR + margin	86	95	90
Export Credit Agency Facility	June 2020	EURIBOR + margin	63	82	72
Other	Various	Various	82	169	90
Total committed facilities			**2,481**	**2,096**	**2,002**
Drawn			(1,724)	(1,594)	(1,404)
Total committed facilities available			**757**	**502**	**598**

On 14 April 2016 Mondi issued a 1.5% €500 million Eurobond with an 8 year term under its Euro Medium Term Note Programme.

The €500 million Eurobonds maturing in 2017 & 2020 contain a coupon step-up clause whereby the coupon will be increased by 1.25% per annum if Mondi fails to maintain at least one investment grade credit rating from either Moody's Investors Service or Standard & Poor's. Mondi currently has investment grade credit ratings from both Moody's Investors Service (Baa2, outlook stable) and Standard & Poor's (BBB, outlook stable).

13 Retirement benefits

All assumptions related to the Group's material defined benefit schemes and post-retirement medical plan liabilities were re-assessed individually and the remaining defined benefit schemes and unfunded statutory retirement obligations were re-assessed in aggregate for the six months ended 30 June 2016. The net retirement benefit liability increased by €31 million mainly due to changes in assumptions. The assets backing the defined benefit scheme liabilities reflect their market values as at 30 June 2016. Net remeasurement losses arising from changes in assumptions amounting to €29 million have been recognised in the condensed combined and consolidated statement of comprehensive income.

14 Business combinations

To 30 June 2016

Acquisition of SIMET S.A.
Mondi acquired 100% of the outstanding share capital of SIMET S.A. (SIMET) on 27 April 2016 for a consideration of €13 million on a debt and cash-free basis. SIMET is a corrugated plant that produces a wide range of flexo printed packaging. Mondi intends to expand and upgrade this operation to a high-efficiency box plant, including the addition of a corrugator line for on-site board production. The acquisition strengthens Mondi's Corrugated Packaging market position in central and emerging Europe.

SIMET's revenue for the six months ended 30 June 2016 was €8 million with a profit after tax of €nil. SIMET's revenue of €3 million and profit after tax of €nil since the date of acquisition have been included in the condensed combined and consolidated income statement.

Details of the net assets acquired, as adjusted from book to fair value, are as follows:

€ million	Book value	Revaluation	**Fair value**
Net assets acquired			
Property, plant and equipment	6	2	8
Intangible assets	—	2	2
Inventories	1	—	1
Trade and other receivables	5	—	5
Total assets	12	4	**16**
Trade and other payables	(4)	—	(4)
Deferred tax liabilities	—	(1)	(1)
Other non-current liabilities	(2)	—	(2)
Total liabilities (excluding debt)	(6)	(1)	**(7)**
Short-term borrowings	(1)	—	(1)
Medium and long-term borrowings	(2)	—	(2)
Debt assumed	(3)	—	**(3)**
Net assets acquired	**3**	**3**	**6**
Goodwill arising on acquisition			4
Net cash paid per condensed combined and consolidated statement of cash flows			**10**

Transaction costs were charged to the condensed combined and consolidated income statement.

The fair value accounting of this acquisition is provisional in nature. The nature of the business is such that further adjustments to the carrying values of acquired assets and/or liabilities, and adjustments to the purchase price, are possible as the detail of the acquired business is evaluated post acquisition. If necessary, any adjustments to the fair values recognised will be made within 12 months of the acquisition date.

In respect of trade and other receivables, the gross contractual amounts receivable less the best estimates at the acquisition date of the contractual cash flows not expected to be collected approximate the book values as presented.

Acquisitions completed subsequent to 30 June 2016
On 12 July, Mondi acquired a 90% interest in Kale Nobel Ambalaj Sanayi ve Ticaret Anonim Sirketi (Kalenobel) for a consideration of €90 million on a debt and cash-free basis. Kalenobel is a consumer packaging company focused on the manufacture of flexible consumer packaging for ice cream and other applications as well as aseptic cartons. The acquisition supports Mondi’s growing Consumer Packaging business. For the year ended 31 December 2015 Kalenobel generated revenues of €63 million (TRL191 million).

