



1-2Q/2011

Half-year Financial Report

- Increase in results and sales
- Operating margin improved to 9.4 %
- Expansion continued
- Rise in direct costs and slow-down in incoming orders enhance pressure on margins

Mayr-Melnhof Group

Key Indicators

(according to IFRS for interim financial reporting, unaudited)

| (consolidated, in millions of EUR) | 1 st - 2 nd Quarter | | +/- |
|---|---|------------------------|---------|
| | Jan. 1 - Jun. 30, 2011 | Jan. 1 - Jun. 30, 2010 | |
| Sales | 988.2 | 863.0 | +14.5 % |
| EBITDA | 133.2 | 107.7 | +23.7 % |
| EBITDA margin (%) | 13.5 % | 12.5 % | |
| Operating profit | 92.7 | 77.6 | +19.5 % |
| Operating margin (%) | 9.4 % | 9.0 % | |
| Profit before tax | 88.8 | 67.5 | +31.6 % |
| Income tax expense | (24.8) | (18.6) | |
| Profit for the period | 64.0 | 48.9 | +30.9 % |
| Net profit margin (%) | 6.5 % | 5.7 % | |
| Basic and diluted earnings per share (in EUR) | 3.18 | 2.37 | |
| Cash earnings | 103.9 | 83.4 | +24.6 % |
| Cash earnings margin (%) | 10.5 % | 9.7 % | |
| Capital expenditures | 45.9 | 40.0 | +14.8 % |
| Depreciation and amortization | 41.6 | 39.3 | +5.9 % |

| | Balance sheet date | |
|---------------------------------------|--------------------|---------------|
| | Jun. 30, 2011 | Dec. 31, 2010 |
| Total equity (in millions of EUR) | 958.2 | 983.1 |
| Total assets (in millions of EUR) | 1,519.9 | 1,520.9 |
| Total equity to total assets (%) | 63.0 % | 64.6 % |
| Net liquidity (in millions of EUR) | 149.5 | 202.6 |
| Enterprise value (in millions of EUR) | 1,635.3 | 1,765.3 |
| Employees | 8,734 | 8,679 |

Group Report

Dear Shareholders,

Your Company was able to close the first half-year 2011 with a significant increase of sales and results despite a normalization and the successive slow-down in demand dynamics as well as an increase in raw material costs. The Group's operating margin came up to 9.4 % (1st half of 2010: 9.0 %).

We succeeded in keeping business volumes at a high level in both segments, despite an increasing running down of our customers' stocks due to well-stocked supply chains. Largest direct challenge was dealing with the continuous rise in costs, which besides fibers included to an increasing extent other direct costs. While in the first quarter of 2011 we were still able to achieve a sufficient compensation, in the second quarter this was no longer possible to a full extent.

In the course of globally increasing economic uncertainties and high stockpiling, we expect our customers to plan more conservatively within the next few months. Despite the fact that some raw material prices, in particular recovered paper, seem to have achieved peak levels, there is currently no clear indication for an immediate decrease. Considering the growing challenging circumstances, we aim at price stability and cost efficiency to the extent possible. We will risk-sensitively continue our expansion strategy with a primary focus on growth regions.

In Karaman, Central Anatolia, one of the important emerging regions in Turkey, a new packaging site is currently established, which will start production in the fourth quarter of 2011. Furthermore, the majority interests in the MM Packaging subsidiaries in Russia, Turkey and Jordan have been considerably increased.

Income statement

Consolidated sales of the Group reached EUR 988.2 million and were thus 14.5 % above last year's level (1st half of 2010: EUR 863.0 million). Higher average prices were the main reason for this rise.

Consolidated sales by destination (according to IFRS for interim financial reporting, unaudited)

| (in %) | 1 st - 2 nd Quarter | |
|----------------|---|------------------------|
| | Jan. 1 - Jun. 30, 2011 | Jan. 1 - Jun. 30, 2010 |
| Western Europe | 64.6 % | 68.3 % |
| Eastern Europe | 23.6 % | 24.2 % |
| Asia | 4.0 % | 3.6 % |
| Other | 7.8 % | 3.9 % |
| Total | 100.0 % | 100.0 % |

The operating profit was improved by 19.5 %, from EUR 77.6 million to EUR 92.7 million. This increase was the consequence of a significant rise in the results of cartonboard production.

Financial income of EUR 2.1 million (1st half of 2010: EUR 1.2 million) was offset by financial expenses of EUR -2.7 million (1st half of 2010: EUR -1.1 million).

