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

8 August 2013

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

Half-yearly results for the six months ended 30 June 2013

Financial highlights

- Underlying operating profit of €366 million, up 35%
- Underlying earnings of 49.4 euro cents per share, up 60%
- Cash generated from operations of €431 million, up 21%
- Interim dividend of 9.55 euro cents per share, up 7%
- ROCE of 14.8%, well in excess of through-the-cycle hurdle rate of 13%

Operational highlights

- Integration of acquisitions and related synergy targets on track
- Major capital projects on time and within budget

Financial summary

€ million, except for percentages and per share measures	**Six months ended 30 June 2013**	Six months ended 30 June 2012 (Restated)[4]	Six months ended 31 December 2012 (Restated)[4]
Group revenue	**3,342**	2,819	2,971
Underlying EBITDA[1]	**554**	437	490
Underlying operating profit[1]	**366**	272	302
Underlying profit before tax[1]	**310**	216	243
Operating profit	**285**	272	275
Profit before tax	**229**	222	146
Per share measures			
Basic underlying earnings per share (€ cents)	**49.4**	30.9	38.3
Basic earnings per share (€ cents)	**35.3**	31.7	18.4
Interim dividend per share (€ cents)	**9.55**	8.90	
Free cash flow per share[2] (€ cents)	**14.7**	10.3	42.4
Cash generated from operations	**431**	355	494
Net debt	**1,844**	1,257	1,872
Group Return on Capital Employed (ROCE)[3] (%)	**14.8**	13.4	13.6

Notes:

1 The Group presents underlying EBITDA, operating profit and profit before tax as measures which exclude special items in order to provide a more effective comparison of the underlying financial performance between reporting periods.

2 Free cash flow per share is net increase in cash and cash equivalents before the effects of acquisitions and disposals of businesses and changes in net debt and dividends paid divided by the net number of shares in issue at the end of the reporting period.

3 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.

4 The Group has restated comparative information following the adoption of revised IFRS standards relating to consolidations, joint ventures and employee benefits. Full details of the restatements are set out in note 2 of the half-yearly financial statements.

David Hathorn, Mondi Group chief executive, said:

"A strong operating performance and benefits derived from our strategic acquisitions completed towards the end of the previous year have enabled Mondi to deliver record financial results despite what remains a challenging economic backdrop.

The strong profitability and relentless focus on performance is reflected in a return on capital employed of 14.8%, which remains well above our through-the-cycle hurdle rate of 13%.

A focus over the past six months has been on integrating and optimising the significant acquisitions made towards the end of 2012 and executing the major expansion projects initiated over the past eighteen months. I am pleased to report that we continue to make good progress in this regard. The Group's major expansion projects are progressing according to plan and remain within budget. Some of the synergies identified at the time of the acquisitions have already been achieved, and we remain on track to meet the previously announced synergy targets. Just as important, we have made good progress in aligning organisational culture, which sets the platform for the future success of the combined business.

Looking forward, new industry capacity in the uncoated fine paper segment, coupled with prevailing demand softness in Europe, may impact the supply/demand balance in the short term. Furthermore, the second half will be impacted by the Group's regular annual mill maintenance programmes. However, with the momentum from the strong first half performance and the expected continuation of

a good pricing environment in the packaging grades, management remains confident of delivering in line with its expectations."

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Conference call dial-in and audio cast details

Please see below details of our dial-in conference call and audio cast that will be held at 10:00 (UK) and 11:00 (SA).

The conference call dial-in numbers are:

South Africa	0800 200 648 (toll-free)
UK	0808 162 4061 (toll-free)
Europe & Other	+800 246 78 700 (toll-free) or +27 11 535 3600

An online audio cast facility will be available via: www.mondigroup.com/HYResults13.

The presentation will be available online via the above website address an hour before the audio cast commences. Questions can be submitted via the dial-in conference call or by e-mail via the audio cast.

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 audio cast, please e-mail mondi@kraftwerk.co.at and you will be contacted immediately.

An audio recording of the presentation will be available on Mondi's website during the afternoon of 8 August 2013.

Capital Markets Day

On 2 September 2013 Mondi will host a Capital Markets Day for investors and analysts in London, where executive directors David Hathorn, Andrew King and Peter Oswald, together with other key senior management, including business unit heads and innovation managers, will share insights into the Mondi business.

Editors' notes

Mondi is an international packaging and paper Group, with production operations across 30 countries and revenue of €5.8 billion in 2012. The Group's key operations are located in central Europe, Russia and South Africa and as at the end of 2012, Mondi Group employed 25,700 people.

Mondi Group is fully integrated across the paper and packaging process, from the growing of wood and the manufacture of pulp and paper (packaging paper and uncoated fine paper), to the conversion of packaging paper into corrugated packaging, industrial bags, extrusion coatings and release liner. Mondi is also a supplier of innovative consumer packaging solutions, advanced films and hygiene products components.

Mondi Group 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. The Group has been recognised for its sustainability through its inclusion in the FTSE4Good Global, European and UK Index Series (since 2008) and the JSE's Socially Responsible Investment (SRI) Index since 2007. The Group was also included in the Carbon Disclosure Project's (CDP) FTSE350 Carbon Disclosure Leadership Index for the third year and in CDP's FTSE350 Carbon Performance Leadership Index for the first time in 2012.

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, plans and objectives of management for future operations, are forward-looking statements. 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 are based on numerous assumptions regarding Mondi's present and future business strategies and the environment in which Mondi will operate in the future. Among the important factors that could cause Mondi's actual results, performance or achievements to differ materially from those in the forward-looking statements include, but are not limited to, those discussed under 'Principal risks and uncertainties'. These forward-looking statements speak only as of the date on which they are made. Mondi expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Mondi's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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

Group performance review

The positive momentum from the end of the previous year, with good sales volumes and reasonable price levels in Europe, continued into the first half of the year. The Group's underlying operating profit of €366 million, a record result for the Group, was 21% above that of the second half of 2012 and 35% above that of the comparable prior year period. This reflects both the strong operating performance and reasonable trading environment, particularly in Packaging Paper and the South Africa Division, and the benefit of the Group's strategic acquisitions completed in the latter part of the previous year. Excluding the impact of the major strategic acquisitions, underlying operating profit increased by 12% compared to the second half of 2012 and 24% on the comparable prior year period. The period under review also benefited from the absence of any major mill maintenance shuts.

Compared to the first half of 2012, sales volumes increased across all major paper grades. While European demand remains generally sluggish, this was compensated by market share gains, and in the case of kraft paper, strong gains in export markets. A reasonable industry supply/demand dynamic, supported by some supply side rationalisation, enabled the Group to maintain or increase selling prices in most key paper grades during the period.

The Group's annual major maintenance shuts will all take place in the second half of the year, the impact of which, at prevailing profit margins, is estimated to be in the range of €50 million to €60 million on underlying operating profit when compared to the first half of the year.

At the underlying earnings per share level, in addition to the strong underlying operating profit, the Group benefited from a lower effective tax rate and a lower non-controlling interest charge, the latter positively impacted by the acquisition of the remaining minority interest in Mondi Swiecie in the first half of 2012. Underlying earnings per share in the six months ended 30 June 2013 was 49.4 euro cents per share, a 60% increase on the comparable prior year period and 29% better than that achieved in the second half of 2012.

The Group remains strongly cash generative with cash generated from operations of €431 million. Working capital as a percentage of turnover was 13%, reflecting the normal seasonal pick-up in the first half of the year as well as the changing business mix following the acquisition of Nordenia in the fourth quarter of 2012.

Capital expenditure of €167 million represents 89% of the Group's depreciation charge. Good progress is being made on the major strategic projects, which should see the rate of capital expenditure increase in the second half as planned.

Net debt of €1,844 million at 30 June 2013 decreased from €1,872 million at 31 December 2012. The bias of the Group's financing related outflows towards the first half, coupled with the increase in working capital levels negatively impacted net debt. This was offset by exchange gains of around €41 million from the devaluation of certain currencies in which the Group's net debt is held, most notably the South African rand and Russian rouble.

An interim dividend of 9.55 euro cents per share, up 7% on the prior year interim dividend of 8.90 euro cents per share, has been declared.

Europe & International – Packaging Paper

€ million, unless otherwise stated	**Six months ended 30 June 2013**	Six months ended 30 June 2012	Six months ended 31 December 2012
Segment revenue	**1,043**	960	936
– of which inter-segment revenue	**267**	249	220
EBITDA	**195**	150	171
Underlying operating profit	**148**	104	123
Capital expenditure	**55**	34	55
Net segment assets	**1,441**	1,373	1,466
ROCE %	**20.1**	18.5	17.9

Packaging Paper benefited from increased sales volumes and higher average selling prices compared to both the comparable prior year period, and the previous six months. These positive trading conditions resulted in an underlying operating profit of €148 million, 42% above the comparable prior year period, delivering a very strong ROCE of 20.1%.

Sales volumes increased for all grades despite a generally soft demand environment in Europe. The business benefited from market share gains and good demand in export markets for kraft paper. Selling price increases were achieved across all containerboard grades during the second quarter. In recycled containerboard, increased competitor capacity in Poland has to date only had a muted effect on markets, while the recently announced capacity closures in the UK have served to improve market fundamentals. Nonetheless, industry profitability in the recycled containerboard grades remains unsatisfactory. During July, the Group announced price increases of €50/tonne for recycled containerboard, to take effect from August 2013. In kraft paper, the pricing environment remained stable, with Europe remaining under pressure but offset by continued good export markets.

Except for paper for recycling costs, which were lower than the comparable prior year period, input costs per tonne were largely unchanged. Average benchmark paper for recycling costs were 4% higher than the second half of the previous year. Synergy benefits, in the form of reduced transport and logistics costs from the acquisition of the corrugated box plants in Germany and the Czech Republic in the latter half of 2012, were realised during the period. Production and productivity were strong in all mills, with the white-top kraftliner mill in Syktyvkar showing a notable improvement.

