PRESS RELEASE

APPROVED THE FIRST HALF FINANCIAL REPORT AT 30 JUNE 2009

REACHED AN AGREEMENT WITH THE BANKS WITH REFERENCE TO THE MEDIUM-LONG TERM LOANS RENEGOTIATION

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CONSOLIDATED RESULTS AS AT 30 JUNE 2009

- **Net Revenues**: Euro 214.1 million (Euro 239.8 million at June 30, 2008).

- **Gross Operating Profit (EBITDA)**: Euro 18.0 million (Euro 16.9 million at June 30, 2008, before Euro 21.2 million of 'badwill').

- **Net Operating Profit (EBIT)**: Euro 4.7 million (Euro 5.9 million at June 30, 2008, before the inclusion of Euro 21.2 million of 'badwill').

- **Net Result:** loss of Euro 0.7 million (compared with a profit of Euro 17.3 million at 31 December 2007, that included Euro 21.2 million of 'badwill').

- **Net Financial Indebtedness**: Euro 135.6 million (Euro 128.5 at December 31, 2008).

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Milan, August 3, 2009

The Board of Directors of Reno De Medici S.p.A., met today under the chairmanship of Christian Dubé and approved the Consolidated First Half 2009 Financial Report of the Reno De Medici Group ("**RDM Group**" or the "**Group**"), that reports a Net Loss of Euro 0.7 million.

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RDM GROUP CONSOLIDATED ACCOUNTS

The following table sets out the highlights of the profit and loss accounts at 30 June 2009, compared to 30 June 2008:

	30 June 2009	30 June 2008 (*)
(thousands of Euros)		
Revenues from sales	**214,066**	**239,789**
EBITDA before badwill *(1)*	**18,035**	**16,924**
Badwill	-	*21,178*
EBITDA *(2)*	**18,035**	**38,102**
EBIT before badwill *(3)*	**4,750**	**5,928**
Badwill	-	*21,178*
EBIT *(4)*	**4,750**	**27,106**
Result of operating activities before taxes *(5)*	**393**	**19,720**
Current and deferred taxes	*(1,119)*	*(2,462)*
Profit (loss) for the period	**(726)**	**17,258**

(1) Cfr. Consolidated profit and loss account of RDM Group, "Gross Operating Profit" - "Badwill"
(2) Cfr. Consolidated profit and loss account of RDM Group, "Gross Operating Profit"
(3) Cfr. Consolidated profit and loss account of RDM Group, "Operating Profit " - " Badwill"
(4) Cfr. Consolidated profit and loss account of RDM Group, "Operating Profit "
(5) Cfr. Consolidated profit and loss account of RDM Group, "Profit (loss) for the period" - "Taxation"

(*) Comparative figures have been "revised" to take account of the final figures used in accounting for the business combination

The demand trend of the first half of 2009 showed a moderate recovery after the contraction recorded in late 2008, although the reduction compared with the same period in the previous year remains considerable. However, the prices of pulp raw materials and energy remained substantially lower compared to the first half of 2008 of the previous year, when they were substantially higher prices with a still rising trend.

The volumes sold by the Group in the first six months of 2009 amounted to 429 thousand tons, compared to 454 thousand tons sold in the first half of 2008; however, the two figures refer to two different scenarios due to both operational and consolidation factors, mainly due to the business combination with the European subsidiaries of the Cascades Group, that was effective as of March 1, 2008, and to the subsequent integration and rationalization actions, that have been implemented in order to adjust production capacity to demand, and that allowed a more efficient production of the plants.

Therefore, the first half of 2009 shows an improvement of the profitability compared with the same period of 2008, even if the above-mentioned difference in the operational scenarios must be taken into account. The fall in revenues, attributable to both price pressures as well as to the standstills of some production lines aiming to protect production efficiency, was more than compensated by higher efficiency and by the fall in the prices of raw materials and energy, that allowed the Group to close the June accounts reporting a positive Result before Taxes, by Euro 0.4 million.

The RDM Group in the first half of 2009 reported **Net Revenues** of Euro 214.1 million, compared to Euro 239.8 million in the corresponding period of the previous year.

Consolidated **Gross Operating Profit (EBITDA)** reached in the first half of 2009 Euro 18.0 million, compared to Euro 38.1 million in the corresponding period in 2008. It has to reminded that EBITDA at June 30, 2008 included a non-operational component of approximately Euro 21.2 million, and it did not include the positive EBITDA generated in the first two months of the year by the ex-Cascades companies.

Net Operating Profit (EBIT) amounted at June 30, 2009 to Euro 4.7 million, vs. Euro 5.9 million for the corresponding period of 2008 (before including Euro 21.2 million of badwill).

Earnings Before Taxes (EBT) is positive by Euro 0.4 million, compared to Euro 19.7 million for the same period of 2008.