After the shortfall of non-recurring expenses for disposal of businesses from the previous year, profit before tax was EUR 88.8 million, i.e. 31.6 % more than last year's value (1st half of 2010: EUR 67.5 million). Income tax expense amounted to EUR 24.8 million (1st half of 2010: EUR 18.6 million), hence the effective tax rate of the Group amounted to 27.9 % (1st half of 2010: 27.6 %).

Therefore, the profit for the period amounted to EUR 64.0 million (1st half of 2010: EUR 48.9 million), corresponding to an increase of 30.9 %. In the first half of 2011, a basic weighted average of 19,984,740 shares was outstanding. On this basis, earnings per share of EUR 3.18 (1st half of 2010: EUR 2.37) were calculated.

Assets, capital and liquid funds

The Group's total assets as of June 30, 2011 amounted to EUR 1,519.9 million and were thus at last year's level (EUR 1,520.9 million). The Group's total equity amounted to EUR 958.2 million, compared to EUR 983.1 million as of December 31, 2010. This difference results mainly from the profit for the period offset by the dividend payment for 2010 and by an increase in participations as deductible items.

Interest-bearing financial liabilities – consisting of almost equal parts of non-current and current liabilities – showed a slight increase from EUR 129.7 million as of December 31, 2010 to EUR 137.9 million as of June 30, 2011. Total funds available to the Group, mainly invested in fixed-term deposits, amounted to EUR 287.4 million as of the end of June 2011 (December 31, 2010: EUR 332.3 million), entailing a reduction of the Group's net liquidity to EUR 149.5 million (December 31, 2010: EUR 202.6 million).

Cash flow development

The cash flow from operating activities reached EUR 51.3 million, compared to EUR 64.2 million in the first half-year of 2010. This decrease is primarily attributable to an increase in working capital as a consequence of higher prices.

Cash flow from investing activities went up from EUR -37.3 million to EUR -62.7 million. This rise results from both higher payments for the acquisition of fixed assets and payments related to the increase in participations in Russia, Turkey and Jordan.

Cash flow from financing activities decreased from EUR -104.9 million to EUR -32.6 million. This difference is particularly attributable to the shortfall of expenditures for the purchase of own shares from previous year.

Development in the second quarter

As already indicated along with the first quarter, the conditions in the second quarter have progressively tightened. The well-stocked supply chain led the customers to order more conservatively. Furthermore prices of input factors such as fibers, transport and chemicals continued to increase. Consequently, the pressure on margins in both divisions went up considerably - as expected.

MM Karton managed to improve its average prices again and maintained its capacity utilization with 99 % at a very high level (1Q 2011: 98 %; 2Q 2010: 98 %) due to an increase in non-European business, by which the ongoing cost increase could however only be partly compensated. The operating margin of MM Karton was at 7.6 % (1Q 2011: 10.0 %; 2Q 2010: 6.3 %).

With an operating margin of 8.7 %, MM Packaging was able to maintain profitability close to previous quarter's level (1Q 2011: 9.1 %; 2Q 2010: 10.0 %) despite growing direct costs and slightly lower quantities.

Therefore, the Group's operating profit amounted to EUR 42.7 million (1Q 2011: EUR 50.0 million; 2Q 2010: EUR 37.4 million), resulting in an operating margin of 8.7 % (1Q 2011: 10.1 %; 2Q 2010: 8.8 %).

The profit for the period totaled EUR 28.6 million (1Q 2011: EUR 35.4 million; 2Q 2010: EUR 21.1 million).

Further information

In March 2011, the division MM Packaging acquired the remaining shares of 39.99 % in the Turkish folding carton producer Superpak, Izmir, and thereby holds a participation of 100 %.

In June 2011, the division MM Packaging increased its interest in the Russian folding carton producer MM Polygrafoformlenie, St. Petersburg, from 50.025 % to 75.025 %.

Until the end of June 2011, the division MM Packaging increased its interest in the Jordanian folding carton producer Al-Ekbal, Amman, from 52.566 % to 72.605 %.

Outlook

Against the backdrop of our customers' high inventories and apparent cyclical uncertainties, we expect our European buyer sectors to plan their requirements much more cautiously in the next few months and the competition on the markets to intensify significantly. At the same time, we have currently no indication that raw material prices will decrease shortly from their recently achieved peaks. Therefore we aim at price stability and cost efficiency to the extent possible at any place in order to counteract the increasing pressure on our margins best way. In pursuing this strategy, we expect a further decrease in the order backlog of MM Karton during the third quarter as well as selective short-term downtime. MM Packaging again anticipates increasing heterogeneity in the utilization of individual sites. Our expansion strategy will be continued risk consciously, taking into consideration the growing global uncertainties.

