



PRESS RELEASE

**THE BOARD OF DIRECTORS APPROVED
THE CONSOLIDATED FIRST HALF YEAR 2011 FINANCIAL REPORT**

CONSOLIDATED FINANCIAL RESULTS AS AT 30 JUNE 2011 SHOW FURTHER GROWTH (VS. 1 H 2010):

- ◆ **NET REVENUES:** EURO 278.6 MILLION (EURO 241.6 MILLION AS AT 30 JUNE 2010)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** EURO 21.2 MILLION (EURO 18.1 MILLION AS AT 30 JUNE 2010)
- ◆ **OPERATING PROFIT (EBIT):** EURO 8.2 MILLION (EURO 4.6 MILLION AS AT 30 JUNE 2010)
- ◆ **NET PROFIT OF THE PERIOD:** EURO 3.2 MILLION (EURO 0.9 MILLION AS AT 30 JUNE 2010)
- ◆ **NET FINANCIAL INDEBTEDNESS:** EURO 103.6 MILLION (EURO 106.5 MILLION AS AT 31 DECEMBER 2010)

Milan, August 3, 2011

The Board of Directors of Reno De Medici S.p.A. (“**RDM**” or the “**Company**”), parent company of one of the world’s largest producers of recycled cardboard, met today under the chairmanship of Mr. Christian Dubé and approved the **Half Year Financial Report at 30 June 2011** of the Reno De Medici Group (“**RDM Group**” or the “**Group**”), which showed positive results, with growing Net Revenues and Net Profit of Euro 3.2 million, compared with Net Profit of Euro 0.9 million for the same period of the previous year. Also EBITDA as at June 30, 2011 went up, to Euro 21.2 million, from Euro 18.1 million for the first half of 2010.

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INTRODUCTION

The following table sets out the highlights of the consolidated profit and loss accounts of the RDM Group for the six months ended on 30 June 2011, compared to the first half of 2010:

	30.06.2011	30.06.2010
(thousands of Euros)		
Revenues from sales	278,594	241,586
EBITDA (1)	21,222	18,061
EBIT (2)	8,162	4,640
Profit (loss) of operating activities before taxes (3)	4,405	1,905
<i>Current and deferred taxes</i>	<i>(1,235)</i>	<i>(1,013)</i>
Profit (loss) for the period	3,170	892



- (1) Cfr. Consolidated income statement of RDM Group, "Gross Operating Margin"
- (2) Cfr. Consolidated income statement of RDM Group, "Operating Profit"
- (3) Cfr. Consolidated income statement of RDM Group, "Profit (loss) for the period" – "Taxation"

During the first half of 2011, European demand for coated cardboard, in terms of shipped tons, was stable compared with the same period of the previous year, but slightly down when the figures for the second quarter of 2011 are compared with those of the preceding quarter.

Moreover, the cost of the main raw materials continued to rise, especially pulp – both virgin and recycled – whilst electricity and gas rose but were more stable, due also to the seasonality of gas.

To maintain its margins, the Company therefore announced a price increase of its products in all its markets, effective 15 April 2011, and the impact of the hike began to materialise towards the end of the first half 2011.

As at June 30, 2011, the Group manufactured 488 thousand tonnes, compared with 469 thousand tonnes for the same period of 2010. As to volumes sold, as at June 30, 2011 the Company shipped approximately 485 thousand tonnes, compared with 474 tonnes June 30, 2010.

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MAIN CONSOLIDATED RESULTS

The RDM Group as at June 30, 2011 achieved consolidated **Net Revenues** from sales of **Euro 278.6 million, up 15%** compared to Euro 241.6 million in the first half of the year 2010, especially thanks to higher revenue per unit.

The **geographical mix** of the Group's revenues in the first half of 2011 was affected by the different pace of growth of its parts, with greater revenues from countries outside the EU, such as Turkey.

Labour costs as at June 30, 2011 were largely in line with those of the same period of the previous year.

Consolidated **Gross Operating Profit (EBITDA)** as at June 30, 2011 of the RDM Group grew up of 17%, to Euro 21.2 million, compared to Euro 18.1 million as at June 30, 2010.

