PRESS RELEASE

THE BOARD OF DIRECTORS APPROVED THE HALF YEAR REPORT ON 30 JUNE 2008

- **NET REVENUES: 241.2 MILLION EUROS (181.1 MILLION EUROS AT JUNE 2007)**
- **EBITDA: 33 MILLION EUROS, 16.9 MILLION OF WHICH REFERRED TO CURRENT OPERATIONS (17.6 MILLION EUROS AT JUNE 2007)**
- **EBIT: 23.7 MILLION EUROS (7.9 MILLION EUROS AT JUNE 2007)**
- **NET PROFIT: 12.7 MILLION EUROS (2.2 MILLION EUROS AT JUNE 2007)**

Milan, 27 August 2008

The Board of Directors of Reno De Medici S.p.A., met today under the chairmanship of Mr. Giuseppe Garofano, approved the Half Year Report on 30 June 2008 highlighting an improvement of the financial and economic result.

Introduction

As already known, the first half of 2008 has been characterised by the merger of Cascades Italia S.r.l. into Reno De Medici S.p.A., with effective date on 1 March 2008. Cascades Italia S.r.l. owned, directly or indirectly, 100% of Cascades Arnsberg GmbH, Cascades Blendecques S.a.s. and Cascades Cartonboard UK Ltd.. So, from that date, the economic results of that companies are included in the consolidated results of RDM Group.

Again as part of the operations above-mentioned, on 28 March 2008, to the company Careo S.r.l. (formerly known as Reno Cascades Sales S.r.l.) was contributed by Reno De Medici S.p.A. and by the new partner Cascades S.A. their sales division, through a capital increase from Euro 10 thousand to Euro 100 thousand of which Reno De Medici S.p.A. holds 70% and Cascades S.A. 30%. Careo S.r.l. (definable Joint Venture in order to statutory governance articles) carries on marketing and selling services of all goods produced in the factories of RDM Group (recycled fibre) and Cascades S.A. (virgin fibre).

First half-year results

Demand is experiencing a weak phase at both a domestic and European level, resulting from the generally negative performance of the demand for consumer goods in the continent as a whole. Forecasts of market performance for the second half-year have been prepared with a certain amount of prudence, given the continuing uncertain situation on the demand side and trends of the waste paper and energy prices together with the trend of the exchange rate

Euro/USD.

In terms of volumes sold, despatches totalled 447 thousand tonnes in the first six months of 2008 (including 121 thousand tonnes relating to the new mills) compared to 360 thousand tonnes for the first half of 2007. On the sales price front average revenues per tonne for despatches in the first half-year rose by 5% over the corresponding period of 2007.

The first half of 2008 is accordingly characterised by a contraction in demand in Europe and the resulting increase in sales to non-EU markets, with lower than average prices. A policy of adjusting supply to demand was adopted during the half-year, carried out by plants down timing, also in order to contain net working capital levels.

Consolidated results

The following table sets out the highlights of the profit and loss accounts for the six months ended 30 June 2008 and 2007:

Consolidated profit and loss account	30 June 2008	30 June 2007 (*)
Euro/000		
Revenues from sales	**241.248**	**181.081**
EBITDA	**33.012**	**17.409**
EBIT	**23.712**	**7.886**
Result of operating activities before taxes	**16.903**	**3.606**
Current and deferred taxes	*(2.462)*	*(633)*
Result of operating activities after taxes	**14.441**	**2.973**
Discontinued operations	*(1.696)*	*(781)*
Profit (Loss) for the period	**12.745**	**2.192**

(*) Comparative figures for 2007 have been restated to take into account treatment of actuarial gains and losses in the calculation of the employees' leaving entitlement.

The RDM Group achieved **net revenues** of Euro 241.2 million in the first half of 2008, compared to Euro 181.1 million in the corresponding period of the previous year (up 33.2%). The increase registered was attributable for Euro 68.4 million to the new facilities.

Consolidated **EBITDA** reached Euro 33 million in the first half of 2008 compared to Euro 17.4 million in the corresponding period in 2007. This increase is mainly attributable to “Non-recurring income (expense)” of Euro 16.1 million, which consists of the badwill of Euro 16.6 million emerging as the excess over cost of the aggregate of the fair values of the assets, liabilities and contingent liabilities identified on a provisional basis at 30 June 2008, less non-recurring charges connected with reorganisation activities amounting to Euro 0.5 million.