Divisions

MM Karton

After intense restocking in the previous year, demand on European cartonboard markets developed towards normal levels in the first six months of 2011. Taking this into account, MM Karton concentrated on a tight pricing policy and a gradual increase in deliveries to non-European markets. While in the first half of 2011, average order backlog was high at 125,000 tons (1st half of 2010: 169,000 tons), its pace has once again slowed since the middle of the second quarter. With 99 %, capacities of MM Karton could be once again almost fully utilized (1st half of 2010: 97 %).

Following the continuously high processing quantities in the industry, the raw material markets also experienced an ongoing drastic price increase. Prices for recovered paper continued their upward surge during the first half of 2011 and only seemed to have finally peaked by mid-year.

At 797,000 tons, the tonnage produced was slightly higher than in the previous year (1st half of 2010: 785,000 tons). The same applied to the quantity sold, which reached 803,000 tons after 802,000 tons in the respective period last year. Thereof, 79 % were sold within Europe and 21 % in non-European markets (1st half of 2010: 82 %; 18 %).

Due to the significantly improved price level as compared to the previous year, sales rose by 15.3 % to EUR 492.5 million (1st half of 2010: EUR 427.3 million). The operating profit was improved by 71.8 % to EUR 43.3 million (1st half of 2010: EUR 25.2 million). Therefore, the operating margin came up from 5.9 % to 8.8 %.

Divisional indicators MM Karton (according to IFRS for interim financial reporting, unaudited)

| (in millions of EUR) | 1 st - 2 nd Quarter | | +/- |
|---|---|------------------------|---------|
| | Jan. 1 - Jun. 30, 2011 | Jan. 1 - Jun. 30, 2010 | |
| Sales ¹⁾ | 492.5 | 427.3 | +15.3 % |
| Operating profit | 43.3 | 25.2 | +71.8 % |
| Operating margin (%) | 8.8 % | 5.9 % | |
| Tonnage sold (in thousands of tons) | 803 | 802 | +0.1 % |
| Tonnage produced (in thousands of tons) | 797 | 785 | +1.5 % |

¹⁾ including interdivisional sales

Modernization in the Kolicevo cartonboard mill in Slovenia

In the last few weeks of 2011, the larger of the two cartonboard machines of the Kolicevo cartonboard mill will be modernized to meet future requirements and converted into a “swing machine” for the production of both recycled and virgin fiber based cartonboard. The machine is planned to start production at the beginning of 2012 and develop new market potential. Investment expenditures will exceed EUR 40 million.

MM Packaging

MM Packaging's business development was generally stable in the first half of 2011, although heterogeneity in plant utilization picked up again in the second quarter. This is particularly due to the continuously well-stocked supply chain, which leads to rather conservative planning by our customers. Accordingly, the competitive intensity on the folding carton market has increased noticeably.

Recent cartonboard price increases were mostly passed on in the first half-year 2011, however, the continuous rise in other direct costs remains challenging.

Sales went up by EUR 59.3 million or 12.0 % to EUR 554.0 million (1st half of 2010: EUR 494.7 million). About half of this rise is attributable to each, higher prices and the acquisition of the packaging plant Marinetti, Chile, last year.

As the most recent increase in costs could not be fully compensated, operating profit went down by 5.7 %, from EUR 52.4 million to EUR 49.4 million. Therefore, the operating margin declined to 8.9 % (1st half of 2010: 10.6 %).

The tonnage processed went up to 345,000 tons, thus exceeding the previous year's level by 3.6 % (1st half of 2010: 333,000 tons).

Divisional indicators MM Packaging (according to IFRS for interim financial reporting, unaudited)

| (in millions of EUR) | 1 st - 2 nd Quarter | | |
|--|---|------------------------|---------|
| | Jan. 1 - Jun. 30, 2011 | Jan. 1 - Jun. 30, 2010 | +/- |
| Sales ¹⁾ | 554.0 | 494.7 | +12.0 % |
| Operating profit | 49.4 | 52.4 | -5.7 % |
| Operating margin (%) | 8.9 % | 10.6 % | |
| Tonnage processed (in thousands of tons) | 345 | 333 | +3.6 % |

¹⁾ including interdivisional sales

Continued expansion in Turkey, Russia, Middle East

In addition to the two existing MM Packaging plants in Izmir, producing both cigarette packaging and folding cartons for general packaging requirements, a new site is currently established in Karaman, Central Anatolia - one of the important growth regions in Turkey. Production is planned to start in the fourth quarter 2011. As a first step, approx. EUR 7 million will be invested.