The market price of green energy credits in Poland remained below prevailing levels of the previous year as a consequence of ongoing uncertainty created by proposed changes to the regulatory environment surrounding renewable energy in Poland. As previously reported, the carrying value of green energy credits was written down by €11 million in the first quarter of the year. In addition, the benefits from green energy credits in Poland in the first half of 2013 were more than 50% lower than the comparable prior year period.

Europe & International – Fibre Packaging

€ million, unless otherwise stated	**Six months ended 30 June 2013**	Six months ended 30 June 2012	Six months ended 31 December 2012
Segment revenue	**1,002**	946	914
– of which inter-segment revenue	**17**	19	23
EBITDA	**83**	80	88
Underlying operating profit	**48**	47	54
Capital expenditure	**35**	28	48
Net segment assets	**982**	916	958
ROCE %	**12.0**	10.9	12.5

Underlying operating profit of €48 million was in line with the comparable prior year period, but below that of the second half of the previous year as the business was impacted by higher input costs, primarily due to rising paper prices.

The acquisition of the corrugated box plants in Germany and the Czech Republic in the last quarter of 2012 contributed positively to underlying operating profit in the corrugated business. However, paper input price increases put pressure on margins, offsetting in large part the gains from the acquisitions.

Industrial bags benefited from good demand from the US and Middle East, offsetting reduced sales volumes in central and western Europe. Margins were at similar levels to the comparable prior year period, supported by strong cost reduction initiatives.

Weak demand, particularly for automotive and building applications, and increasing raw material costs, coupled with increased competitor capacity have impacted on margins in the coatings business.

Europe & International – Consumer Packaging

€ million, unless otherwise stated	**Six months ended 30 June 2013**	Six months ended 30 June 2012	Six months ended 31 December 2012
Segment revenue	**582**	150	352
– of which inter-segment revenue	**2**	1	3
EBITDA	**66**	15	30
Underlying operating profit	**39**	10	9
Capital expenditure	**24**	7	21
Net segment assets	**875**	145	872
ROCE % – adjusted*	**10.1**	14.6	10.8

* Adjusted to exclude €14 million of one-off costs in the second half of 2012 relating to the acquisition of Nordenia

Consumer Packaging generated underlying operating profit of €39 million with an adjusted ROCE of 10.1%. The significant increase in underlying operating profit versus both the comparable prior year period and the second half of the previous year is due to the acquisition of Nordenia, completed on 1 October 2012. The comparability of the results for the second half of 2012 were further impacted by one-off effects associated with the acquisition of €14 million. On a pro-forma basis, assuming Nordenia was acquired at the beginning of 2012, and excluding the effects of acquisition accounting, the underlying operating profit of the combined business increased by around 11% versus the comparable prior year period.

Sales volumes were marginally down on the comparable prior year period, driven by weakness in the films business. This was more than compensated by the delivery of net synergy gains and other cost reduction initiatives.

Integration activities remain well on track, with delivery of synergies in line with expectations. The previously announced closure of the Lindlar operation in Germany and resulting transfer of production to plants in Germany, Hungary and the Czech Republic is progressing according to plan.

Europe & International – Uncoated Fine Paper

€ million, unless otherwise stated	**Six months ended 30 June 2013**	Six months ended 30 June 2012	Six months ended 31 December 2012
Segment revenue	**740**	749	717
– of which inter-segment revenue	**8**	8	5
EBITDA	**157**	154	146
Underlying operating profit	**102**	100	91
Capital expenditure	**36**	24	34
Net segment assets	**1,176**	1,270	1,248
ROCE %	**17.4**	15.7	16.7

Uncoated Fine Paper generated underlying operating profit of €102 million, marginally above the comparable prior year period. Sales volumes were slightly above that of the comparable prior year period, mainly due to the timing of the annual maintenance shut in Syktyvkar which took place in June of the previous year and will take place in the third quarter of 2013. Average net selling prices were lower than the comparable prior year period and the second half of the previous year. The stronger Russian rouble in the early part of the year resulted in increased competition from importers, impacting margins in that region. This was partly compensated by further cost reduction initiatives.

Sales volumes into western Europe continue to be affected by the structural decline in those markets whilst central and eastern Europe remain largely unchanged. Sales volumes into Russia and overseas markets increased. To date there has been little market impact from the new capacity coming on stream from competitors in Russia and France.

In May 2013, Mondi announced plans to restructure the non-integrated Neusiedler operation to improve the competitiveness of the mill. Negotiations with employee unions are currently in progress. An impairment charge of €42 million and related restructuring costs of €8 million were recognised as a special item in the period.

Input costs remain well controlled. Unit wood costs at both the Syktyvkar and Ruzomberok mills decreased, with the benefits from improved forestry management practices at Syktyvkar offsetting inflationary cost pressures. Higher pulp prices negatively impacted margins at the non-integrated Neusiedler mill. Fixed cost increases continue to be well controlled with increases below inflation.

South Africa Division

€ million, unless otherwise stated	**Six months ended 30 June 2013**	Six months ended 30 June 2012 (restated)	Six months ended 31 December 2012 (restated)
Segment revenue	**325**	348	354
– of which inter-segment revenue	**56**	57	51
EBITDA	**67**	56	69
Underlying operating profit	**44**	29	40
Capital expenditure	**14**	17	26
Net segment assets	**687**	903	821
ROCE %	**12.8**	9.1	9.6

Comparative information has been restated with Mondi Shanduka Newsprint now consolidated as a subsidiary for all periods presented.

South Africa Division delivered a strong performance, with underlying operating profit of €44 million, a 52% increase on the comparable prior year period, and ROCE of 12.8%. This reflects the impact of higher domestic selling prices, good domestic containerboard volume growth, and improved export margins due to the weaker South African rand coupled with higher average export pulp and containerboard prices.
South Africa Division continues to focus on cost containment, in particular on reducing forestry costs through increased mechanisation in the current year.

South Africa Division (continued)

Comparison with the previous six months is distorted by a large fair value gain on the revaluation of forestry assets of €27 million recognised in the six months to end 2012. The comparable amount for the first half of 2013 was €10 million.

In May 2013, Mondi announced the proposed closure of one of the two newsprint machines located in Merebank. The machine stopped production with effect from 1 July 2013. The business will continue to operate the remaining 120,000 tonne per annum newsprint machine. Further restructuring activities in the Merebank mill as a result of the closure of the newsprint machine were also implemented. In total, a special item charge of €18 million was recognised.

Financial review

Input costs

Wood costs were, on average, lower than the comparable prior period and reflect a steady downward trend over the last three half-year periods.

Average benchmark hardwood pulp prices increased by 7% from the comparable prior year period and by 1% over the second half of 2012, largely as a consequence of price increases in the second quarter. Softwood pulp prices increased by 3% over the second half of 2012, but remained 1% below the average in the comparable prior year period.

Average benchmark paper for recycling prices were 15% lower than the comparable prior year period but 4% higher than the prices of the second half of 2012.

The average benchmark low density polyethylene price, an indicator of the key raw material input cost in Consumer Packaging, was at similar levels to the comparable prior year period and 1% above that of the second half of 2012. Average prices decreased by approximately 6% in the second quarter from the levels experienced at the beginning of the year.

Currencies

With the exception of the South African rand, the currencies in which the Group operates continue to trade within a relatively narrow range and the impact on underlying operating profit remains muted. The South African rand weakened by a further 12% against the euro from the average rate in the second half of the prior year and has weakened by more than 25% from levels at June 2012. This devaluation provided a net benefit to the Group due to South Africa Division’s large export position (accounting for approximately 40% of sales) and predominantly rand-denominated cost base.

Non-controlling interests

The reduction in earnings attributable to non-controlling interests is largely as a result of the acquisition of the remaining minority interest in Mondi Swiecie in the second quarter of 2012, offset in part by higher net earnings at the 51% owned Ruzomberok mill.

Tax

The Group’s underlying effective tax rate of 18% is lower than the comparable prior year period primarily due to a favourable underlying profit mix as well as the continued benefit of investment incentives in eastern Europe, principally in Poland.

Special items

The net special item charge of €81 million before tax, the cash component of which amounts to €26 million, is attributable to:

- the closure of Consumer Packaging’s Lindlar operation in Germany (€13 million)
- the closure of the newsprint machine in Merebank, South Africa and related restructuring activities (€18 million), and
- impairment of Uncoated Fine Paper’s Neusiedler mill and related restructuring costs (€50 million)

Cash flow

Cash generated from operations of €431 million, including the impact of the increase in working capital of €129 million, reflects the continued strong cash generating capacity of the Group.

Net cash outflows from financing activities of €178 million include the payment of dividends to holders of non-controlling interests, the payment of the final 2012 dividend in May 2013 and payment of the 5.75% coupon on the €500 million Eurobond, reflecting the bias of financing activities towards the first half of the year.

Capital expenditure

Capital expenditure for the period amounted to €167 million, 89% of depreciation.

The energy investments in the Group's Frantschach, Richards Bay and Stambolijski mills are progressing in line with expectations and are expected to be completed towards the end of the second half of the year. These projects will significantly improve the energy efficiency and self-sufficiency at those mills. Good progress is being made on the other major projects announced earlier in the year, with the bleached kraft paper machine in Steti expected to start up in the first half of 2014 and the recovery boiler in Ruzomberok in the latter part of 2014.

The Group's capital expenditure is expected to remain around the previously envisaged range of approximately 125% of depreciation on average over the 2013/2014 period, with 2014 being the peak spend year.