Consolidated **Operating Profit (EBIT)** of the RDM Group in the first half of 2011 amounted to Euro 8.2 million, compared to Euro 4.6 million as at June 30, 2010.

Profit before tax of the RDM Group as at June 30, 2011 was positive to Euro 4.4 million, compared to a positive amount of Euro 1.9 million for the first half of 2010.

The Group during the six months ended June 30, 2011 made capital expenditure of Euro 13.2 million (Euro 5.7 million on 30 June 2010).

The **Net Profit** as at June 30, 2011 amounted to Euro 3.2 million, compared to a positive result by Euro 0,9 million recorded as at June 30, 2010.



The Consolidated **Net Financial Indebtedness** of the RDM Group as at June 30, 2011 amounted to Euro 103.6 million, a further improvement compared to Euro 106.5 million as at December 31, 2010.

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OUTLOOK FOR OPERATIONS

The outlook for the remainder of the year is still uncertain, with respect to the economy in general and our industry in particular. Specifically, the current uncertainty of financial markets, associated with a higher “sovereign risk” for some countries, generates temporary uncertainties also in consumers’ behaviour, which in turn can have adverse effects for production. Changes in the cost of manufacturing inputs are hard to predict, especially for raw materials: the rising trend is clearly slowing down, with the resulting stabilisation of prices which, however, are still elevated. For the remaining part of the year, energy is expected to increase. In particular, Italian plants will be adversely affected by the new charges set by the Authority for Energy and Gas to support renewable energies.

On the other hand, the negative impact of higher costs for manufacturing inputs might be partly offset by the increase in prices introduced by the Group in April.

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Mr. Stefano Moccagatta, the officer in charge of drafting the Company’s accounting documents, declares pursuant to Art. 154-bis, sub-section 2, of Italian Decree Law 58/1998 (“Consolidated Law on Financial Intermediation”) that the information contained in this press release corresponds to documentary results and to accounting books and records.

In addition to the financial indicators conventionally required by IFRS, this press release also presents a few alternate performance indicators (for example, EBITDA) to provide better assessment of the economic-financial performance trend. These indicators are calculated according to normal market practices.

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This document is an English translation from Italian. The Italian original shall prevail in case of difference in interpretation and/or factual errors.

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The Consolidated Financial Results for the period ended 30 June 2011 will be available to the public at the Company’s registered office at Via Durini n. 16/18, Milan, Italy and at Borsa Italiana, from 4th August, 2011. Copies can be obtained. Such documents are also consultable on the website: www.Renodemedici.it. The independent statutory auditors’ report on the simplified half-yearly statements shall be published starting from August 5, 2011 in the same way; while the eventual report of Statutory Auditors will be published in compliance with the time limit set by law.

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THE TABLES RELATIVE TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2011 AS AT JUNE 30, 2011 ARE ATTACHED BELOW



CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2011

CONSOLIDATED INCOME STATEMENT

	30.06.2011	30.06.2010
(thousands of Euros)		
Revenues from sales	278,594	241,586
- of which related parties	4,819	5,969
Other revenues and income	7,765	7,634
- of which non recurring		959
- of which related parties	792	859
Changes in stock of finished goods	7,460	1,958
Cost of raw materials and services	(231,240)	(190,933)
- of which related parties	(10,269)	(10,491)
Staff costs	(38,841)	(39,652)
Other operating costs	(2,516)	(2,532)
Gross Operating Profit	21,222	18,061
Depreciation and amortisation	(13,060)	(13,421)
Operating Profit	8,162	4,640
	<i>Financial expense</i>	(3,799)
	<i>Exchange rate differences</i>	(398)
	<i>Financial income</i>	132
Financial income (expenses), net	(3,899)	(2,542)
Income (loss) from investments	142	(193)
Taxation	(1,235)	(1,013)
Profit (loss) for the period	3,170	892
Total profit (loss) for the period attributable to:		
- Owners of the parent	2,927	500
- Non-controlling interest	243	392
Basic earning per shares(Euros)	0.008	0.002
Diluted earning per shares(Euros)	0.008	0.002