Furthermore, the majority interests in the MM Packaging subsidiaries in Russia, Turkey and Jordan have been considerably increased.

Consolidated Balance Sheets

(according to IFRS for interim financial reporting, unaudited)

| (all amounts in thousands of EUR) | Notes | End of 2 nd Quarter Jun. 30, 2011 | Year-end Dec. 31, 2010 |
|---|-------|---|---------------------------|
| ASSETS | | | |
| Property, plant and equipment | 2 | 560,329 | 564,039 |
| Intangible assets including goodwill | 2 | 81,995 | 85,415 |
| Available-for-sale and other financial assets | | 5,610 | 5,447 |
| Deferred income taxes | | 8,531 | 9,284 |
| Non-current assets | | 656,465 | 664,185 |
| Inventories | | 268,267 | 257,792 |
| Trade receivables | | 271,273 | 227,700 |
| Income tax receivables | | 8,584 | 9,098 |
| Prepaid expenses and other current assets | | 28,370 | 30,167 |
| Cash and cash equivalents | | 286,916 | 332,004 |
| Current assets | | 863,410 | 856,761 |
| TOTAL ASSETS | | 1,519,875 | 1,520,946 |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 80,000 | 80,000 |
| Additional paid-in capital | | 156,263 | 176,453 |
| Treasury shares | 4 | (904) | (904) |
| Retained earnings | | 746,425 | 721,873 |
| Other reserves | | (32,241) | (19,659) |
| Equity attributable to shareholders of the Company | | 949,543 | 957,763 |
| Non-controlling (minority) interests | | 8,654 | 25,356 |
| Total equity | | 958,197 | 983,119 |
| Interest-bearing financial liabilities | 5 | 66,660 | 62,973 |
| Financial lease liabilities | 5 | 3,076 | 4,314 |
| Provisions for other non-current liabilities and charges | | 71,899 | 72,030 |
| Deferred income taxes | | 21,026 | 24,009 |
| Non-current liabilities | | 162,661 | 163,326 |
| Interest-bearing financial liabilities | 5 | 67,786 | 61,257 |
| Financial lease liabilities | 5 | 329 | 1,178 |
| Liabilities and provisions for income taxes | | 10,348 | 9,052 |
| Trade liabilities | | 153,839 | 168,115 |
| Deferred income and other current liabilities | | 71,895 | 59,289 |
| Provisions for other current liabilities and charges | | 94,820 | 75,610 |
| Current liabilities | | 399,017 | 374,501 |
| Total liabilities | | 561,678 | 537,827 |
| TOTAL EQUITY AND LIABILITIES | | 1,519,875 | 1,520,946 |

Consolidated Income Statements

(according to IFRS for interim financial reporting, unaudited)

| | 2 nd Quarter | | 1 st - 2 nd Quarter | |
|---|---------------------------|---------------------------|---|---------------------------|
| | Apr. 1 - Jun. 30, 2011 | Apr. 1 - Jun. 30, 2010 | Jan. 1 - Jun. 30, 2011 | Jan. 1 - Jun. 30, 2010 |
| (all amounts in thousands of EUR, except per share data) | | | | |
| Sales | 493,512 | 423,843 | 988,173 | 863,037 |
| Cost of sales | (388,297) | (334,130) | (778,208) | (678,655) |
| Gross margin | 105,215 | 89,713 | 209,965 | 184,382 |
| Other operating income | 2,041 | 2,993 | 5,117 | 5,397 |
| Selling and distribution expenses | (43,247) | (37,670) | (81,652) | (76,575) |
| Administrative expenses | (21,159) | (17,661) | (40,514) | (35,500) |
| Other operating expenses | (233) | (24) | (261) | (123) |
| Operating profit | 42,617 | 37,351 | 92,655 | 77,581 |
| Result from disposal of businesses | 0 | (7,860) | 0 | (7,860) |
| Financial income | 1,081 | 476 | 2,050 | 1,241 |
| Financial expenses | (1,522) | (451) | (2,701) | (1,074) |
| Other income (expenses) - net | (1,927) | (994) | (3,244) | (2,413) |
| Profit before tax | 40,249 | 28,522 | 88,760 | 67,475 |
| Income tax expense | (11,691) | (7,414) | (24,793) | (18,562) |
| Profit for the period | 28,558 | 21,108 | 63,967 | 48,913 |
| Attributable to: | | | | |
| Shareholders of the Company | 28,284 | 20,751 | 63,522 | 47,729 |
| Non-controlling (minority) interests | 274 | 357 | 445 | 1,184 |
| Profit for the period | 28,558 | 21,108 | 63,967 | 48,913 |
| Earnings per share for the profit attributable to the shareholders of the Company during the period: | | | | |
| Basic and diluted earnings per share (in EUR) | 1.42 | 1.04 | 3.18 | 2.37 |