On 15 July, Mondi acquired a 100% interest in ZAO Uralplastic-N (Uralplastic). The final consideration is to be determined based on earnings to 30 September 2016 and is currently estimated at around RUB2,949 million (€41 million). Uralplastic manufactures a range of consumer flexible packaging products for food, hygiene, homecare and other applications and the acquisition supports Mondi’s growing Consumer Packaging business. For the year ended 31 December 2015 Uralplastic generated revenues of €29 million (RUB1,988 million).

The final purchase price and the fair value of the assets acquired, liabilities assumed and goodwill recognised for Kalenobel and Uralplastic had not yet been determined on the date these financial statements were authorised for issue.

14 Business combinations (continued)

To 31 December 2015

There were no acquisitions during the six months ended 30 June 2015.

Mondi acquired 100% of the outstanding share capital of Ascania nonwoven Germany GmbH (Ascania) on 2 November 2015 for a consideration of €53 million on a debt and cash-free basis. Ascania is a producer of nonwoven fabrics and nonwoven composites primarily used for personal care, hygiene and medical products as well as household applications.

On 14 December 2015, Mondi acquired a 95% interest in KSP, Co. (KSP), for a consideration of €41 million on a debt and cash-free basis. KSP is a flexible packaging company specialising in the production of high-quality spouted and retort stand-up pouches for the food, pet food and beverage industries.

Details of the net assets acquired are as follows:

€ million	Fair value	Adjustments	Revised fair value
Net assets acquired			
Property, plant and equipment	40	(1)	39
Intangible assets	6	—	6
Share of joint venture	4	—	4
Inventories	4	—	4
Trade and other receivables	17	(2)	15
Cash and cash equivalents	12	—	12
Total assets	83	(3)	**80**
Trade and other payables	(8)	(1)	(9)
Income tax liabilities	(2)	—	(2)
Net retirement benefits liability	(2)	—	(2)
Deferred tax liabilities	(9)	—	(9)
Total liabilities (excluding debt)	(21)	(1)	**(22)**
Short-term borrowings	(13)	2	(11)
Medium and long-term borrowings	(8)	2	(6)
Debt assumed	(21)	4	**(17)**
Net assets acquired	**41**	**—**	**41**
Goodwill arising on acquisition	44	—	44
Non-controlling interests in equity	(1)	—	(1)
Cash acquired net of overdrafts	(12)	—	(12)
Net cash paid per condensed combined and consolidated statement of cash flows	72	—	**72**

€ million	Goodwill	Net assets	Net cash paid
Ascania	25	26	47
KSP	19	15	25
Acquisitions total	**44**	**41**	**72**

The provisional at acquisition fair values of KSP have been adjusted. The net effect of the adjustments is €nil and has been recorded during the six months ended 30 June 2016. No adjustments were made to other prior year acquisitions.

15 Disposal of businesses

To 30 June 2016

There were no significant disposals during the six months ended 30 June 2016.

To 31 December 2015

There were no disposals during the six months ended 30 June 2015.

On 11 August 2015, Mondi sold 100% of the shares in Mondi Ipoh Sdn Bhd (Ipoh) to Scientex Packaging Film Sdn Bhd.

15 Disposal of businesses (continued)

To 31 December 2015 (continued)

On 24 August 2015 Mondi sold 100% of the shares in Mondi Osterburken GmbH (Osterburken) to POLIFILM Extrusion GmbH.

On 22 December 2015, Mondi disposed of 100% of the shares in the Mondi Raubling Group (Raubling), which comprise Mondi Raubling GmbH, HBB Heizkraftwerk Bauernfeind Betreibergesellschaft m.b.H and Chiemgau Recycling GmbH to the Heinzel Group.

