



PRESS RELEASE

**THE BOARD OF DIRECTORS APPROVED
THE DRAFT OF STATUTORY AND CONSOLIDATED ANNUAL REPORT 2011**

2011 CONSOLIDATED RESULTS (COMPARED TO 2010):

- ◆ **NET REVENUES:** EURO 507.1 MILLION (VS. EURO 503.6 MILLION AS AT 31 DECEMBER 2010)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** EURO 30.0 MILLION (VS. EURO 40.0 MILLION AS AT 31 DECEMBER 2010)
- ◆ **NET OPERATING PROFIT (EBIT):** EURO 2.1 MILLION (VS. EURO 12.0 MILLION AS AT 31 DECEMBER 2010)
- ◆ **NET EARNINGS:** NEGATIVE FOR EURO 2.8 MILLION (VS. POSITIVE FOR EURO 2.0 MILLION AS AT 31 DECEMBER 2010)
- ◆ **NET FINANCIAL INDEBTEDNESS:** EURO 86.6 MILLION (EURO 106.5 MILLION AS AT 31 DECEMBER 2010)

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2011 RESULTS OF PARENT COMPANY RENO DE MEDICI S.P.A. (COMPARED TO 2010):

- ◆ **NET REVENUES:** EURO 284.1 MILLION (VS. EURO 294.7 MILLION AS AT 31 DECEMBER 2010)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** EURO 20.4 MILLION (VS. EURO 23.3 MILLION AS AT 31 DECEMBER 2010)
- ◆ **NET OPERATING PROFIT (EBIT):** EURO 4.1 MILLION (VS. EURO 5.5 MILLION AS AT 31 DECEMBER 2010)
- ◆ **NET EARNINGS:** EURO 4.0 MILLION (VS. EURO 4.1 MILLION AS AT 31 DECEMBER 2010)
- ◆ **NET FINANCIAL INDEBTEDNESS:** EURO 110.8 MILLION (EURO 135.8 MILLION AS AT 31 DECEMBER 2010)

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**DISTRIBUTION OF THE 2011 PROFITS PROPOSAL: EURO 200,194.57 TO THE LEGAL RESERVE
PURSUANT TO ARTICLE 2430 OF THE ITALIAN CIVIL CODE;
EURO 3,803,696.92 TO COVER PAST LOSSES.**

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**ANNUAL REPORT ON CORPORATE GOVERNANCE, OWNERSHIP STRUCTURE AND BOARD OF
DIRECTORS REPORT ON REMUNERATION APPROVED**

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Milan, March 21st, 2012

The Board of Directors of Reno De Medici S.p.A. (“**RDM**” or the “**Company**”), holding company of a major world-wide producer of cartonboard based on recycled material, meeting today under the chairmanship of Mr. Christian Dubé, after broad and comprehensive discussion and approval of the impairment tests procedure, approved the **Draft of statutory and consolidated Annual Report as at 31 December 2011 of the Reno De Medici Group** (“**RDM Group**” or the “**Group**”).

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CONSOLIDATED FINANCIAL STATEMENTS OF RDM GROUP AS AT 31 DECEMBER 2011

As at 31 December 2011, the RDM Group achieved **Net Revenues of Euro 507.1 million**, with a slight increase compared to Euro 503.6 million as at 31 December 2010, as a consequence of a different evolution of the factors: it should be noted that lower volumes sold were offset by the higher prices fixed by the Group in 2010 and at the beginning of 2011, determined by the constant increase of raw material costs.

Consolidated **Gross Operating Profit (EBITDA)** as at December 31, 2011 of the RDM Group amounted to **Euro 30.0 million**, compared to Euro 40.0 million in 2010. This comparison reflects first of all the decrease in volumes sold, determined by the deterioration of the general economic situation, and to the customers’ inventory destocking policies. The increases in selling prices were not sufficient to compensate the rising costs of the main production factors: virgin and recycled fibres, chemicals and energy.

Consolidated **Net Operating Profit (EBIT)** of the RDM Group as at 31 December 2011 amounted to **Euro 2.1 million**, compared to Euro 12.0 million as at 31 December 2010.

Net Result is negative by **Euro 2.8 million**, with respect to 31 December 2011, when it was positive for an amount of Euro 2.0 million.

The Consolidated **Net Financial Indebtedness** of the RDM Group as at December 31, 2011 decreased and amounted to **Euro 86.6 million**, with a significant improvement compared to Euro 106.5 million at December 31, 2010. This improvement is attributable to the steps taken by the Group to reduce working capital.