Consolidated Comprehensive Income Statements

(according to IFRS for interim financial reporting, unaudited)

| (all amounts in thousands of EUR) | 2 nd Quarter | | 1 st - 2 nd Quarter | |
|---|-------------------------|------------------------|---|------------------------|
| | Apr. 1 - Jun. 30, 2011 | Apr. 1 - Jun. 30, 2010 | Jan. 1 - Jun. 30, 2011 | Jan. 1 - Jun. 30, 2010 |
| Profit for the period | 28,558 | 21,108 | 63,967 | 48,913 |
| Profit (loss) directly recognized in equity: | | | | |
| Valuation of financial assets | 0 | (22) | 0 | (48) |
| Foreign currency translations | (4,453) | 7,121 | (13,255) | 17,821 |
| Total profit (loss) directly recognized in equity – net: | (4,453) | 7,099 | (13,255) | 17,773 |
| Total profit for the period | 24,105 | 28,207 | 50,712 | 66,686 |
| Attributable to: | | | | |
| Shareholders of the Company | 24,234 | 26,308 | 50,940 | 61,834 |
| Non-controlling (minority) interests | (129) | 1,899 | (228) | 4,852 |
| Total profit for the period | 24,105 | 28,207 | 50,712 | 66,686 |

Consolidated Statements of Changes in Equity

(condensed version according to IFRS for interim financial reporting, unaudited)

| (all amounts in thousands of EUR) | Notes | 1 st - 2 nd Quarter | | | | | | | Non-controlling (minority) interests | Total equity |
|--|-------|--|----------------------------|-----------------|-------------------|------------------------------|----------------|---------------|--------------------------------------|--------------|
| | | Equity attributable to shareholders of the Company | | | | | | Total | | |
| | | Share capital | Additional paid-in capital | Treasury shares | Retained earnings | Other reserves ¹⁾ | | | | |
| Balance at January 1, 2011 | | 80,000 | 176,453 | (904) | 721,873 | (19,659) | 957,763 | 25,356 | 983,119 | |
| Total profit for the period | | | | | 63,522 | (12,582) | 50,940 | (228) | 50,712 | |
| Dividends paid | 4 | | | | (38,970) | | (38,970) | (545) | (39,515) | |
| Change in non-controlling (minority) interests | | | (20,190) | | | | (20,190) | (15,929) | (36,119) | |
| Balance at June 30, 2011 | | 80,000 | 156,263 | (904) | 746,425 | (32,241) | 949,543 | 8,654 | 958,197 | |
| Balance at January 1, 2010 | | 88,000 | 168,453 | (53,042) | 766,221 | (28,028) | 941,604 | 22,742 | 964,346 | |
| Total profit for the period | | | | | 47,729 | 14,105 | 61,834 | 4,852 | 66,686 | |
| Dividends paid | | | | | (33,974) | | (33,974) | (703) | (34,677) | |
| Business combinations and dispositions | | | | | | | 0 | (681) | (681) | |
| Purchase of treasury shares at cost | | | | (66,338) | | | (66,338) | | (66,338) | |
| Cancellation of treasury shares | | (8,000) | 8,000 | 118,476 | (118,476) | | 0 | | 0 | |
| Balance at June 30, 2010 | | 80,000 | 176,453 | (904) | 661,500 | (13,923) | 903,126 | 26,210 | 929,336 | |

¹⁾ Other reserves comprise the profit (loss) directly recognized in equity from the valuation of available-for-sale financial assets and foreign currency translations.

Consolidated Cash Flow Statements

(condensed version according to IFRS for interim financial reporting, unaudited)

| (all amounts in thousands of EUR) | Notes | 1 st - 2 nd Quarter | |
|--|-------|---|------------------------|
| | | Jan. 1 - Jun. 30, 2011 | Jan. 1 - Jun. 30, 2010 |
| Cash flow from operating activities | 6 | 51,289 | 64,232 |
| Cash flow from investing activities | | (62,739) | (37,306) |
| Cash flow from financing activities | | (32,593) | (104,950) |
| Effect of exchange rate changes on cash and cash equivalents | | (1,045) | 2,990 |
| Net change in cash and cash equivalents | | (45,088) | (75,034) |
| Cash and cash equivalents at the beginning of the period | | 332,004 | 353,252 |
| Cash and cash equivalents at the end of the period | | 286,916 | 278,218 |
| Adjustments to reconcile cash and cash equivalents to total funds available to the Group: | | | |
| Current and non-current available-for-sale financial assets | | 448 | 285 |
| Total funds available to the Group | | 287,364 | 278,503 |