Treasury and borrowings

Net debt at 30 June 2013 was €1,844 million, a decrease of €28 million from 31 December 2012. The net debt to 12 month trailing EBITDA ratio was 1.8 times and gearing at 30 June 2013 was 40%.

At the end of June 2013, the €100 million European Investment Bank facility put in place in December 2011 was fully drawn down. The amortising loan matures in 2025 and incurs interest based on Euribor. The South African bilateral facilities that matured in the first half of 2013 have been extended for an additional year on similar terms. At 30 June 2013, the Group had €2.6 billion of committed facilities of which €743 million were undrawn. The weighted average maturity of the Eurobonds and committed debt facilities was 4.0 years at 30 June 2013.

The Group's long-term investment grade credit ratings of Baa3 (Moody's Investor Services) and BBB- (Standard and Poor's) were reaffirmed during the period.

Finance charges of €57 million were similar to those of the comparable prior year notwithstanding the significant increase in average net debt from the levels at 30 June 2012. The lower effective interest rate of 5.5% (first half of 2012: 9.4%) is due to the effect of the €500 million Eurobond issued in October 2012 with a coupon of 3.375% and the unwinding of various fixed rate swaps during 2012.

Dividend

An interim dividend of 9.55 euro cents per share has been declared by the directors and will be paid on 17 September 2013 to those shareholders on the register of Mondi plc on 23 August 2013. An equivalent South African rand interim dividend will be paid on 17 September 2013 to shareholders on the register of Mondi Limited on 23 August 2013. The dividend will be paid from distributable reserves of Mondi Limited and of Mondi plc, as presented in the respective company annual financial statements for the year ended 31 December 2012.

Outlook

New industry capacity in the uncoated fine paper segment, coupled with prevailing demand softness in Europe, may impact the supply/demand balance in the short term. Furthermore, the second half will be impacted by the Group's regular annual mill maintenance programmes. However, with the momentum from the strong first half performance and the expected continuation of a good pricing environment in the packaging grades, management remains confident of delivering in line with its expectations.

Supplementary information

Principal risks and uncertainties

It is in the nature of Mondi's business that the Group is exposed to risks and uncertainties which may have an impact on future performance and financial results, as well as on its ability to meet certain social and environmental objectives.

On an annual basis, the DLC executive committee and Boards conduct a formal systematic review of the most significant risks and uncertainties and the Group's responses to those risks. These risks are assessed against pre-determined risk tolerance limits, established by the Boards. In addition, the DLC audit committee reviews each of the principal risks in detail over the course of the year. Additional risk reviews are undertaken on an ad-hoc basis for significant investment decisions and when changing business conditions dictate.

The Boards' risk management framework addresses all significant strategic, sustainability, financial, operational and compliance-related risks which could undermine the Group's ability to achieve its business objectives in a sustainable manner. The risk management framework is designed to be flexible, to ensure that it remains relevant at all levels of the business given the diversity of the Group's locations, markets and production processes; and dynamic, to ensure that it remains current and responsive to changing business conditions.

The Group believes that it has effective systems and controls in place to manage the key risks identified below within the risk tolerance levels established by the Boards.

Competitive environment in which Mondi operates

The industry in which Mondi operates is highly competitive and subject to significant volatility. New capacity additions are usually in large increments which, combined with product substitution towards lighter weight products and alternative packaging solutions and increasing environmental considerations, have an impact on the supply/demand balance and hence on market prices.

Mondi monitors industry developments in terms of changes in capacity as well as trends and developments in its own product range and potential substitutes. A flexible and responsive approach to market and operating conditions and the Group's strategic focus on low-cost production in growing markets, with consistent investment in its operating capacity serve to mitigate this risk.

In 2012, the acquisitions of Nordenia and the corrugated packaging plants in Germany and the Czech Republic, as well as the disposal of Aylesford Newsprint, further position the Group in its selected strategic growth areas.

Cost and availability of a sustainable supply of raw materials

Fibre (wood, pulp and paper for recycling) and resins account for approximately one-third of the Group's input costs. It is the Group's objective to acquire fibre from sustainable sources and to avoid the use of any illegal or controversial supply.

All plantations in South Africa and leased/managed forests in Russia are FSC™ certified. With the exception of Stambolijski, Bulgaria, all mills have chain-of-custody certificates in place, ensuring that the wood procured in 2012 was from non-controversial sources. Stambolijski will be certified to FSC™ chain-of-custody standards in 2013 and currently wood supplies meet Mondi's minimum wood standards that ensure legality and non-controversial wood sources. Mondi constantly monitors international market prices for its other raw materials (paper for recycling and resins) and, where possible, has cost pass-through mechanisms in place with customers to mitigate the risk of input cost increases. The Group's focus on high-quality, low-cost operations, relatively high levels of integration and access to its own fibre in Russia and South Africa further mitigate this risk.

Cost of energy and related input costs

Non-fibre input costs comprise approximately a third of the Group's total variable costs. Increasing energy costs, and the consequential impact thereof on both chemical and transport costs, may impact the Group's operating profit margins.

Active investment in energy-related projects have significantly improved energy self-sufficiency and efficiency in the Group.

Capital intensive operations

Mondi operates large facilities, often in remote locations. The ongoing safety and sustainable operation of such sites is critical to the success of the Group.

Mondi's management system ensures ongoing monitoring of all operations to ensure they meet the requisite standards and performance requirements. The Group has adequate insurance in place to cover material property damage, business interruption and liability risks. A structured maintenance programme is in place under the auspices of the Group technical director. Emergency preparedness and response procedures are in place and subject to periodic drills.

The locations in which the Group operates

Mondi operates in a number of countries with differing political, economic and legal systems. In some countries, such systems are less predictable than in countries with more developed institutional structures. In addition, economic risks in certain regions are heightened following the macroeconomic uncertainties experienced in recent years.

Mondi is invested in a number of geographical locations, with a strategic focus on low-cost high-growth markets. This geographical diversity and decentralised management structure, utilising local resources in countries in which the Group operates reduces its exposure to any specific jurisdiction. Mondi continues to actively monitor and adapt to changes in the environments in which it operates.

Attraction and retention of key skills and talent

The complexity of operations and geographic diversity of the Group is such that high-quality, experienced employees are required in all locations.

Appropriate reward and retention strategies are in place to attract and retain talent across the organisation. At more senior levels, these include a share-based incentive scheme.

Employee and contractor safety

Mondi's employees work in potentially dangerous environments where hazards are ever-present and must be managed. Mondi's objective is a zero harm environment.

The Group engages in extensive safety training sessions, involving employees and contractors, at all its operations. The Nine Safety Rules to Live By, applied across the Group, are integral to the safety strategy. Operations conduct statutory safety committee meetings where management and employees are represented. A risk-based approach underpins safety and health programmes. All business units and operations are required to have safety improvement plans in place. Mondi's Total Recordable Case Rate (TRCR per 200,000 hours worked) at 30 June 2013 was 0.76 (31 December 2012: 0.79). Regrettably, there were two fatalities at our Syktyvkar operations in the first half of the year.

Environmental footprint

Maintaining the Group's socio-economic licence to trade is a strategic imperative. This encompasses continued access to credible sources of fibre as described above, protection of High Conservation Value (HCV) areas and bio-diversity, eco-efficiency of products throughout their life cycle and the Group's carbon and energy footprint.

Mondi's approach to product stewardship is based on the Life-Cycle Initiative set out in the United Nations Environmental Programme (UNEP). The Group's certified products carry clear and informative labelling to ensure that its customers are aware of the environmental process controls and health and safety assessments conducted throughout the life cycles of Mondi's products. In 2012, no incidents of non-compliance relating to the regulation and voluntary codes, to which the Group subscribes, concerning product and service information and labelling were recorded. Mondi does not convert natural forests, riparian areas, wetlands or protected areas into plantations. HCV areas are identified and preserved or enhanced, as is biological diversity. In Russia 522,260 hectares have been set aside for conservation (24.8% of our landholding) and 76,398 hectares in South Africa (25% of our landholding). Mondi uses biomass energy sources such as black liquor as an alternative to fossil fuels at all of its mills. Some 58% of Mondi's fuel consumption comes from biomass and a number of operations are completely energy self-sufficient.

Governance risks
The Group operates in a number of legal jurisdictions and non-compliance with legal and governance requirements in these jurisdictions could expose the Group to significant risk if not adequately managed.

The Group's legal and governance risk management and compliance were set out in the Corporate governance report in the integrated report and financial statements 2012.

Financial risks

Mondi's trading and financing activities expose the Group to financial risks that, if left unmanaged, could adversely impact current or future earnings. These risks relate to the currencies in which the Group conducts its activities, interest rate and liquidity risks as well as exposure to customer credit risk.

Mondi's approach to financial risk management is described in notes 37 and 38 of the annual financial statements for the year ended 31 December 2012.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements.

Mondi's geographical spread, product diversity and large customer base mitigate potential risks of customer or supplier liquidity issues. Ongoing initiatives by management in implementing profit improvement initiatives which include plant optimisation, cost-cutting, and restructuring and rationalisation activities have consolidated the Group's leading cost position in its chosen markets. Working capital levels and capital expenditure programmes are strictly monitored and controlled.

The Group meets its funding requirements from a variety of sources. The availability of some of these facilities is dependent on the Group meeting certain financial covenants, all of which have been complied with. Mondi had €743 million of undrawn committed debt facilities as at 30 June 2013 which should provide sufficient liquidity in the medium term.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, including an assessment of the current macroeconomic environment, particularly in Europe, indicate that the Group should be able to operate well within the level of its current facilities and related covenants.

The directors have reviewed the Group's strategy and latest financial forecasts, considered the assumptions in the forecast and reviewed the critical risks which may impact the Group's performance. After making such enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be adopted in preparing the half-yearly financial statements.