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STATUTORY FINANCIAL STATEMENTS OF PARENT COMPANY RENO DE MEDICI S.P.A.

As at 31 December 2011, the parent company Reno De Medici S.p.A. achieved **Net Revenues of Euro 284.1 million**, compared to Euro 294.7 million as at 31 December 2010, due to the lower sales volumes partially offset by higher prices.

Gross Operating Profit (EBITDA) as at December 31, 2011 of Reno De Medici S.p.A. amounted to Euro 20.4 million, compared to the Euro 23.3 million recorded in 2010.

Net Operating Profit (EBIT) of the parent company Reno De Medici S.p.A. as at 31 December 2011 amounted to **Euro 4.1 million**, compared to Euro 5.5 million as at 31 December 2010.



Net Result as at 31 December 2011 of Reno de Medici S.p.A. is positive by Euro 4.0 million, after amortisation of Euro 16.3 million, net financial expenses of Euro 6.7 million, income from investments of Euro 1.6 million; taxation was positive by Euro 5.0 million. As at 31 December 2010 the net result of Reno de Medici S.p.A. was positive for Euro 4.1 million.

The Consolidated **Net Financial Indebtedness** of Reno De Medici S.p.A. as at December 31, 2011 amounted to **Euro 110.8 million**, a significant improvement compared to Euro 135.8 million at December 31, 2010.

The General Meeting of the Shareholders will be called upon to approve the distribution of the 2011 profits as follows: a) Euro 200,194.57 to the Legal reserve pursuant to Article 2430 of the Italian Civil Code; b) Euro 3,803,696.92 to cover past losses.

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Outlook of the operations

In the current economic and financial context there are still areas of uncertainty in particular as regards the trend of demand for mass consumption goods to which the packaging market is closely linked. As a consequence, it is difficult to make forecasts in relation to the recovery of demand even if the drastic fall due to the reduction of stocks of the last quarter of 2011 appears to have come to an end.

The order flows of the first weeks of 2012 confirm the above assessment. Indeed, sales levels have returned to “normal”. The prices of the fibers appear to be following a slight downward trend even though not yet sufficient to be considered a longer-term trend. Margins are not substantially different from those recorded in the last quarter of 2011, also considering that energy costs are slightly rising. In such a scenario, Reno De Medici will continue to ensure that the industrial efficiency and profitability of its business are preserved, by adjusting production levels and prices to real demand.

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OTHER RESOLUTIONS

The Board of Directors of Reno De Medici S.p.A. has also approved the Report on corporate governance and ownership structure and regularly checked the independence requirements of the members of the BoD, considering that no specific changes occurred in the situation already communicated to the market.

The Board of Directors of Reno De Medici S.p.A. also approved the remuneration policy for directors and key management personnel and the annual Remuneration Report to be presented to shareholders.

The Draft financial statement as at 31 December 2011, together with the Directors' Report, the Report on Corporate Governance and Ownership Structure, Report of the Statutory Auditors and Independent Auditors, as well as the Report on Remuneration, together with the other items in the Shareholders' Agenda, will be subjected to approval of shareholders at the Ordinary Meeting called by announcement of last 15 March, published on the newspaper MF/Milano Finanza. All documents will be made available on the company website, in the Shareholders' meeting section, as required by law.



During today's session the Social and Environment Report for year 2011 of RDM Group was also presented.

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Mr. Stefano Moccagatta, the officer in charge of drafting the Company's accounting documents, declares for purposes of 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 draft financial statement at 31 December 2011, with Annual Report, Directors' Reports for business on the agenda for the Shareholders' Meeting, the Board of Auditor's Report, and the Accounting Firm's Report, as well as the Report on corporate governance and ownership structure, will be made available to the public at the Company's headquarters at Via Durini n. 16/18, Milan, Italy and at Borsa Italiana by the deadlines and with the methods required by law, with the right to obtain a copy thereof. Such documents will also be consultable on the website: www.Renodemedici.it.

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THE TABLES RELATIVE TO FINANCIAL STATEMENTS OF RDM GROUP AND OF THE PARENT COMPANY RENO DE MEDICI S.P.A. AS AT DECEMBER 31, 2011 ARE ATTACHED BELOW¹

¹ Data for which accounting audit review is being completed.



CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

CONSOLIDATED INCOME STATEMENT OF RDM GROUP

	31.12.2011	31.12.2010
(thousands of Euros)		
Revenues from sales	507,051	503,599
- of which related parties	9,047	10,529
Other revenues and income	14,235	14,890
- of which non recurring		959
- of which related parties	1,654	1,684
Changes in stock of finished goods	(4,675)	4,445
Cost of raw materials and services	(409,442)	(397,455)
- of which related parties	(17,916)	(21,111)
Staff costs	(72,660)	(81,060)
- of which non recurring		(1,118)
Other operating costs	(4,499)	(4,396)
Gross Operating Profit	30,010	40,023
Depreciation and amortisation	(27,496)	(26,076)
Recovery of value and write-downs of assets	(383)	(1,916)
- of which non recurring		(1,867)
Operating Profit	2,131	12,031
	<i>Financial expense</i>	(7,765)
	<i>Exchange rate differences</i>	613
	<i>Financial income</i>	91
Financial income (expenses), net	(7,785)	(7,061)
Income (loss) from investments	(670)	224
Taxation	4,021	(3,155)
Profit (loss) for the year before discontinued operations	(2,303)	2,039
Discontinued operations	(536)	
Profit (loss) for the year	(2,839)	2,039
Total profit (loss) for the year attributable to:		
- Owners of the company	(3,125)	1,367
- Minority interests	286	672
Profit (loss) per ordinary share (Euros)	(0.008)	0.004
Profit (loss) per ordinary share diluted (Euros)	(0.008)	0.004
Profit (loss) per ordinary share before discontinued operations (Euros)	(0.007)	0.004
Profit (loss) per ordinary share before discontinued operations diluted (Euros)	(0.007)	0.004



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF RDM GROUP

	31.12.2011	31.12.2010
(thousands of Euros)		
Profit (loss) for the year	(2,839)	2,039
Other components of comprehensive profit (loss)		
<i>Cash Flow Hedge</i>	100	(8)
<i>Current translation differences</i>	35	62
Total other components of comprehensive profit (loss)	135	54
Total comprehensive profit (loss)	(2,704)	2,093
Total comprehensive profit (loss) attributable to:		
- Owners of the company	(2,990)	1,421
- Minority interest	286	672


CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF RDM GROUP

	31.12.2011	31.12.2010
(thousands of Euros)		
ASSETS		
Non-current assets		
Tangible fixed assets	239,831	244,241
Goodwill	63	63
Intangible assets	2,476	2,017
Intangible assets with an indefinite useful life	3,590	3,973
Investments	5,810	6,689
Deferred tax assets	399	1,369
Financial assets held for sale	195	191
Trade receivables	82	81
Other receivables	328	370
Total non-current assets	252,774	258,994
Current assets		
Stock	77,982	81,925
Trade receivables	92,289	119,181
- of which related parties	886	586
Associated companies and joint ventures trade receivables	1,547	1,835
Other receivables	5,392	3,856
Other associated companies and joint ventures receivables	1,192	391
Liquid funds	2,564	2,210
Total current assets	180,966	209,398
Non-current assets held for sale	1,290	1,290
TOTAL ASSETS	435,030	469,682



	31.12.2011	31.12.2010
(thousands of Euros)		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	185,122	185,122
Share premium		
Other reserves	504	166
Retained earnings (losses) brought forwards	(29,926)	(31,090)
Profit (loss) for the year	(3,125)	1,367
Shareholders' equity attributable to the Group	152,575	155,565
Minority interests	713	1,010
Total Shareholders' equity	153,288	156,575
Non-current liabilities		
Bank loans and other financial liabilities	45,934	55,531
Derivative financial instruments	1,022	1,011
Other payables	1,543	1,596
- of which related parties	1,204	1,204
Deferred tax liabilities	18,399	25,536
Employee benefits	24,363	24,175
Non-current provisions for contingencies and charges	6,716	6,087
Total non-current liabilities	97,977	113,936
Current liabilities		
Bank loans and other financial liabilities	42,764	50,416
Derivative financial instruments	601	794
Trade payables	116,813	123,054
- of which related parties	1,416	3,257
Associated companies and joint ventures trade payables	7,066	4,173
Other payables	15,899	15,091
Other associated companies and joint ventures payables		1,307
Current taxation	358	1,630
Employee benefits	264	2,706
Total current liabilities	183,765	199,171
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	435,030	469,682