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30.06.2011	30.06.2010
(thousands of Euros)		
Profit (loss) for the period	3,170	892
Other components of comprehensive income		
<i>Cash Flow Hedge</i>	297	(317)
<i>Current translation differences</i>	(98)	127
Total other components of comprehensive income	199	(190)
Total comprehensive income	3,369	702
Total comprehensive income attributable to:		
- Owners of the parent	3,126	310
- Non-controlling interest	243	392



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	30.06.2011	31.12.2010
(thousands of Euros)		
ASSETS		
Non-current assets		
Tangible fixed assets	243,949	244,241
Goodwill	63	63
Intangible assets	6,238	5,990
Investments	6,866	6,689
Deferred tax assets	1,219	1,369
Financial assets held for sale	194	191
Trade receivables	81	81
Other receivables	490	370
Total non-current assets	259,100	258,994
Current assets		
Stock	93,078	81,925
Trade receivables	120,086	119,181
- of which related parties	788	586
Associated companies and joint ventures trade receivables	1,972	1,835
Other receivables	4,729	3,856
Other associated companies and joint ventures receivables	2,260	391
Liquid funds	3,730	2,210
Total current assets	225,855	209,398
Non-current assets held for sale	1,290	1,290
TOTAL ASSETS	486,245	469,682



LIABILITIES	30.06.2011	31.12.2010
(thousands of Euros)		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	185,122	185,122
Other reserves	365	166
Retained earnings (losses) brought forwards	(29,723)	(31,090)
Profit (loss) for the period	2,927	1,367
Shareholders' equity attributable to the Group	158,691	155,565
Non-controlling interest	636	1,010
Total Shareholders' equity	159,327	156,575
Non-current liabilities		
Bank loans and other financial liabilities	50,636	55,531
Derivative financial instruments	677	1,011
Other payables	1,596	1,596
<i>- of which related parties</i>	<i>1,204</i>	<i>1,204</i>
Deferred tax liabilities	24,946	25,536
Employee benefits	24,677	24,175
Non-current provisions for contingencies and charges	6,332	6,087
Total non-current liabilities	108,864	113,936
Current liabilities		
Bank loans and other financial liabilities	57,113	50,416
Derivative financial instruments	587	794
Trade payables	132,637	123,054
<i>- of which related parties</i>	<i>1,919</i>	<i>3,257</i>
Associated companies and joint ventures trade payables	7,536	4,173
Other payables	15,854	15,091
Other associated companies and joint ventures payables	575	1,307
Current taxation	1,477	1,630
Employee benefits	2,275	2,706
Total current liabilities	218,054	199,171
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	486,245	469,682



CONSOLIDATED STATEMENT OF CASH FLOW

	30.06.2011	30.06.2010
(thousands of Euros)		
Profit (loss) for the period before tax	4,405	1,905
Depreciation and amortisation	13,060	13,421
Losses (gains) from investments	(142)	193
Financial (income) expense	3,899	2,542
Losses (gains) on disposal of non-current assets		(959)
Change in the employees' leaving entitlement, other provision fund including provision for bad and doubtful debts	26	1,033
Change in stocks	(11,153)	(4,304)
Change in receivables	(2,303)	(13,964)
- of which related parties	(339)	141
Change in payables	13,311	21,722
- of which related parties	1,409	1,889
Change in total working capital	(145)	3,454
Gross cash flows	21,103	21,589
Interests paid in the period	(4,223)	(3,562)
- of which related parties	(15)	(5)
Interests received in the period	1,297	2,223
- of which related parties	3	2
Taxes paid in the period	(2,164)	(1,100)
Cash flows from operating activities	16,013	19,150
Sale (purchase) of financial assets held for sale	(3)	191
Investments and disinvestments in non current assets	(13,017)	(4,706)
Investments in joint venture and associated companies	(35)	(192)
Cash flow from discontinued operations		(101)
Cash flows from investing activities	(13,055)	(4,808)
Change in financial assets and liabilities and short-term bank borrowings	3,625	(12,119)
- of which related parties	(2,601)	(863)
Change in long-term bank borrowings	(4,965)	(2,289)
Cash flows from financial activities	(1,340)	(14,408)
Exchange difference translation	(98)	127
Change in unrestricted liquid funds	1,520	61
Unrestricted liquid funds at beginning of the period	2,210	1,707
Unrestricted liquid funds at end of the period	3,730	1,768