Directors’ responsibility statement

The directors confirm that to the best of their knowledge:

- the condensed set of combined and consolidated financial statements has been prepared in accordance with International Financial Reporting Standards and in particular with International Accounting Standard 34, ‘Interim Financial Reporting’;
- the half-yearly report includes a fair review of the important events during the six months ended 30 June 2013 and a description of the principal risks and uncertainties for the remaining six months of the year ending 31 December 2013;
- there have been no significant individual related party transactions during the first six months of the financial year;
- with effect from 3 May 2013, Cyril Ramaphosa ceased to be a director of Mondi Limited and Mondi plc. As a result, all transactions with the Shanduka Group Proprietary Limited, in which Mr Ramaphosa held a 29.6% interest, and its subsidiaries, are no longer classified as related party transactions from that date; and
- there have been no other significant changes in the Group’s related party relationships.

David Hathorn
Director

Andrew King
Director

7 August 2013

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

We have reviewed the accompanying interim financial information of Mondi Limited, comprising the condensed statement of financial position as of 30 June 2013 and the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows and selected explanatory notes for the six months then ended.

Directors’ responsibility for the Interim Financial Statements

The directors are responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard (IAS 34),‘Interim Financial Reporting’, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act of South Africa, 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 based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’. This standard 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 this standard 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 and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We believe that the evidence we have obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of Mondi Limited for the six months ended 30 June 2013 are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IAS 34),’Interim Financial Reporting’, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act of South Africa.

Deloitte & Touche
Registered Auditor

Per: Bronwyn Kilpatrick
Partner
7 August 2013

Buildings 1 and 2, Deloitte Place, The Woodlands,
Woodlands Drive, Woodmead, Sandton, 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 financial report for the six months ended 30 June 2013, 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 cash flows, the condensed combined and consolidated statement of changes in equity and the related notes 1 to 22. We have read the other information contained in the half-yearly financial 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', 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 financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial 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 financial report has been prepared in accordance with International Accounting Standard 34,'Interim Financial Reporting', 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 financial report based on our review.

Scope of review

We conducted our review 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', 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 financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 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
7 August 2013

Condensed combined and consolidated income statement

for the six months ended 30 June 2013

€ million	Notes	(Reviewed) Six months ended 30 June 2013 Before special items	Special items (note 6)	After special items	(Restated) (Reviewed) Six months ended 30 June 2012 Before special items	Special items (note 6)	After special items	(Restated) (Audited) Year ended 31 December 2012 Before special items	Special items (note 6)	After special items
Group revenue	4	**3,342**	**-**	**3,342**	2,819	-	2,819	5,790	-	5,790
Materials, energy and consumables used		(1,758)	-	(1,758)	(1,478)	-	(1,478)	(3,024)	-	(3,024)
Variable selling expenses		(282)	-	(282)	(266)	-	(266)	(527)	-	(527)
Gross margin		**1,302**	**-**	**1,302**	1,075	-	1,075	2,239	-	2,239
Maintenance and other indirect expenses		(122)	-	(122)	(123)	-	(123)	(279)	-	(279)
Personnel costs		(484)	(16)	(500)	(409)	-	(409)	(834)	(16)	(850)
Other net operating expenses		(142)	(10)	(152)	(106)	-	(106)	(199)	(10)	(209)
Depreciation, amortisation and impairments		(188)	(55)	(243)	(165)	-	(165)	(353)	(1)	(354)
Operating profit/(loss)	4;5	**366**	**(81)**	**285**	272	-	272	574	(27)	547
Non-operating special items	6	-	-	-	-	6	6	-	(64)	(64)
Net income/(loss) from associates		1	-	1	(1)	-	(1)	(5)	-	(5)
Total profit/(loss) from operations and associates		**367**	**(81)**	**286**	271	6	277	569	(91)	478
Net finance costs		**(57)**	**-**	**(57)**	(55)	-	(55)	(110)	-	(110)
Investment income		2	-	2	-	-	-	4	-	4
Foreign currency losses		(1)	-	(1)	(3)	-	(3)	(2)	-	(2)
Finance costs	7	(58)	-	(58)	(52)	-	(52)	(112)	-	(112)
Profit/(loss) before tax		**310**	**(81)**	**229**	216	6	222	459	(91)	368
Tax (charge)/credit	8	(56)	13	(43)	(43)	(2)	(45)	(90)	(1)	(91)
Profit/(loss) for the financial period		**254**	**(68)**	**186**	173	4	177	369	(92)	277
Attributable to:										
Non-controlling interests				**15**			24			35
Equity holders of the parent companies				**171**			153			242

			Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
Earnings per share (EPS) for profit attributable to equity holders of the parent companies					
Basic EPS	(€ cents)	9	**35.3**	31.7	50.1
Diluted EPS	(€ cents)	9	**35.3**	31.6	49.9
Basic underlying EPS	(€ cents)	9	**49.4**	30.9	69.2
Diluted underlying EPS	(€ cents)	9	**49.3**	30.8	68.9
Basic headline EPS	(€ cents)	9	**45.7**	30.9	62.9
Diluted headline EPS	(€ cents)	9	**45.6**	30.8	62.7

Condensed combined and consolidated statement of comprehensive income

for the six months ended 30 June 2013

€ million	**(Reviewed) Six months ended 30 June 2013**	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
Profit for the financial period	**186**	177	277
Other comprehensive (expense)/income:			
Items that may subsequently be reclassified to the combined and consolidated income statement:			
Effect of cash flow hedges	-	3	2
Gains on available-for-sale investments	-	-	1
Exchange differences on translation of foreign operations	(145)	48	49
Share of other comprehensive income of associates	(1)	-	-
Tax effect thereof	-	-	-
Items that will not subsequently be reclassified to the combined and consolidated income statement:			
Remeasurement of post-retirement benefit schemes	18	(35)	(61)
Effect of asset ceiling on post-retirement benefit schemes	(1)	24	28
Tax effect thereof	(4)	-	8
Other comprehensive (expense)/income for the financial period, net of tax	**(133)**	40	27
Total comprehensive income for the financial period	**53**	217	304
Attributable to:			
Non-controlling interests	**9**	35	42
Equity holders of the parent companies	**44**	182	262

Condensed combined and consolidated statement of financial position

as at 30 June 2013

€ million	Notes	**(Reviewed) As at 30 June 2013**	(Restated) (Reviewed) As at 30 June 2012	(Restated) (Audited) As at 31 December 2012
Intangible assets		684	243	695
Property, plant and equipment		3,446	3,431	3,709
Forestry assets	11	257	318	311
Investments in associates		6	18	6
Financial asset investments		25	24	26
Deferred tax assets		8	5	10
Retirement benefits surplus	12	2	6	-
Derivative financial instruments		-	2	-
Total non-current assets		**4,428**	4,047	4,757
Inventories		767	663	783
Trade and other receivables		1,112	927	1,010
Current tax assets		17	5	10
Financial asset investments		1	-	1
Cash and cash equivalents	17b	84	60	56
Derivative financial instruments		9	5	4
Assets held for sale		-	-	2
Total current assets		**1,990**	1,660	1,866
Total assets		**6,418**	5,707	6,623
Short-term borrowings	17b-c	(265)	(294)	(281)
Trade and other payables		(1,008)	(874)	(1,029)
Current tax liabilities		(69)	(81)	(66)
Provisions		(75)	(34)	(67)
Derivative financial instruments		(4)	(5)	(4)
Total current liabilities		**(1,421)**	(1,288)	(1,447)
Medium and long-term borrowings	17c	(1,664)	(1,023)	(1,648)
Retirement benefits obligation	12	(225)	(217)	(253)
Deferred tax liabilities		(291)	(319)	(344)
Provisions		(33)	(29)	(33)
Derivative financial instruments		(1)	(1)	(1)
Other non-current liabilities		(19)	(19)	(24)
Total non-current liabilities		**(2,233)**	(1,608)	(2,303)
Total liabilities		**(3,654)**	(2,896)	(3,750)
Net assets		**2,764**	2,811	2,873
Equity				
Share capital and stated capital		542	542	542
Retained earnings and other reserves		1,963	1,973	2,030
Total attributable to equity holders of the parent companies		**2,505**	2,515	2,572
Non-controlling interests in equity		259	296	301
Total equity		**2,764**	2,811	2,873

Condensed combined and consolidated statement of financial position

as at 30 June 2013 (continued)

The Group's condensed combined and consolidated financial statements, and related notes 1 to 22, were approved by the Boards and authorised for issue on 7 August 2013 and were signed on its behalf by:

David Hathorn	**Andrew King**
Director	Director

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

Condensed combined and consolidated statement of cash flows
for the six months ended 30 June 2013

€ million	Notes	**(Reviewed) Six months ended 30 June 2013**	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
Cash generated from operations	17a	431	355	849
Dividends from associates		-	-	1
Dividends from other investments		-	-	1
Income tax paid		(75)	(45)	(109)
Net cash generated from operating activities		**356**	310	742
Cash flows from investing activities				
Investment in property, plant and equipment		(164)	(110)	(294)
Investment in intangible assets		(3)	(3)	(9)
Investment in forestry assets		(20)	(30)	(51)
Investment in financial asset investments		(4)	(4)	(7)
Proceeds from the disposal of property, plant and equipment and intangible assets		21	5	15
Proceeds from the disposal of financial asset investments		4	4	4
Acquisition of subsidiaries, net of cash and cash equivalents	14	-	(34)	(381)
Investment in associates		-	-	(43)
Proceeds from the disposal of businesses, net of cash and cash equivalents		3	1	1
Loan (advances to)/repayments from related parties		-	(3)	1
Loan repayments from external parties		-	-	16
Interest received		2	1	3
Other investing activities		-	-	(1)
Net cash used in investing activities		**(161)**	(173)	(746)
Cash flows from financing activities				
Repayment of short-term borrowings	17c	(19)	(59)	(114)
Proceeds from medium and long-term borrowings	17c	108	291	613
Repayment of medium and long-term borrowings	17c	(52)	(51)	(65)
Interest paid		(68)	(59)	(92)
Dividends paid to equity holders of the parent companies	10	(92)	(85)	(128)
Purchases of treasury shares		(23)	(34)	(34)
Dividends paid to non-controlling interests	10	(50)	(29)	(29)
Non-controlling interests bought out	13	(2)	(296)	(298)
Net realised gain/(loss) on held for trading derivatives		16	2	(9)
Government grants received		2	-	-
Other financing activities		2	-	-
Net cash used in financing activities		**(178)**	(320)	(156)
Net increase/(decrease) in cash and cash equivalents		**17**	(183)	(160)
Cash and cash equivalents at beginning of financial period[1]	17c	(37)	119	119
Cash movement in the financial period	17c	17	(183)	(160)
Effects of changes in foreign exchange rates	17c	11	(1)	4
Cash and cash equivalents at end of financial period[1]		**(9)**	(65)	(37)

Note:
[1] Cash and cash equivalents include overdrafts and cash flows from disposal groups and are reconciled to the condensed combined and consolidated statement of financial position in note 17b.