Notes to the Consolidated Half-year Financial Statements

(1) General

These condensed consolidated half-year financial statements and notes thereto of Mayr-Melnhof Karton AG and its subsidiaries have been prepared in accordance with IFRS for interim financial reporting as adopted by the European Union and were neither voluntarily audited nor reviewed by an auditor.

The present condensed consolidated half-year financial statements have been prepared using the same accounting principles as for the consolidated financial statements as of December 31, 2010. The amendments to existing standards as published in the Official Journal of the European Union and effective since January 1, 2011 have not shown significant impact on the Group's financial statements and financial position.

In case of an increase of majority interests the difference between the costs of acquisition or the contractually fixed obligation and the carrying amount of the additionally purchased non-controlling (minority) interests is recognized directly in equity (see note 9).

(2) Development of fixed assets

The Group spent a total of thous. EUR 45,913 (1st half of 2010: thous. EUR 40,001) on acquiring property, plant and equipment and intangible assets in the first half-year of 2011.

Depreciation and amortization on “Property, plant and equipment” and “Intangible assets including goodwill” amounted to thous. EUR 41,648 (1st half of 2010: thous. EUR 39,268).

Net book values of “Property, plant and equipment” and “Intangible assets including goodwill” are composed as follows:

| | End of 2nd Quarter | Year-end |
|---|--------------------------------------|----------------|
| (all amounts in thousands of EUR) | Jun. 30, 2011 | Dec. 31, 2010 |
| Lands, similar land rights and buildings | 230,104 | 232,292 |
| Technical equipment and machines | 248,801 | 271,798 |
| Other equipment, fixtures and fittings | 34,094 | 31,945 |
| Payments on account and construction in progress | 47,330 | 28,004 |
| Property, plant and equipment | 560,329 | 564,039 |
| | | |
| | End of 2nd Quarter | Year-end |
| (all amounts in thousands of EUR) | Jun. 30, 2011 | Dec. 31, 2010 |
| Concessions, licenses and similar rights, and payments on account | 3,452 | 3,419 |
| Goodwill | 62,341 | 63,546 |
| Other intangible assets | 16,202 | 18,450 |
| Intangible assets including goodwill | 81,995 | 85,415 |

(3) Purchase commitments

On June 30, 2011 purchase obligations for fixed assets regarding planned capital expenditures maturing within one year amounted to thous. EUR 40,678 (December 31, 2010: thous. EUR 21,536).

(4) Equity

Treasury shares

As of June 30, 2011, the Group held 15,260 treasury shares, which is equivalent to 0.08 % of the capital stock. The last share repurchase program was terminated according to schedule on November 7, 2010.

Dividend

By the 17th Ordinary Shareholder's Meeting, a dividend of EUR 1.95 per voting share was resolved for the year 2010 (2009: EUR 1.70) and was due on May 9, 2011. By June 30, 2011 the Group distributed to the shareholders a total of thous. EUR 38,970 (June 30, 2010: thous. EUR 33,974).

(5) Financial liabilities

Financial liabilities of the Group are as follows:

| | End of 2 nd Quarter | Year-end |
|--|--------------------------------|----------------|
| (all amounts in thousands of EUR) | Jun. 30, 2011 | Dec. 31, 2010 |
| Non-current interest-bearing financial liabilities | 66,660 | 62,973 |
| Current interest-bearing financial liabilities | 67,786 | 61,257 |
| Interest-bearing financial liabilities | 134,446 | 124,230 |
| Non-current financial lease liabilities | 3,076 | 4,314 |
| Current financial lease liabilities | 329 | 1,178 |
| Financial lease liabilities | 3,405 | 5,492 |
| Total financial liabilities | 137,851 | 129,722 |

(6) Cash flow from operating activities

The cash flow from operating activities and income taxes paid are as follows:

| | 1 st - 2 nd Quarter | |
|--|---|------------------------|
| (all amounts in thousands of EUR) | Jan. 1 - Jun. 30, 2011 | Jan. 1 - Jun. 30, 2010 |
| Cash flow provided by operating activities excluding interest and taxes paid | 76,011 | 84,938 |
| Income taxes paid | (24,722) | (20,706) |
| Cash flow from operating activities | 51,289 | 64,232 |

(7) Disclosure on transactions with related parties

In the first half-year of 2011 and 2010 no material business transactions were concluded between the Group and related parties. Transactions are carried out on an arm's length basis. Sales, receivables and payables are not of material significance.