The **Net Loss** at 30 June 2009 amounts to Euro 0.7 million, compared to a Net Profit of Euro 17.3 million recorded at June 30, 2008. The Net Loss pertaining to the Group at 30 June 2009 amounts to Euro 0.9 million, compared to a Net Profit of Euro 17.1 million recorded at June 30, 2008.

The Group in the first half of 2009 made capital expenditures for an amount of Euro 7.4 million, compared to Euro 4.7 million on 30 June 2008.

The consolidated **Net Financial Indebtedness** at 30 June 2009 amounted to Euro 135.6 million, compared to 128.5 million at December 31, 2008.

More specifically, the Gross Financial Indebtedness at 30 June 2009, measured at amortized cost amounted to 137.1 (compared to Euro 133.6 million at December 2008) and consisted of the non-current portion of long-term loans for about Euro 60.8 million (before the reclassification according to IAS 1 commented below), the current position of long term loans for about Euro 11.2 million, and bank credit facilities and other financial liabilities for about Euro 64.7, consisting mainly of lines of credit supported by trade receivables.

Nevertheless, as a consequence of the non-compliance with some financial parameters and contractual obligations foreseen in the existing loans contracts, and considering that the amendments to the mentioned agreements has not been subscribed before the end of the reporting period, conforming to the provisions of IAS 1 the reclassification to short-term of Euro 44.4 million (corresponding to the residual non-current portion of the above-mentioned loans) was maintained also at 30 June 2009. It is reminded that such reclassification had initially been made in the 2008 Financial Statements for an amount of Euro 45.9 million, and was already maintained in the Quarterly Report at March 31, 2009. The signing of the Term Sheet with IntesaSanpaolo and Unicredit for the redefinition of the medium-long term loans contracts will allow the reclassification into the medium term of the loans portion now classified into the short term, in accordance with the above mentioned IAS 1.

Derivative instruments are recognized in the financial statements as an asset, with a carrying amount of Euro 1.7 million.

At June 30, 2009, cash and financial receivables with maturity within 12 months equaled Euro 3.2 million (compared to Euro 6.0 million in December 2008).

Business outlook

The market trend in July follows the path of the previous months. The trend for the rest of the year remains uncertain, particularly as regards the volumes, being directly linked to the overall macroeconomic situation.
With regard to the costs, a slight upward trend in raw material prices can be anticipated, generated mainly by reduced pulp production in Europe and in the United States, and by increased waste papers imports from Far East.
On the other hand, energy costs will continue to be volatile.
In summary, the business outlook we can expect for the rest of the year, will stay uncertain since selling prices will continue to be under pressure and volume for seasonality reasons will be at a lower level from first semester.

Renegotiation of the Loans Contracts

In accordance with the positive resolutions by IntesaSanpaolo and Unicredit, today was signed the Term Sheet relevant to the redefinition of the Euro 60.0 million financing agreement stipulated in April 2006. Same terms and conditions, duly amended, will be applied to the Euro 14.7 million loan agreement with IntesaSanpaolo, undersigned in December 2006.

The two loans amounted originally to Euro 74.7 million, of which Euro 68.4 million were actually drawn-down. As a result of reimbursements, the amount at 30 June 2009 has been reduced to Euro 48.6 million, with a non-current portion of Euro 44.4 million.
The redefinition of the terms of the loans, that was originally generated by the fact that the Group did not meet at December 31, 2008 certain financial parameters and contractual obligations provided by the mentioned loans, evolved into a more articulated proposal that was presented to the Banks during the month of March, aiming at rebalancing the financial exposure.
The Agent Bank IntesaSanpaolo has now finalized the internal authorization procedure and issued the relevant resolution. Such resolution was subject to an equivalent resolution by the other bank Unicredit, issued today.

The new terms provide, inter alia, the following:

a) the waiver by the Lending Banks to certain contractual obligations provided by the loans;
b) the suspension of the verification of the contractual financial covenants at 30 June 2009, and the modification of the covenants for the subsequent periods based on new parameters;
c) the re-modulation of debt service;
d) the postponement for two years of the call options granted to RDM (from 2010 to 2012), and of the put options granted to Cascades s.a.s. (from 2011 to 2013) provided by the Combination Agreement signed in 2007 and relevant to the acquisition by RDM of two plants currently owned by Cascades s.a.s, located in France and Sweden that producing cartonboard based on virgin fibre, and the terms of those rights execution. The changes to the Combination Agreement are contained into an Amendment undersigned by RDM, Cascades s.a.s. and Cascades International Paperboard Inc.

Such terms are particularly important for the Group's strategic positioning and revenue prospects, as they will enable the Group:

- to meet the financial commitments generated by RDM's capital expenditures plan, that needs to be implemented in order to complete the optimization of the production activities;
- to balance the allocation of RDM's financial debt between short-term and medium/long-term sources.

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The manager in charge of the preparation of the company's accounting records, pursuant to art.154 bis, paragraph 2, of "Testo Unico della Finanza", Mr. Stefano Moccagatta, declares that the figures contained in this press release correspond to the entries in the accounting books and records.