Condensed combined and consolidated statement of changes in equity

for the six months ended 30 June 2013

€ million	Combined share capital and stated capital	Retained earnings	Other reserves	**Total attributable to equity holders of the parent companies**	Non-controlling interests	**Total equity**
At 31 December 2011, as previously reported	542	2,041	3	**2,586**	449	**3,035**
Effect of restatement	-	-	-	**-**	(3)	**(3)**
At 1 January 2012 (Restated)	542	2,041	3	**2,586**	446	**3,032**
Total comprehensive income for the financial period	-	153	29	**182**	35	**217**
Dividends paid	-	(85)	-	**(85)**	(29)	**(114)**
Issue of shares under employee share schemes	-	9	(9)	**-**	-	**-**
Purchases of treasury shares	-	(34)	-	**(34)**	-	**(34)**
Non-controlling interests bought out	-	(140)	-	**(140)**	(156)	**(296)**
Other	-	-	6	**6**	-	**6**
At 30 June 2012 (Restated)	542	1,944	29	**2,515**	296	**2,811**
Total comprehensive income for the financial period	-	89	(9)	**80**	7	**87**
Dividends paid	-	(43)	-	**(43)**	-	**(43)**
Disposal of businesses (see note 16)	-	-	15	**15**	-	**15**
Non-controlling interests bought out	-	(1)	-	**(1)**	(1)	**(2)**
Reclassification	-	(12)	12	**-**	-	**-**
Other	-	2	4	**6**	(1)	**5**
At 31 December 2012 (Restated)	542	1,979	51	**2,572**	301	**2,873**
Total comprehensive income for the financial period	-	171	(127)	**44**	9	**53**
Dividends paid	-	(92)	-	**(92)**	(50)	**(142)**
Issue of shares under employee share schemes	-	10	(10)	**-**	-	**-**
Purchases of treasury shares	-	(23)	-	**(23)**	-	**(23)**
Non-controlling interests bought out	-	(1)	-	**(1)**	(1)	**(2)**
Other	-	-	5	**5**	-	**5**
At 30 June 2013	**542**	**2,044**	**(81)**	**2,505**	**259**	**2,764**

Other reserves

€ million	**(Reviewed) Six months ended 30 June 2013**	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
Share-based payment reserve	13	14	18
Cumulative translation adjustment reserve	(291)	(171)	(151)
Cash flow hedge reserve	-	1	-
Post-retirement benefit reserve	(56)	(66)	(69)
Merger reserve	259	259	259
Other sundry reserves	(6)	(8)	(6)
Group total	**(81)**	29	51

Notes to the condensed combined and consolidated financial statements
for the six months ended 30 June 2013

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 under International Financial Reporting Standards (IFRS).

The condensed combined and consolidated half-yearly financial information for the six months ended 30 June 2013 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. It should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012, prepared in accordance with 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 Group has also complied with the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Reporting Standards Council of South Africa. The condensed combined and consolidated financial statements have been prepared on a going concern basis as discussed in the Group performance review, under the heading 'Going concern'.

The information for the year ended 31 December 2012 does not constitute statutory accounts as defined by section 434 of the UK Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the UK Companies Act 2006.

The condensed combined and consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These financial statements have been prepared under the supervision of the Group chief financial officer, Andrew King CA (SA), as required in terms of Section 29(1)(e)(ii) of the Companies Act of South Africa 2008.

2a 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 as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except as set out below.

The Group has adopted the following Standards and amendments to published Standards during the current year, and their impact on the Group's results were as follows:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IAS 19 (revised) - Employee Benefits

IFRS 10 and IFRS 11 broadened the concept of control and eliminated the option of proportionate consolidation for joint ventures, except in certain circumstances. The impact of these Standards has been that Mondi Shanduka Newsprint Proprietary Limited has been consolidated whilst Aylesford Newsprint has been accounted for using the equity method up to the date of sale in 2012. Comparative information has been restated as set out in note 2b.

IAS 19 (revised) impacted the measurement of the various components representing movements in the defined benefit pension obligation and associated disclosures. As the Group has always recognised actuarial gains and losses immediately, the Group's total obligation was unchanged. This Standard has been adopted with effect from 1 January 2012 as it was impractical to complete revised actuarial valuations prior to that date. Following the replacement of expected returns on plan assets with a net finance cost in the combined and consolidated income statement, the profit for the period was reduced and accordingly other comprehensive income increased in 2012. Comparative information for the year ended 31 December 2012 has been restated as set out in note 2b.

2a Accounting policies (continued)

The following Standards and amendments to published Standards which the Group has adopted during the current year, had no significant impact on the Group's results except for the addition of certain disclosures:

- IFRS 7 - Financial Instruments: Disclosure
- IFRS 13 - Fair Value Measurement
- IFRS 12 - Disclosure of Interests in Other Entities
- IAS 1 - Presentation of Financial Statements
- IAS 16 - Property, Plant and Equipment
- IAS 27 - Separate Financial Statements
- IAS 28 - Investments in Associates and Joint Ventures
- IAS 32 - Financial Instruments: Presentation
- IAS 34 - Interim Financial Reporting

2b Restatement of comparative information

The following tables summarise the material impacts resulting from the changes in accounting policies on the Group's financial position, comprehensive income and cash flows.

Income statement

	Six months ended 30 June 2012			Year ended 31 December 2012		
€ million	As previously reported	Effect of restatement	As restated	As previously reported	Effect of restatement	As restated
Group revenue	2,840	(21)	2,819	5,807	(17)	5,790
Gross margin	1,076	(1)	1,075	2,235	4	2,239
Operating profit	269	3	272	541	6	547
Non-operating special items	6	-	6	(64)	-	(64)
Net income/(loss) from associates	1	(2)	(1)	1	(6)	(5)
Total profit from operations and associates	276	1	277	478	-	478
Net finance costs	(53)	(2)	(55)	(107)	(3)	(110)
Investment income	6	(6)	-	10	(6)	4
Foreign currency losses	(3)	-	(3)	(2)	-	(2)
Finance costs	(56)	4	(52)	(115)	3	(112)
Profit before tax	223	(1)	222	371	(3)	368
Tax charge	(45)	-	(45)	(92)	1	(91)
Profit for the financial period	178	(1)	177	279	(2)	277
Attributable to:						
Non-controlling interests	25	(1)	24	35	-	35
Equity holders of the parent companies	153	-	153	244	(2)	242

The restatement had no impact on special items.

Earnings per share (EPS) for profit attributable to equity holders of the parent companies		As previously reported	Effect of restatement	As restated	As previously reported	Effect of restatement	As restated
Basic EPS	(€ cents)	31.7	-	31.7	50.5	(0.4)	50.1
Diluted EPS	(€ cents)	31.6	-	31.6	50.3	(0.4)	49.9
Basic underlying EPS	(€ cents)	30.9	-	30.9	69.6	(0.4)	69.2
Diluted underlying EPS	(€ cents)	30.8	-	30.8	69.3	(0.4)	68.9
Basic headline EPS	(€ cents)	30.9	-	30.9	63.4	(0.5)	62.9
Diluted headline EPS	(€ cents)	30.8	-	30.8	63.1	(0.4)	62.7

2b Restatement of comparative information (continued)

Statement of comprehensive income

	Six months ended 30 June 2012			Year ended 31 December 2012		
€ million	As previously reported	Effect of restatement	As restated	As previously reported	Effect of restatement	As restated
Profit for the financial period	178	(1)	177	279	(2)	277
Other comprehensive income/(expense):						
Items that may subsequently be reclassified to the combined and consolidated income statement	51	-	51	52	-	52
Items that will not subsequently be reclassified to the combined and consolidated income statement	(11)	-	(11)	(27)	2	(25)
Other comprehensive income for the financial period, net of tax	40	-	40	25	2	27
Total comprehensive income for the financial period	218	(1)	217	304	-	304
Attributable to:						
Non-controlling interests	36	(1)	35	42	-	42
Equity holders of the parent companies	182	-	182	262	-	262