Details of the net assets disposed, were as follows:

€ million	2015
Property, plant and equipment	45
Intangible assets	3
Inventories	16
Trade and other receivables	21
Cash and cash equivalents	12
Total assets	**97**
Trade and other payables	(30)
Net retirement benefits liability	(2)
Deferred tax liabilities	(2)
Provisions	(3)
Total liabilities (excluding debt)	**(37)**
Short-term borrowings	**(18)**
Net assets disposed	**42**
Cumulative translation adjustment reserve realised	2
Profit on disposal	6
Disposal proceeds	**50**
Cash disposed net of overdrafts	(12)
Net cash received per condensed combined and consolidated statement of cash flows	**38**

€ million	Net cash inflow
Ipoh	13
Osterburken	7
Raubling	18
Disposals total	**38**

16 Consolidated cash flow analysis

(a) Reconciliation of profit before tax to cash generated from operations

€ million	**(Reviewed)** **Six months ended 30 June 2016**	(Reviewed) Six months ended 30 June 2015	(Audited) Year ended 31 December 2015
Profit before tax	**482**	**392**	**796**
Depreciation and amortisation	184	180	365
Net cash flow effect of current and prior period special items	(10)	17	15
Net finance costs	47	59	105
Decrease in provisions and net retirement benefits	(4)	(5)	(15)
Movement in working capital	(61)	(101)	9
Fair value gains on forestry assets	(48)	(23)	(40)
Felling costs	26	25	51
Profit on disposal of property, plant and equipment and intangible assets	(1)	(11)	(13)
Other adjustments	5	5	6
Cash generated from operations	**620**	**538**	**1,279**

16 Consolidated cash flow analysis (continued)

(b) Cash and cash equivalents

€ million	(Reviewed) As at 30 June 2016	(Reviewed) As at 30 June 2015	(Audited) As at 31 December 2015
Cash and cash equivalents per condensed combined and consolidated statement of financial position	322	48	64
Bank overdrafts included in short-term borrowings	(29)	(54)	(28)
Cash and cash equivalents per condensed combined and consolidated statement of cash flows	**293**	**(6)**	**36**

(c) Movement in net debt

The Group's net debt position is as follows:

€ million	Cash and cash equivalents	Debt due within one year	Debt due after one year	Current financial asset investments	Debt-related derivative financial instruments	Total net debt
At 1 January 2015 (Audited)	9	(129)	(1,565)	—	72	**(1,613)**
Cash flow	(16)	(89)	69	—	—	**(36)**
Movement in unamortised loan costs	—	—	(2)	—	—	**(2)**
Net movement in derivative financial instruments	—	—	—	—	(65)	**(65)**
Reclassification	—	(21)	21	—	—	**—**
Currency movements	1	(6)	(29)	—	9	**(25)**
At 30 June 2015 (Reviewed)	(6)	(245)	(1,506)	—	16	**(1,741)**
Cash flow	48	37	150	—	—	**235**
Business combinations (see note 14)	—	5	(8)	—	—	**(3)**
Movement in unamortised loan costs	—	—	(1)	—	—	**(1)**
Net movement in derivative financial instruments	—	—	—	—	(8)	**(8)**
Reclassification	—	(33)	33	2	—	**2**
Currency movements	(6)	14	13	—	(3)	**18**
At 31 December 2015 (Audited)	36	(222)	(1,319)	2	5	**(1,498)**
Cash flow	257	109	(355)	—	—	**11**
Business combinations (see note 14)	—	(1)	(2)	—	—	**(3)**
Business combinations - fair value adjustments (see note 14)	—	2	2	—	—	**4**
Movement in unamortised loan costs	—	—	(2)	—	—	**(2)**
Net movement in derivative financial instruments	—	—	—	—	(13)	**(13)**
Reclassification	—	(527)	527	—	—	**—**
Currency movements	—	(1)	12	—	(1)	**10**
At 30 June 2016 (Reviewed)	**293**	**(640)**	**(1,137)**	**2**	**(9)**	**(1,491)**

The Group operates in certain countries (principally South Africa) where the existence of exchange controls may restrict the use of certain cash balances. These restrictions are not expected to have any material effect on the Group's ability to meet its ongoing obligations.

17 Capital commitments

Capital commitments and expenditure is based on capital projects approved to date and the budget approved by the Boards.

As previously indicated, capital expenditure is expected to be in the range of €400 - €450 million per annum over the next two years in the absence of any further major projects.

These capital projects are expected to be financed from existing cash resources and borrowing facilities.

18 Contingent liabilities

Contingent liabilities comprise aggregate amounts as at 30 June 2016 of €10 million (as at 30 June 2015: €15 million; as at 31 December 2015: €9 million) in respect of loans and guarantees given to banks and other third parties. No acquired contingent liabilities have been recorded in the Group's condensed combined and consolidated statement of financial position for all periods presented.