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The First Half Financial Report at 30 June 2009 will be made available to the public within the terms of law at the Company's registered office and at Borsa Italiana S.p.A., with the possibility for copies to be obtained. This documentation will also be available for consultation on the Company website www.renodemedici.it.

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CONSOLIDATED ACCOUNTING STATEMENTS[1]

		30 June 2009	30 June 2008 (*)
(thousands of Euros)			
Revenues from sales		214,066	239,789
Other revenues		9,283	2,361
Changes in stocks of finished goods		46	2,964
Cost of raw materials and services		(164,925)	(188,560)
Staff costs		(38,067)	(37,179)
Other operating costs		(2,368)	(2,451)
Badwill		-	21,178
Gross Operating Profit		**18,035**	**38,102**
Depreciation and amortisation		(12,802)	(9,300)
Recovery of value and write-downs of assets		(483)	(1,696)
Operating Profit		**4,750**	**27,106**
	Financial expense	*(4,807)*	*(5,190)*
	Exchange differences	*393*	*(307)*
	Financial income	*57*	*233*
Financial income (expense), net		(4,357)	(5,264)
Income from investments		-	(2,122)
- *of which non recurring*		-	*(994)*
Taxation		(1,119)	(2,462)
Profit (loss) for the period		**(726)**	**17,258**
Attributable to:			
Profit (loss) for the period pertaining to the Group		(862)	17,109
Profit (loss) for the period pertaining to minority interests		136	149
Earnings (loss) per ordinary share (Euros)		(0.002)	0.05
Earnings (loss) per ordinary share diluted (Euros)		(0.002)	0.05

(*) Comparative figures have been "revised" to take account of the final figures used in accounting for the business combination

[1] Data for which accounting audit review is being completed.

	30 June 2009	31 December 2008
(thousands of Euros)		
ASSETS		
Non-current assets		
Tangible fixed assets	258,358	264,400
Goodwill	63	63
Other intangible assets	6,113	5,629
Investments and financial transactions currently	1,684	1,628
Deferred tax assets	1,520	1,488
Derivative financial instruments	5	11
Financial assets held for sale	335	309
Trade receivables	285	234
Other receivables	707	899
Total non-current assets	**269,070**	**274,661**
Current assets		
Stocks	77,021	82,073
Trade receivables	115,083	113,212
Group trade receivables	2,972	1,264
Other receivables	4,167	6,121
Other Group trade receivables	1,918	1,855
Derivative financial instruments	233	-
Liquid funds	1,427	4,314
Total current assets	**202,821**	**208,839**
TOTAL ASSETS	**471,891**	**483,500**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity attributable to the group	159,767	160,666
Minority interests	459	566
Shareholders' equity	**160,226**	**161,232**
Non-current liabilities		
Bank loans and other financial liabilities	16,438	19,935
Derivative financial instruments	943	916
Other payables	1,193	2,292
Other Group payables	1,204	1,153
Deferred tax liabilities	28,933	29,921
Employees' leaving entitlement	23,905	23,455
Non-current provisions for contingencies and charges	3,600	4,678
Total non-current liabilities	**76,216**	**82,350**
Current liabilities		
Bank loans and other financial liabilities	120,705	113,658
Derivative financial instruments	1,010	68
Trade payables	91,816	106,132
Group trade payables	5,679	2,695
Other payables	13,788	13,186
Other Group payables	130	129
Current taxation	32	-
Current provisions for contingencies and charges	2,289	4,050
Total current liabilities	**235,449**	**239,918**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**471,891**	**483,500**

Net financial position	30 June 2009	31 December 2008	Variation
(thousands of Euros)			
Cash	52	57	(5)
Funds available at banks	1,375	4,257	(2,882)
Restricted funds at banks	-	-	-
A. Cash and cash equivalent	**1,427**	**4,314**	**(2,887)**
Other current financial receivables	1,788	1,725	63
Derivatives - current financial assets	233	-	233
B. Current financial receivables	**2,021**	**1,725**	**296**
1. Bank overdraft and short term loans	*64,740*	*56,635*	*8,105*
2. Current portion of medium and long term loans	*55,569*	*56,325*	*(756)*
Bank loans and other financial liabilities (*1+2*)	120,309	112,960	7,349
Other current financial liabilities	396	696	(300)
Derivatives - current financial liabilities	1,011	68	943
C. Current financial debt	**121,716**	**113,724**	**7,992**
D. Current financial debt, net (C - A - B)	**118,268**	**107,685**	**10,583**
Derivatives - non current financial assets	5	11	(6)
E. Non-current financial receivables	**5**	**11**	**(6)**
Bank loans and other financial liabilities	16,438	19,935	(3,497)
Derivatives - non-current financial liabilities	943	916	27
F. Non-current financial payables, net	**17,381**	**20,851**	**(3,470)**
G. Non current financial debt (F - E)	**17,376**	**20,840**	**(3,464)**
H. Financial debt, net (D +G)	**135,644**	**128,525**	**7,119**