Statement of financial position

	As at 30 June 2012			As at 31 December 2012		
€ million	As previously reported	Effect of restatement	As restated	As previously reported	Effect of restatement	As restated
Non-current assets	4,068	(21)	4,047	4,755	2	4,757
Current assets	1,672	(12)	1,660	1,859	7	1,866
Total assets	5,740	(33)	5,707	6,614	9	6,623
Current liabilities	(1,323)	35	(1,288)	(1,443)	(4)	(1,447)
Non-current liabilities	(1,602)	(6)	(1,608)	(2,295)	(8)	(2,303)
Total liabilities	(2,925)	29	(2,896)	(3,738)	(12)	(3,750)
Net assets	2,815	(4)	2,811	2,876	(3)	2,873
Equity						
Share capital and stated capital	542	-	542	542	-	542
Retained earnings and other reserves	1,973	-	1,973	2,030	-	2,030
Total attributable to equity holders of the parent companies	2,515	-	2,515	2,572	-	2,572
Non-controlling interests in equity	300	(4)	296	304	(3)	301
Total equity	2,815	(4)	2,811	2,876	(3)	2,873
Net debt	(1,273)	16	(1,257)	(1,864)	(8)	(1,872)

2b Restatement of comparative information (continued)

Statement of cash flows

€ million	Six months ended 30 June 2012 As previously reported	Six months ended 30 June 2012 Effect of restatement	Six months ended 30 June 2012 As restated	Year ended 31 December 2012 As previously reported	Year ended 31 December 2012 Effect of restatement	Year ended 31 December 2012 As restated
Net cash generated from operating activities	308	2	310	740	2	742
Net cash used in investing activities	(175)	2	(173)	(725)	(21)	(746)
Net cash used in financing activities	(314)	(6)	(320)	(173)	17	(156)
Net decrease in cash and cash equivalents	(181)	(2)	(183)	(158)	(2)	(160)
Cash and cash equivalents at beginning of financial period	117	2	119	117	2	119
Cash movement in the financial period	(181)	(2)	(183)	(158)	(2)	(160)
Effects of changes in foreign exchange rates	(1)	-	(1)	4	-	4
Cash and cash equivalents at end of financial period	(65)	-	(65)	(37)	-	(37)

3 Seasonality

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

4 Operating segments

The newsprint joint venture, Mondi Shanduka Newsprint, was incorporated into the South Africa Division during 2012 due to similarities in geographical location, production processes and the integrated nature of the production facilities. Mondi Shanduka Newsprint Proprietary Limited is now consolidated as a subsidiary. The effects of this change on the comparative periods are set out in note 2b. The Group's segmental information for the comparative periods has been restated to reflect this change in accounting policy.

Six months ended 30 June 2013 (Reviewed)

	Europe & International				SA Division	Corporate & other	Intersegment elimination	**Segments Total**
€ million, unless otherwise stated	Packaging Paper	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper				
Segment revenue	1,043	1,002	582	740	325	-	(350)	**3,342**
Internal revenue	(267)	(17)	(2)	(8)	(56)	-	350	**-**
External revenue	776	985	580	732	269	-	-	**3,342**
EBITDA	195	83	66	157	67	(14)	-	**554**
Operating profit/(loss) from operations before special items	148	48	39	102	44	(15)	-	**366**
Special items	-	-	(13)	(50)	(18)	-	-	**(81)**
Operating segment assets	1,793	1,239	1,018	1,366	810	7	(129)	**6,104**
Operating net segment assets	1,441	982	875	1,176	687	7	-	**5,168**
Additions to non-current non-financial assets	57	25	25	33	34	-	-	**174**
Capital expenditure cash payments	55	35	24	36	14	-	-	**164**
Operating margin (%)	*14.2*	*4.8*	*6.7*	*13.8*	*13.5*	-	-	***11.0***
Return on capital employed (%)	*20.1*	*12.0*	*7.8*	*17.4*	*12.8*	-	-	***14.8***

4 Operating segments (continued)

Six months ended 30 June 2012 (Restated) (Reviewed)

€ million, unless otherwise stated	Europe & International: Packaging Paper	Europe & International: Fibre Packaging	Europe & International: Consumer Packaging	Europe & International: Uncoated Fine Paper	SA Division	Corporate & other	Intersegment elimination	**Segments Total**
Segment revenue	960	946	150	749	348	-	(334)	2,819
Internal revenue	(249)	(19)	(1)	(8)	(57)	-	334	-
External revenue	711	927	149	741	291	-	-	2,819
EBITDA	150	80	15	154	56	(18)	-	437
Operating profit/(loss) from operations before special items	104	47	10	100	29	(18)	-	272
Special items	-	-	-	-	6	-	-	6
Operating segment assets	1,709	1,207	189	1,469	1,053	7	(170)	5,464
Operating net segment assets	1,373	916	145	1,270	903	9	-	4,616
Additions to non-current non-financial assets	125	29	8	21	46	-	-	229
Capital expenditure cash payments	34	28	7	24	17	-	-	110
Operating margin (%)	*10.8*	*5.0*	*6.7*	*13.4*	*8.3*	-	-	*9.6*
Return on capital employed (%)	*18.5*	*10.9*	*14.6*	*15.7*	*9.1*	-	-	*13.4*

Year ended 31 December 2012 (Restated) (Audited)

€ million, unless otherwise stated	Europe & International: Packaging Paper	Europe & International: Fibre Packaging	Europe & International: Consumer Packaging	Europe & International: Uncoated Fine Paper	SA Division	Corporate & other	Intersegment elimination	**Segments Total**
Segment revenue	1,896	1,860	502	1,466	702	-	(636)	5,790
Internal revenue	(469)	(42)	(4)	(13)	(108)	-	636	-
External revenue	1,427	1,818	498	1,453	594	-	-	5,790
EBITDA	321	168	45	300	125	(32)	-	927
Operating profit/(loss) from operations before special items	227	101	19	191	69	(33)	-	574
Special items	-	(16)	(11)	-	6	(70)	-	(91)
Operating segment assets	1,829	1,229	1,019	1,450	975	5	(150)	6,357
Operating net segment assets	1,466	958	872	1,248	821	1	-	5,366
Additions to non-current non-financial assets	249	144	621	60	93	-	-	1,167
Capital expenditure cash payments	89	76	28	58	43	-	-	294
Operating margin (%)	*12.0*	*5.4*	*3.8*	*13.0*	*9.8*	-	-	*9.9*
Return on capital employed (%)	*17.9*	*12.5*	*6.2*	*16.7*	*9.6*	-	-	*13.6*

4 Operating segments (continued)

The description of each business segment reflects the nature of the main products they sell. In certain instances the business segments sell minor volumes of other products and due to this reason the external segment revenues will not necessarily reconcile to the external revenues by product type presented below.

External revenue by product type

€ million	**(Reviewed) Six months ended 30 June 2013**	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
Products			
Fibre packaging	963	909	1,785
Packaging paper	766	689	1,393
Uncoated fine paper	669	687	1,355
Consumer packaging	580	149	498
Pulp	133	140	276
Newsprint	97	108	215
Other	134	137	268
Group total	**3,342**	2,819	5,790

	External revenue by location of customer			**External revenue by location of production**		
€ million	**(Reviewed) Six months ended 30 June 2013**	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012	**(Reviewed) Six months ended 30 June 2013**	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
Revenue						
Africa						
South Africa	217	219	448	325	348	702
Rest of Africa	129	125	242	5	5	8
Africa total	346	344	690	330	353	710
Western Europe						
Austria	83	75	145	506	526	1,025
Germany	509	378	783	496	171	486
United Kingdom	137	108	230	28	29	53
Rest of western Europe	730	648	1,287	372	349	693
Western Europe total	1,459	1,209	2,445	1,402	1,075	2,257
Emerging Europe						
Poland	227	175	364	448	382	766
Rest of emerging Europe	457	394	816	595	544	1,086
Emerging Europe total	684	569	1,180	1,043	926	1,852
Russia	314	291	592	389	359	729
North America	181	124	270	143	89	196
South America	29	21	41	-	-	-
Asia and Australia	329	261	572	35	17	46
Group total	**3,342**	2,819	5,790	**3,342**	2,819	5,790

There are no external customers which account for more than 10% of the Group's total external revenue.

4 Operating segments (continued)

Reconciliation of operating profit before special items

€ million	(Reviewed) Six months ended 30 June 2013	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
Operating profit before special items	**366**	272	574
Special items (see note 6)	(81)	6	(91)
Net income/(loss) from associates	1	(1)	(5)
Net finance costs	(57)	(55)	(110)
Group profit before tax	**229**	222	368

Reconciliation of operating segment assets

	(Reviewed) As at 30 June 2013		(Restated) (Reviewed) As at 30 June 2012		(Restated) (Audited) As at 31 December 2012	
€ million	Segment assets	Net segment assets	Segment assets	Net segment assets	Segment assets	Net segment assets
Segments total	**6,104**	**5,168**	5,464	4,616	6,357	5,366
Unallocated:						
Investments in associates	6	6	18	18	6	6
Deferred tax assets/(liabilities)	8	(283)	5	(314)	10	(334)
Other non-operating assets/(liabilities)	190	(308)	136	(276)	167	(319)
Group trading capital employed	**6,308**	**4,583**	5,623	4,044	6,540	4,719
Financial asset investments	25	25	24	24	26	26
Net debt	85	(1,844)	60	(1,257)	57	(1,872)
Group	**6,418**	**2,764**	5,707	2,811	6,623	2,873

5 Write-down of inventories to net realisable value

€ million	(Reviewed) Six months ended 30 June 2013	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
Condensed combined and consolidated income statement			
Write-down of inventories to net realisable value	(12)	(9)	(19)
Aggregate reversal of previous write-down of inventories	4	3	13

6 Special items

€ million	(Reviewed) Six months ended 30 June 2013	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
Operating special items			
Asset impairments	(55)	-	(1)
Restructuring and closure costs:			
Restructuring and closure costs excluding related personnel costs	(10)	-	(4)
Personnel costs relating to restructuring	(16)	-	(16)
Transaction costs incurred on the acquisition of Nordenia	-	-	(11)
Gain on insurance settlement	-	-	5
Total operating special items	**(81)**	-	(27)
Non-operating special items			
Loss on disposals (see note 16)	-	-	(70)
Profit on sale of land	-	6	6
Total non-operating special items	**-**	6	(64)
Total special items from continuing operations before tax and non-controlling	**(81)**	6	(91)
Tax	13	(2)	(1)
Non-controlling interests	-	-	-
Total special items attributable to equity holders of the parent companies	**(68)**	4	(92)

During the first quarter of the year a decision was taken to close the Lindlar operation in Germany and redirect production to existing plants in Germany, Hungary and the Czech Republic. Restructuring and closure costs amounting to €13 million were recognised.