(8) Segment reporting information

The Group's operating segments can be illustrated as follows:

| (all amounts in thousands of EUR) | 1 st - 2 nd Quarter 2011 | | | |
|-----------------------------------|--|----------------|-----------------|----------------|
| | MM Karton | MM Packaging | Eliminations | Consolidated |
| Sales to external customers | 435,392 | 552,781 | 0 | 988,173 |
| Intersegment sales | 57,096 | 1,184 | (58,280) | 0 |
| Total sales | 492,488 | 553,965 | (58,280) | 988,173 |
| Operating profit | 43,286 | 49,369 | 0 | 92,655 |

| (all amounts in thousands of EUR) | 1 st - 2 nd Quarter 2010 | | | |
|-----------------------------------|--|----------------|-----------------|----------------|
| | MM Karton | MM Packaging | Eliminations | Consolidated |
| Sales to external customers | 369,161 | 493,876 | 0 | 863,037 |
| Intersegment sales | 58,231 | 899 | (59,130) | 0 |
| Total sales | 427,392 | 494,775 | (59,130) | 863,037 |
| Operating profit | 25,259 | 52,322 | 0 | 77,581 |

(9) Further information

In March 2011, the division MM Packaging acquired the remaining shares of 39.99 % in the Turkish folding carton producer Superpak A.S., located in Izmir, for thous. EUR 3,535 and thereby holds a participation of 100 % of the company.

In June 2011, the division MM Packaging increased its interest in MM Polygrafoformlenie, a Russian folding carton producer based in St. Petersburg, to 75.025 % paying thous. EUR 14,650. The remaining interest which represents 24.975 % of shares is subject to a share transfer agreement that can be executed anytime until June 30, 2020. In this context, a preliminary liability of thous. EUR 20,210 has been recognized in the position "Deferred income and other current liabilities".

Until the end of June 2011, the division MM Packaging increased its interest in the Jordanian folding carton producer Al-Ekbal Printing & Packaging Co. based in Amman to 72.605 % at a purchase price of thous. EUR 1,259.

(10) Subsequent events

In September 2009 the non-controlling (minority) shareholder of the Tunisian folding carton producer TEC MMP SARL based in Sfax has exercised the put option concerning the 49 %-interest. The correspondent arbitration has been closed at July 7, 2011. The subsequent transaction price is below the carrying amount of the currently recognized non-controlling (minority) interest. The formal execution will be carried out in the third quarter.

Statement of the Management Board

according to section 87 of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year as well as of the major related party transactions to be disclosed.

Vienna, August 16, 2011

The Management Board

Wilhelm Hörmanseder m.p.
Chairman of the Management Board

Andreas Blaschke m.p.
Member of the Management Board

Franz Rappold m.p.
Member of the Management Board

Oliver Schumy m.p.
Member of the Management Board

Quarterly Overview

(according to IFRS for interim financial reporting, unaudited)

Mayr-Melnhof Group

| (consolidated, in millions of EUR) | 1 st Quarter 2010 | 2 nd Quarter 2010 | 3 rd Quarter 2010 | 4 th Quarter 2010 | 1 st Quarter 2011 | 2 nd Quarter 2011 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Sales | 439.2 | 423.8 | 452.7 | 463.2 | 494.7 | 493.5 |
| EBITDA | 58.9 | 48.8 | 66.4 | 62.4 | 70.7 | 62.5 |
| EBITDA margin (%) | 13.4 % | 11.5 % | 14.7 % | 13.5 % | 14.3 % | 12.7 % |
| Operating profit | 40.2 | 37.4 | 45.7 | 39.0 | 50.0 | 42.7 |
| Operating margin (%) | 9.2 % | 8.8 % | 10.1 % | 8.4 % | 10.1 % | 8.7 % |
| Profit before tax | 39.0 | 28.5 | 46.4 | 37.8 | 48.5 | 40.3 |
| Income tax expense | (11.2) | (7.4) | (12.1) | (10.6) | (13.1) | (11.7) |
| Profit for the period | 27.8 | 21.1 | 34.3 | 27.2 | 35.4 | 28.6 |
| Net profit margin (%) | 6.3 % | 5.0 % | 7.6 % | 5.9 % | 7.2 % | 5.8 % |
| Earnings per share (basic and diluted in EUR) | 1.33 | 1.04 | 1.67 | 1.35 | 1.76 | 1.42 |