As a result EBITDA arising from current operations, meaning exclusive of non-operational components having a non-recurring nature, amounted to Euro 16.9 million, compared to Euro 17.6 million in the first half of 2007.

The performance of EBITDA reflects the positive contribution produced by the new production units and the negative effect of lower sales volumes and the energy prices increases.

Operating profit (EBIT) amounted to Euro 23.7 million for the six months ended 30 June 2008 against Euro 7.9 million for the corresponding period of 2007, which also take advantage of non recurring income above-mentioned.

Pre-tax current profit amounted to Euro 16.9 million compared to the corresponding figure of Euro 3.6 million for the for the corresponding period of 2007.

Profit for the period, as at 30 June 2008 amounted to Euro 12.7 million, compared to Euro 2.2 million for the same period in 2007, and includes costs from discontinued operation of Euro 1.7 million resulting from write-down of Board Machine 1 at the Magenta facility to align its carrying amount to its estimated realisable value.

The Group made capital expenditure of Euro 4.7 million during the six months ended 30 June 2008 compared to Euro 6.2 million on June 2007.

Consolidated net financial debt at 30 June 2008 amounted to Euro 114.4 million, compared to Euro 128.4 million at 31 March 2008 and to Euro 114.1 million at 31 December 2007.

More specifically, gross financial debt at 30 June 2008, measured at amortized cost amounted Euro 126.2 million (compared to Euro 123.2 million at December 2007) and consisted of the non-current portion of long-term loans for about Euro 64.8 million, the current portion of long-term loans for about Euro 10.3 million and bank credit facilities and other financial liabilities of about Euro 51.1 million, consisting mostly of use of commercial facilities.

Derivative instruments acquired for cash flow hedging purposes are recognized in the financial statements as an asset with a carrying amount of Euro 1.4 million.

At 30 June 2008, cash and cash equivalents and financial receivables having a due date not exceeding 12 months amounted to Euro 10.4 million (compared to Euro 8.4 million at 31 December 2007) and include a restricted balance of Euro 3.5 million relating to the engagement signed up by RDM Iberica during the month of June for machines and installation purchasing. The amount of Euro 5 million previously deposited in a restricted account has been released in June as a consequence of settling the dispute with Grupo Torras.

Risk factors and business outlook for current year

The way in which the market has been performing in July and the first days of August is confirmation that we currently find ourselves in the midst of a weak period and it is difficult to envisage that there will be a turnaround in trends on the demand side in the short term. The synergies to be achieved in the second half of the year as a consequence of the combination with the Cascades Group will enable us to contain the predictable increase in energy costs to an extent that will however not allow the Group to obtain an increase in its margins.
This will be dealt with by carrying out a further rationalisation of industrial operations aimed at achieving an additional retrieval of efficiency, and by taking steps at the same time to raise sales prices. In all events, given the situation as it has been described and owing to the uncertainties which will be a feature of the remaining months of the year, above all on the demand side and as regards energy costs, it is difficult to foresee a pick-up in earnings from operations this year. It is reasonable to assume that the planned measures will have their effects in the first half of 2009.

CONSOLIDATED FINANCIAL STATEMENTS [1]