19 Fair value measurement

Financial instruments that are measured in the condensed combined and consolidated statement of financial position at fair value, or where the fair value of financial instruments have been disclosed in notes to the condensed combined and consolidated financial statements, are based on the following fair value measurement hierarchy:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group does not hold any financial instruments categorised as level 3 financial instruments. The only assets measured at fair value on level 3 of the fair value measurement hierarchy are the Group's forestry assets as set out in note 11.

There have been no transfers of assets or liabilities between levels of the fair value hierarchy during the period.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined using generally accepted valuation techniques. These valuation techniques maximise the use of observable market data where available and rely as little as possible on Group specific estimates.

Specific valuation methodologies used to value financial instruments include:

- the fair values of interest rate swaps and foreign exchange contracts are calculated as the present value of expected future cash flows based on observable yield curves and exchange rates;
- the Group's commodity price derivatives are valued by independent third parties, who in turn calculate the fair values as the present value of expected future cash flows based on observable market data; and
- other techniques, including discounted cash flow analysis, are used to determine the fair values of other financial instruments.

Except as detailed in the following table, the directors consider that the carrying values of financial assets and financial liabilities recorded at amortised cost in the condensed combined and consolidated financial statements are approximately equal to their fair values.

	Carrying amount			Fair value		
	(Reviewed)	(Reviewed)	(Audited)	**(Reviewed)**	(Reviewed)	(Audited)
€ million	**As at 30 June 2016**	As at 30 June 2015	As at 31 December 2015	**As at 30 June 2016**	As at 30 June 2015	As at 31 December 2015
Financial liabilities						
Borrowings	**1,806**	**1,805**	**1,569**	**1,902**	**1,894**	**1,653**

20 Related party transactions

The Group and its subsidiaries, in the ordinary course of business, enter into various sale, purchase and service transactions with equity accounted investees and others in which the Group has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties. These transactions, in total, are not considered to be significant.

Transactions between Mondi Limited, Mondi plc and their respective subsidiaries, which are related parties, have been eliminated on consolidation.

There have been no significant changes to the related parties as disclosed in note 31 of the Group's Integrated report and financial statements 2015.

21 Events occurring after 30 June 2016

With the exception of the events listed below there have been no material reportable events since 30 June 2016:

- Acquisition of Kalenobel and Uralplastic (see note 14); and
- Interim dividend declared for the six months ended 30 June 2016 (see note 10).

Production statistics

		Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Packaging Paper				
Containerboard	'000 tonnes	1,001	1,086	2,138
Kraft paper	'000 tonnes	601	606	1,162
Softwood pulp	'000 tonnes	1,119	1,083	2,108
Internal consumption	'000 tonnes	1,026	1,005	1,952
Market pulp	'000 tonnes	93	78	156
Fibre Packaging				
Corrugated board and boxes	million m²	681	668	1,350
Industrial bags	million units	2,523	2,506	4,925
Extrusion coatings	million m²	651	735	1,389
Consumer Packaging				
Consumer packaging	million m^2	3,511	3,330	6,594
Uncoated Fine Paper				
Uncoated fine paper	'000 tonnes	704	696	1,379
Hardwood pulp	'000 tonnes	604	583	1,161
Internal consumption	'000 tonnes	568	528	1,061
Market pulp	'000 tonnes	36	55	100
Newsprint	'000 tonnes	102	97	197
South Africa Division				
Containerboard	'000 tonnes	127	113	247
Uncoated fine paper	'000 tonnes	129	117	240
Hardwood pulp	'000 tonnes	305	292	619
Internal consumption	'000 tonnes	167	148	305
Market pulp	'000 tonnes	138	144	314
Newsprint	'000 tonnes	55	56	113
Softwood pulp – internal consumption	'000 tonnes	75	59	138