Divisions

MM Karton

| (in millions of EUR) | 1 st Quarter 2010 | 2 nd Quarter 2010 | 3 rd Quarter 2010 | 4 th Quarter 2010 | 1 st Quarter 2011 | 2 nd Quarter 2011 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Sales ¹⁾ | 219.9 | 207.4 | 225.0 | 227.4 | 243.4 | 249.1 |
| Operating profit | 12.2 | 13.0 | 19.8 | 20.1 | 24.3 | 19.0 |
| Operating margin (%) | 5.5 % | 6.3 % | 8.8 % | 8.8 % | 10.0 % | 7.6 % |
| Tonnage sold (in thousands of tons) | 415 | 387 | 392 | 370 | 399 | 404 |
| Tonnage produced (in thousands of tons) | 404 | 381 | 397 | 397 | 390 | 407 |

¹⁾ including interdivisional sales

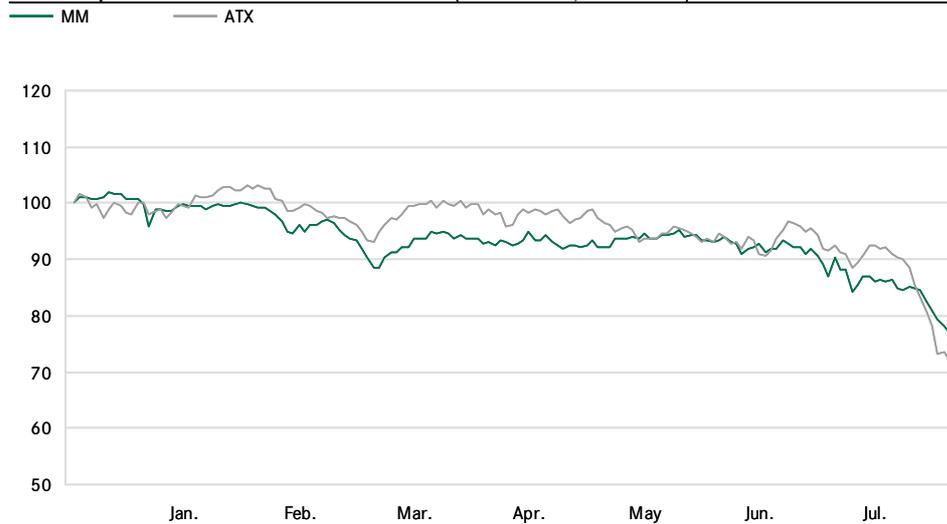
MM Packaging

| (in millions of EUR) | 1 st Quarter 2010 | 2 nd Quarter 2010 | 3 rd Quarter 2010 | 4 th Quarter 2010 | 1 st Quarter 2011 | 2 nd Quarter 2011 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Sales ¹⁾ | 249.6 | 245.1 | 260.5 | 265.5 | 281.2 | 272.8 |
| Operating profit | 28.0 | 24.4 | 25.9 | 18.9 | 25.7 | 23.7 |
| Operating margin (%) | 11.2 % | 10.0 % | 9.9 % | 7.1 % | 9.1 % | 8.7 % |
| Tonnage processed (in thousands of tons) | 170 | 163 | 171 | 171 | 177 | 168 |

¹⁾ including interdivisional sales

Mayr-Melnhof Shares

Relative performance of MM shares 2011 (December 30, 2010 = 100)



| | |
|---|------------|
| Share price (closing price) | |
| as of August 11, 2011 | 69.79 |
| 2011 High | 88.70 |
| 2011 Low | 67.00 |
| Stock performance (Year-end 2010 until August 11, 2011) | -19.84 % |
| Number of shares issued | 20 million |
| Market capitalization as of August 11, 2011 (in millions of EUR) | 1,394.74 |
| Trading volume (average per day 1 st HY 2011 in millions of EUR) | 1.97 |

Financial Calendar 2011/2012

| | |
|-------------------|--|
| November 15, 2011 | Results for the first three quarters of 2011 |
| March 15, 2012 | Financial results for 2011 |
| April 25, 2012 | 18 th Ordinary Shareholders' Meeting - Vienna |
| April 30, 2012 | Ex-dividend day |
| May 7, 2012 | Dividend payment date |
| May 15, 2012 | Results for the 1 st quarter of 2012 |
| August 16, 2012 | Results for the 1 st half-year of 2012 |
| November 15, 2012 | Results for the first three quarters of 2012 |

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