In May 2013, Mondi announced the closure of one of the two newsprint machines located in Merebank. Further restructuring activities in the Merebank mill as a result of the closure of the newsprint machine have also been implemented. An impairment charge of €13 million and associated closure and restructuring costs of €5 million were recognised.

In May 2013, Mondi announced plans to restructure the Neusiedler operation to improve the cost base of this mill. An impairment charge of €42 million and restructuring costs of €8 million were recognised.

7 Finance costs

€ million	(Reviewed) Six months ended 30 June 2013	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
Interest on bank overdrafts and loans	(54)	(46)	(98)
Net interest on defined benefit arrangements	(5)	(6)	(15)
Total interest expense	(59)	(52)	(113)
Less: interest capitalised	1	-	1
Total finance costs	**(58)**	(52)	(112)

8 Tax charge

€ million	**(Reviewed) Six months ended 30 June 2013**	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
UK corporation tax at 23.25% (2012: 24.5%)	1	-	-
SA corporation tax at 28% (2012: 28%)	13	10	19
Overseas tax	65	38	66
Current tax	**79**	48	85
Deferred tax	(23)	(5)	5
Total tax charge before special items	**56**	43	90
Current tax on special items	(6)	1	2
Deferred tax on special items	(7)	1	(1)
Total tax (credit)/charge on special items	**(13)**	2	1
Total tax charge	**43**	45	91

The Group's effective rate of tax before special items for the six months ended 30 June 2013, calculated on profit before tax before special items and including net income from associates, is 18% (six months ended 30 June 2012: 20%; year ended 31 December 2012: 20%). The Group continues to benefit from tax incentives granted in certain countries in which the Group operates, most notably Poland.

9 Earnings per share

€ cents per share	**(Reviewed) Six months ended 30 June 2013**	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
Profit for the financial period attributable to equity holders of the parent companies			
Basic EPS	**35.3**	31.7	50.1
Diluted EPS	**35.3**	31.6	49.9
Underlying earnings for the financial period			
Basic EPS	**49.4**	30.9	69.2
Diluted EPS	**49.3**	30.8	68.9
Headline earnings for the financial period			
Basic EPS	**45.7**	30.9	62.9
Diluted EPS	**45.6**	30.8	62.7

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

	Weighted average number of shares		
million	**(Reviewed) As at 30 June 2013**	(Reviewed) As at 30 June 2012	(Audited) As at 31 December 2012
Basic number of ordinary shares outstanding	**484**	483	483
Effect of dilutive potential ordinary shares	1	1	2
Diluted number of ordinary shares outstanding	**485**	484	485

9 Earnings per share (continued)

€ million	(Reviewed) Six months ended 30 June 2013	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
	Earnings		
Profit for the financial period attributable to equity holders of the parent companies	**171**	153	242
Special items	81	(6)	91
Related tax	(13)	2	1
Underlying earnings for the financial period	**239**	149	334
Special items: restructuring and closure costs	(26)	-	(20)
Transaction costs incurred on the acquisition of Nordenia	-	-	(11)
Profit on disposal of tangible and intangible assets	-	-	(4)
Impairments not included in special items	1	-	4
Related tax	7	-	1
Headline earnings for the financial period	**221**	149	304

10 Dividends

The interim dividend for the year ending 31 December 2013 of 9.55 euro cents per ordinary share will be paid on 17 September 2013 to those shareholders on the register of Mondi plc on 23 August 2013. An equivalent South African rand interim dividend will be paid on 17 September 2013 to shareholders on the register of Mondi Limited on 23 August 2013. The dividend will be paid from distributable reserves of Mondi Limited and of Mondi plc, as presented in the respective company annual financial statements for the year ended 31 December 2012.

The interim dividend for the year ending 31 December 2013 will be paid in accordance with the following timetable:

	Mondi Limited	Mondi plc
Last date to trade shares cum-dividend		
JSE Limited	16 August 2013	16 August 2013
London Stock Exchange	Not applicable	20 August 2013
Shares commence trading ex-dividend		
JSE Limited	19 August 2013	19 August 2013
London Stock Exchange	Not applicable	21 August 2013
Record date		
JSE Limited	23 August 2013	23 August 2013
London Stock Exchange	Not applicable	23 August 2013
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants	29 August 2013	29 August 2013
Last date for DRIP elections to UK Registrar and South African Transfer Secretaries by shareholders of Mondi Limited and Mondi plc	30 August 2013	23 August 2013*
Payment Date		
South African Register	17 September 2013	17 September 2013
UK Register	Not applicable	17 September 2013
DRIP purchase settlement dates	26 September 2013	20 September 2013**
Currency conversion dates		
ZAR/euro	8 August 2013	8 August 2013
Euro/sterling	Not applicable	30 August 2013

* 30 August 2013 for Mondi plc South African branch register shareholders
** 26 September 2013 for Mondi plc South African branch register shareholders

10 Dividends (continued)

Share certificates on the South African registers of Mondi Limited and Mondi plc may not be dematerialised or rematerialised between 19 August 2013 and 25 August 2013, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between 14 August 2013 and 25 August 2013, 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 8 August 2013.

11 Forestry assets

€ million	**(Reviewed) Six months ended 30 June 2013**	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
At 31 December, as previously reported		297	297
Effect of restatement		12	12
At 1 January (Restated)	311	309	309
Capitalised expenditure	19	22	42
Acquisition of assets	1	8	9
Fair value gains	10	13	40
Disposal of assets	(9)	(3)	(3)
Felling costs	(30)	(34)	(66)
Currency movements	(45)	3	(20)
Closing balance	**257**	318	311

The fair value of forestry assets is a level 3 measure in terms of the fair value measurement hierarchy (see note 21). The fair value of forestry assets is calculated on the basis of future expected cash flows discounted using a discount rate relevant in the local country, based on a pre tax real yield on long-term bonds over the last five years. All fair value gains originate from South Africa.

12 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 Group defined benefit schemes and unfunded statutory retirement obligations were re-assessed in aggregate for the six months ended 30 June 2013. The net retirement benefit obligation decreased by €30 million mainly due to changes in assumptions and an exchange rate impact of €14 million. The assets backing the defined benefit scheme liabilities reflect their market values as at 30 June 2013. Any movements in the assumptions have been recognised as a remeasurement in the condensed combined and consolidated statement of comprehensive income.

13 Non-controlling interests bought out

On 18 April 2012, Mondi concluded an all cash public tender offer for the share in Mondi Świecie S.A. that it did not already own, increasing its shareholding to 93.2% from 66%. On 18 May 2012, Mondi acquired the remaining shares it did not already own. The total consideration paid by Mondi was €296 million including transaction costs of approximately €1 million which were expensed.

These acquisitions are reflected in the condensed combined and consolidated statement of changes in equity as transactions between shareholders with the premium over the carrying value of the non-controlling interests being reflected as a reduction in retained earnings.

14 Business combinations

There were no significant acquisitions made during the period ended 30 June 2013.

Acquisitions during 2012

On 2 May 2012, Mondi Świecie S.A. acquired the entire share capital of Saturn Management Sp. Z o.o. (Saturn) from Polish Energy Partners S.A. for a net cash consideration of €31 million and the assumption of debt of €57 million.

On 1 October 2012 Mondi acquired 99.93% of the outstanding share capital of Nordenia from Oaktree Capital Management L.P. and certain other minority shareholders for a cash consideration of €259 million.

On 5 November 2012, Mondi acquired two corrugated box plants in Germany and the Czech Republic and a 105,000 tonne recycled containerboard mill in the Czech Republic from Duropack GmbH (Duropack) for a cash consideration of €133 million. The recycled containerboard mill was subsequently closed in December 2012. Subsequent to 31 December 2012, the fair value of the property, plant and equipment attributable to the assets acquired from Duropack was increased by €3 million and goodwill adjusted accordingly.

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

€ million	Book value	Revaluation	Fair value
Net assets acquired:			
Intangible assets	2	103	105
Property, plant and equipment	324	22	346
Financial asset investments	17	-	17
Deferred tax assets	4	-	4
Inventories	123	5	128
Trade and other receivables	143	-	143
Cash and cash equivalents	53	-	53
Other current assets	1	-	1
Short-term borrowings	(67)	-	(67)
Trade and other payables	(156)	-	(156)
Current tax liabilities	(7)	-	(7)
Provisions	(28)	(1)	(29)
Medium and long-term borrowings	(348)	(45)	(393)
Retirement benefits obligation	(21)	-	(21)
Deferred tax liabilities	(15)	(26)	(41)
Other non-current liabilities	(16)	-	(16)
Net assets acquired	9	58	67
Goodwill arising on acquisitions			356
Total cost of acquisitions			423
Transaction costs expensed			11
Cash acquired net of overdrafts			(53)
Net cash paid per condensed combined and consolidated statement of cash flows			381

€ million	Net assets	Goodwill	Net cash paid
Nordenia	(9)	268	237
Saturn	27	4	29
Duropack	49	84	115
Group total	67	356	381

15 Disposal groups and assets held for sale

There were no significant disposal groups or assets held for sale as at 30 June 2013.