Consolidated profit and loss account	30 June 2008	30 June 2007
Euro/000		
Revenues from sales	241.248	181.081
Other revenues	902	818
Changes in stocks of finished goods	2.964	(6.135)
Cost of raw materials and services	(188.560)	(131.990)
Staff costs	(37.179)	(24.456)
Other operating costs	(2.480)	(1.666)
Non recurring income (expense)	16.117	(243)
Gross Operating Profit (EBITDA)	**33.012**	**17.409**
Depreciation and amortisation	(9.300)	(9.523)
Operating Profit (EBIT)	**23.712**	**7.886**
Financial expense	(5.190)	(4.900)
Exchange differencies	(307)	(14)
Financial income	233	265
Net Financial income (expense)	(5.264)	(4.649)
Income (expense) from investments	(2.122)	395
- of which non recurring write-down of Termica Boffalora S.r.l.	*(994)*	-
Other income (expense)	577	(26)
Taxation	(2.462)	(633)
Profit (loss) for the period before discontinued operations	**14.441**	**2.973**
Discontinued operations	(1.696)	(781)
Profit (loss) for the period	**12.745**	**2.192**
Attributable to:		
Profit (loss) for the period pertaining to the group	12.596	2.072
Profit (loss) for the period pertaining to minority interests	149	120
Basic earnng per share (Euros)	0,04	0,01
Basic earnng per share before discontinued operations (Euros)	0,04	0,01
Diluted earnings per share (Euros)	0,04	0,01
Diluted earning per share before discontinued operations (Euros)	0,04	0,01

[1] The audit of these figures is currently being finalised.

Consolidated balance sheet	30 June 2008	31 December 2007
Euro/000		
ASSETS		
Non-current assets		
Tangible fixed assets	264.012	174.702
Goodwill	63	146
Other intangible assets	1.116	1.388
Investments and financial transactions currently	1.211	13.134
Deferred tax assets	1.782	1.681
Derivative financial instruments	998	418
Financial assets held for sale	437	482
Other receivables	2.354	5.321
Total non-current assets	**271.973**	**197.272**
Current assets		
Stocks	97.337	64.624
Trade receivables	134.848	101.511
Group trade receivables	1.575	951
Other receivables	1.731	4.702
Derivative financial instruments	403	331
Liquid funds	9.730	8.248
Total current assets	**245.624**	**180.367**
Non-current assets held for sale	**10.000**	**5.583**
TOTAL ASSETS	**527.597**	**383.222**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity attributable to the group	181.902	114.770
Minority interests	457	546
Shareholders' equity	**182.359**	**115.316**
Non-current liabilities		
Bank loans and other financial liabilities	64.801	70.002
Other payables	1.069	627
Deferred tax liabilities	30.094	6.311
Employees' leaving entitlement	24.935	14.780
Non-current provisions for contingencies and charges	7.321	6.174
Total non-current liabilities	**128.220**	**97.894**
Current liabilities		
Bank loans and other financial liabilities	60.634	52.544
Trade payables	126.439	93.964
Group trade payables	6.518	3.754
Other payables	16.117	19.142
Current taxation	7.310	608
Total current liabilities	**217.018**	**170.012**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**527.597**	**383.222**

Net financial position	30 June 2008	31 December 2007	Variation
Euro/000			
Cash	16	8	8
Funds available at banks	6,234	3,240	2,994
Restricted funds at banks	3,480	5,000	(1,520)
A. Cash and cash equivalents	**9,730**	**8,248**	**1,482**
Other current financial receivables	692	153	539
Derivatives - current financial assets	403	331	72
B. Current financial receivables	**1,095**	**484**	**611**
1. Bank overdrafts and short-term loans	*50,341*	*42,875*	*7,466*
2. Current portion of medium- and long-term loans	*10,293*	*10,367*	*(74)*
3. Other current financial liabilities	*789*	*-*	*789*
C. Current financial debt	**61,423**	**53,242**	**8,181**
D. Current financial debt, net (C - A - B)	**50,598**	**44,510**	**6,088**
Derivatives - non-current financial liabilities	998	418	580
E. Non-current financial debt	**998**	**418**	**580**
Other non-current financial receivables	64,801	70,002	(5,201)
F. Non-current financial receivables	**64,801**	**70,002**	**(5,201)**
G. Non-current financial debt, net (F - E)	**63,803**	**69,584**	**(5,781)**
H. Financial net debt (D + G)	**114,401**	**114,094**	**307**

The manager in charge of the preparation of the company's accounting records, pursuant art.154 bis of "Testo Unico della Finanza", Maurizio Fusetti, declare that all figures contained in this press release correspond to the entries in the accounting books and records.

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The Half-year Financial Report at 30 June 2008 together with the Report of the Independent Auditors PricewaterhouseCoopers S.p.A. will be published on 29 August 2008 and made available in the manner and form required by law from that date.

Per ulteriori informazioni si prega di contattare:

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