Exchange rates

	Average			Closing		
versus euro	**Six months ended 30 June 2016**	Six months ended 30 June 2015	Year ended 31 December 2015	**Six months ended 30 June 2016**	Six months ended 30 June 2015	Year ended 31 December 2015
South African rand	17.20	13.31	14.17	16.45	13.64	16.95
Czech koruna	27.04	27.50	27.28	27.13	27.25	27.02
Polish zloty	4.37	4.14	4.18	4.44	4.19	4.26
Pounds sterling	0.78	0.73	0.73	0.83	0.71	0.73
Russian rouble	78.31	64.60	68.04	71.52	62.36	80.67
Turkish lira	3.26	2.86	3.02	3.21	3.00	3.18
US dollar	1.12	1.12	1.11	1.11	1.12	1.09

Glossary of financial terms

This announcement contains a number of terms which are explained below:

Net debt	A measure comprising short, medium, and long-term interest-bearing borrowings and the fair value of debt-related derivatives less cash and cash equivalents and current financial asset investments.
Return on capital employed (ROCE)	Trailing 12-month underlying operating profit, including share of associates' net profit, divided by trailing 12-month average capital employed and for segments has been extracted from management reports. Capital employed is adjusted for impairments in the year and spend on those strategic projects which are not yet in production.
Special items	Those non-recurring financial items which the Group believes should be separately disclosed on the face of the combined and consolidated income statement to assist in understanding the underlying financial performance achieved by the Group.
Underlying EBITDA	Operating profit before special items, depreciation and amortisation.
Underlying operating profit	Operating profit before special items.
Underlying profit before tax	Reported profit before tax and special items.
Underlying earnings	Net profit after tax before special items attributable to shareholders.

Forward-looking statements

This document includes forward-looking statements. All statements other than statements of historical facts included herein, including, without limitation, those regarding Mondi’s financial position, business strategy, market growth and developments, expectations of growth and profitability and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believe”, “expects”, “may”, “will”, “could”, “should”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned” or “anticipates” or the negative thereof, other variations thereon or comparable terminology. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Mondi, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions and are based on numerous assumptions regarding Mondi’s present and future business strategies and the environment in which Mondi will operate in the future. These forward-looking statements speak only as of the date on which they are made.

No assurance can be given that such future results will be achieved; various factors could cause actual future results, performance or events to differ materially from those described in these statements. Such factors include in particular but without any limitation: (1) operating factors, such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development plans and targets, changes in the degree of protection created by Mondi’s patents and other intellectual property rights and the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for Mondi’s products and raw materials and the pricing pressures thereto, financial condition of the customers, suppliers and the competitors of Mondi and potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in Mondi’s principal geographical markets or fluctuations of exchange rates and interest rates.

Mondi expressly disclaims a) any warranty or liability as to accuracy or completeness of the information provided herein; and b) any obligation or undertaking to review or confirm analysts’ expectations or estimates or to update any forward-looking statements to reflect any change in Mondi’s expectations or any events that occur or circumstances that arise after the date of making any forward-looking statements, unless required to do so by applicable law or any regulatory body applicable to Mondi, including the JSE Limited and the LSE.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group’s auditors.

Editors' notes

We are Mondi: In touch every day

At Mondi, our products protect and preserve the things that matter.

Mondi is an international packaging and paper Group, employing around 25,000 people across more than 30 countries. Our key operations are located in central Europe, Russia, North America and South Africa. We offer over 100 packaging and paper products, customised into more than 100,000 different solutions for customers, end consumers and industrial end uses - touching the lives of millions of people every day. In 2015, Mondi had revenues of €6.8 billion and a return on capital employed of 20.5%.

The Mondi Group is fully integrated across the packaging and paper value chain - from managing forests and producing pulp, paper and compound plastics, to developing effective and innovative industrial and consumer packaging solutions. Our innovative technologies and products can be found in a variety of applications including hygiene components, stand-up pouches, super-strong cement bags, clever retail boxes and office paper. Our key customers are in industries such as automotive; building and construction; chemicals; food and beverage; home and personal care; medical and pharmaceutical; packaging and paper converting; pet care; and office and professional printing.

Mondi has a dual listed company structure, with a primary listing on the JSE Limited for Mondi Limited under the ticker code MND and a premium listing on the London Stock Exchange for Mondi plc, under the ticker code MNDI.

For us, acting sustainably makes good business sense and is part of the way we work every day. We have been included in the FTSE4Good Index Series since 2008 and the JSE's Socially Responsible Investment (SRI) Index since 2007.

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