16 Disposal of businesses

There were no significant disposals in the six months ended 30 June 2013 or the six months ended 30 June 2012.

Disposals during 2012

On 2 October 2012, Mondi and Svenska Cellulosa Aktiebolaget (SCA) sold their 100% interest in the jointly owned Aylesford Newsprint to The Martland Holdings for a nominal consideration. The loss on disposal of €70 million was recognised as a special item in the combined and consolidated income statement. Transaction costs were insignificant and were expensed.

€ million	(Restated) (Audited) Year ended 31 December 2012
Net investment in equity accounted investee	48
Guarantee liability retained	7
Cumulative translation adjustment reserve realised	15
Loss on disposal of investment in equity accounted investee	(70)
Disposal proceeds	-
Deferred consideration received in respect of the sale of Mondi Frohnleiten in 2010	1
Net cash inflow from disposal of businesses	1

17 Consolidated cash flow analysis

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

€ million	**(Reviewed) Six months ended 30 June 2013**	(Restated) (Reviewed) Six months ended 30 June 2012	(Restated) (Audited) Year ended 31 December 2012
Profit before tax	**229**	222	368
Depreciation and amortisation	187	165	349
Impairment of tangible and intangible assets (not included in special items)	1	-	4
Share-based payments	5	6	10
Non-cash effect of special items	71	(4)	91
Net finance costs	57	55	110
Net (income)/loss from associates	(1)	1	5
Decrease in provisions and post-employment benefits	(12)	(6)	(22)
Increase in inventories	(9)	(21)	(16)
Increase in operating receivables	(138)	(91)	(38)
Increase/(decrease) in operating payables	18	7	(29)
Fair value gains on forestry assets	(10)	(13)	(40)
Felling costs	30	34	66
Profit on disposal of tangible and intangible assets	-	-	(4)
Other adjustments	3	-	(5)
Cash generated from operations	**431**	355	849

(b) Cash and cash equivalents

€ million	**(Reviewed) As at 30 June 2013**	(Restated) (Reviewed) As at 30 June 2012	(Restated) (Audited) As at 31 December 2012
Cash and cash equivalents per condensed combined and consolidated statement of financial position	84	60	56
Bank overdrafts included in short-term borrowings (see note 17c)	(93)	(125)	(93)
Net cash and cash equivalents per condensed combined and consolidated statement of cash flows	**(9)**	(65)	(37)

17 Consolidated cash flow analysis (continued)

(c) Movement in net debt (Restated)

The Group's net debt position, excluding disposal groups is as follows:

€ million	Cash and cash equivalents[1]	Debt due within one year	Debt due after one year	Current financial asset investments	Total net debt
At 31 December 2011	117	(212)	(737)	1	(831)
Effect of restatement	2	18	(9)	-	11
At 1 January 2012 (Restated)	119	(194)	(746)	1	(820)
Cash flow	(183)	59	(240)	(1)	(365)
Business combinations	-	(11)	(49)	-	(60)
Movement in unamortised loan costs	-	-	(2)	-	(2)
Reclassification	-	(19)	19	-	-
Currency movements	(1)	(4)	(5)	-	(10)
At 30 June 2012 (Restated)	(65)	(169)	(1,023)	-	(1,257)
Cash flow	23	55	(308)	1	(229)
Business combinations	-	(56)	(344)	-	(400)
Movement in unamortised loan costs	-	-	5	-	5
Reclassification	-	(27)	27	-	-
Currency movements	5	9	(5)	-	9
At 31 December 2012 (Restated)	(37)	(188)	(1,648)	1	(1,872)
Cash flow	17	19	(56)	-	(20)
Movement in unamortised loan costs	-	-	7	-	7
Reclassification	-	(20)	20	-	-
Currency movements	11	17	13	-	41
At 30 June 2013	**(9)**	**(172)**	**(1,664)**	**1**	**(1,844)**

Note:
[1] 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.

The following table shows the amounts available to draw down on the Group's committed loan facilities:

€ million	**(Reviewed) As at 30 June 2013**	(Reviewed) As at 30 June 2012	(Audited) As at 31 December 2012
Expiry date			
In one year or less	56	26	27
In more than one year	687	558	735
Total credit available	**743**	584	762

18 Capital commitments

€ million	(Reviewed) As at 30 June 2013	(Restated) (Reviewed) As at 30 June 2012	(Restated) (Audited) As at 31 December 2012
Contracted for but not provided	**271**	177	129
Approved, not yet contracted for	**361**	228	589

These capital commitments relate to the following categories of non-current non-financial assets:

€ million	(Reviewed) As at 30 June 2013	(Restated) (Reviewed) As at 30 June 2012	(Restated) (Audited) As at 31 December 2012
Intangible assets	6	11	9
Property, plant and equipment	626	394	709
Total capital commitments	**632**	405	718

The expected maturity of these capital commitments is:

€ million	(Reviewed) As at 30 June 2013	(Restated) (Reviewed) As at 30 June 2012	(Restated) (Audited) As at 31 December 2012
Within one year	438	269	445
One to two years	146	120	263
Two to five years	48	16	10
Total capital commitments	**632**	405	718

Capital commitments are based on capital projects approved to date and the budget approved by the Boards. Major capital projects still require further approval before they commence. These capital commitments are expected to be financed by existing cash resources and borrowing facilities.

19 Contingent liabilities and contingent assets

Contingent liabilities comprise aggregate amounts as at 30 June 2013 of €14 million (as at 30 June 2012: €13 million; as at 31 December 2012: €15 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.

There are a number of legal and tax claims against the Group. Provision is made for all liabilities that are expected to materialise.

There were no contingent assets for all periods presented.

20 Related party transactions

The Group has a related party relationship with its equity accounted investees. Transactions between Mondi Limited, Mondi plc and their respective subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

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.

20 Related party transactions (continued)

With effect from 3 May 2013, Cyril Ramaphosa ceased to be a director of Mondi Limited and Mondi plc. As a result, all transactions with the Shanduka Group Proprietary Limited, in which Mr Ramaphosa held a 29.6% interest, and its subsidiaries are no longer classified as related party transactions from that date.

Other than the paragraph above, there have been no significant changes to the related parties as disclosed in note 39 of the Group's annual financial statements for the year ended 31 December 2012.

21 Financial instruments' fair value disclosures

Financial instruments that are measured in the condensed combined and consolidated statement of financial position at fair value require disclosure of fair value measurements by level 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 fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined using standard valuation techniques. These valuation techniques maximise the use of observable market data where available and rely as little as possible on Group specific estimates.

The significant inputs required to fair value all of the Group's financial instruments are observable. The Group only holds level 2 financial instruments and therefore does not hold any financial instruments categorised as either level 1 or level 3 financial instruments. There have also been no transfers of assets or liabilities between levels of the fair value hierarchy.

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 fair 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 value amounts 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		
€ million	**(Reviewed) As at 30 June 2013**	(Restated) (Reviewed) As at 30 June 2012	(Restated) (Audited) As at 31 December 2012	**(Reviewed) As at 30 June 2013**	(Restated) (Reviewed) As at 30 June 2012	(Restated) (Audited) As at 31 December 2012
Financial liabilities						
Borrowings	**1,929**	1,317	1,929	**2,013**	1,372	2,040

22 Events occurring after 30 June 2013

The directors declared an interim dividend of 9.55 euro cents per share as set out in note 10.

Production statistics

		Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
Europe & International				
Containerboard	Tonnes	1,077,702	1,042,937	2,079,005
Kraft paper	Tonnes	515,822	489,279	980,637
Softwood pulp	Tonnes	1,014,483	992,772	1,978,583
Internal consumption	Tonnes	942,445	907,194	1,825,916
External	Tonnes	72,038	85,578	152,667
Corrugated board and boxes	Mm²	678	606	1,213
Industrial bags	M units	2,017	2,005	3,829
Coating and release liners	Mm²	1,718	1,758	3,352
Consumer packaging[1]	Tonnes	146,763	36,706	121,127
Uncoated fine paper	Tonnes	708,880	715,575	1,417,709
Newsprint	Tonnes	103,620	98,936	201,278
Hardwood pulp	Tonnes	547,819	527,310	1,059,140
Internal consumption	Tonnes	513,366	483,642	972,883
External	Tonnes	34,453	43,668	86,257
South Africa Division				
Containerboard	Tonnes	132,077	132,251	263,468
Uncoated fine paper	Tonnes	131,741	129,337	257,747
Hardwood pulp	Tonnes	326,981	330,963	658,368
Internal consumption	Tonnes	169,935	169,584	320,772
External	Tonnes	157,046	161,379	337,596
Softwood pulp[2] – internal consumption	Tonnes	102,987	108,126	215,828
Newsprint[2]	Tonnes	87,088	101,328	198,024

Notes:
1 Includes Nordenia from October 2012.
2 Restated to include 100% of the Mondi Shanduka Newsprint production.

Exchange rates

	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
Closing rates against the euro			
South African rand	**13.07**	10.37	11.17
Czech koruna	**25.95**	25.64	25.15
Polish zloty	**4.34**	4.25	4.07
Pounds sterling	**0.86**	0.81	0.82
Russian rouble	**42.84**	41.37	40.33
Turkish lira	**2.52**	2.28	2.36
US dollar	**1.31**	1.26	1.32
Average rates for the period against the euro			
South African rand	**12.10**	10.29	10.55
Czech koruna	**25.70**	25.16	25.14
Polish zloty	**4.18**	4.24	4.18
Pounds sterling	**0.85**	0.82	0.81
Russian rouble	**40.73**	39.69	39.91
Turkish lira	**2.38**	2.34	2.31
US dollar	**1.31**	1.30	1.29

Sponsor in South Africa: UBS South Africa (Pty) Ltd