CONSOLIDATED CASH FLOW STATEMENT OF RDM GROUP

	31.12.2011	31.12.2010
(thousands of Euros)		
Profit (loss) for the year before taxation	(6,324)	5,194
Depreciation and amortisation	27,879	27,992
Losses (gains) from investments	670	(224)
Financial (income) expense	8,237	7,674
Losses (gains) on disposal of non-current assets		(1,259)
Change in the employees' leaving entitlement, other provision fund including provision for bad and doubtful debts	(3,867)	2,637
Change in stocks	3,943	(7,822)
Change in receivables	25,916	(10,231)
- of which related parties	(12)	2,684
Change in payables	(3,716)	26,798
- of which related parties	1,052	3,090
Change in total working capital	26,143	8,745
Gross cash flows	52,738	50,759
Interests paid in the year	(5,260)	(5,051)
- of which related parties	(27)	(10)
Interests received in the year	49	6
- of which related parties	49	6
Taxes paid in the year	(2,847)	(4,289)
Cash flows from operating activities	44,680	41,425
Sale (purchase) of financial assets held for sale	(4)	190
Investments and disinvestments in non current assets	(23,552)	(15,782)
Investments in joint venture	(30)	(192)
Dividends received	290	260
Cash flows from investing activities	(23,296)	(15,524)
Dividends paid	(583)	(339)
Change in financial assets and liabilities and short-term bank borrowings	(10,500)	(17,536)
- of which related parties	(2,108)	(2,144)
Change in long-term bank borrowings	(9,982)	(7,585)
Cash flows from financial activities	(21,065)	(25,460)
Exchange difference from conversion	35	62
Change in unrestricted liquid funds	354	503
Unrestricted liquid funds at beginning of the year	2,210	1,707
Unrestricted liquid funds at end of the year	2,564	2,210



SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

INCOME STATEMENT OF THE PARENT COMPANY RENO DE MEDICI S.P.A.

	31.12.2011	31.12.2010
Revenues from sales	284,150,055	294,723,631
- of which related parties	52,098,302	55,837,183
Other revenues and income	14,715,201	14,300,535
- of which non-recurring		959,049
- of which related parties	6,140,978	5,848,330
Changes in stocks of finished goods	(1,859,832)	(1,289,687)
Cost of raw materials and services	(236,777,576)	(234,935,944)
- of which related parties	(7,752,193)	(8,399,004)
Staff costs	(37,585,383)	(46,695,016)
- of which non-recurring		(1,117,690)
Other operating costs	(2,198,803)	(2,814,197)
Gross Operating Profit	20,443,662	23,289,322
Depreciation and amortisation	(16,322,394)	(15,831,209)
Recovery of value and write-downs of assets		(1,915,515)
- of which non-recurring		(1,866,831)
Operating Profit	4,121,268	5,542,598
	<i>Financial expenses</i>	(6,788,371)
	<i>Exchange rate differences</i>	290,618
	<i>Financial income</i>	436,308
Financial income (expenses), net	(6,710,411)	(6,061,445)
Income (loss) from investments	1,639,092	4,721,561
Taxation	4,953,942	(137,657)
Profit (loss) for the year	4,003,891	4,065,057



STATEMENT OF COMPREHENSIVE INCOME OF THE PARENT COMPANY RENO DE MEDICI S.P.A.

	31.12.2011	31.12.2010
Profit (loss) for the year	4,003,891	4,065,057
Other components of comprehensive profit (loss)		
<i>Cash Flow Hedge</i>	99,987	(8,011)
Total other components of comprehensive profit (loss)	99,987	(8,011)
Total comprehensive profit (loss)	4,103,878	4,057,046



STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY RENO DE MEDICI S.P.A.

	31.12.2011	31.12.2010
ASSETS		
Non-current assets		
Tangible fixed assets	156,726,818	158,530,991
Intangible assets	1,461,308	1,686,227
Investments in subsidiary companies	101,365,675	104,104,578
Investments in associated companies and joint ventures	5,605,041	5,575,041
Financial assets held for sale	194,683	190,597
Other receivables	138,031	344,357
Total non-current assets	265,491,556	270,431,791
Current assets		
Stocks	44,981,863	47,245,063
Trade receivables	45,420,428	63,433,023
Group trade receivables	18,807,880	26,576,846
Other receivables	2,527,124	978,213
Other Group receivables	10,013,147	10,653,905
Liquid funds	2,198,772	1,817,027
Total current assets	123,949,214	150,704,077
Non-current assets held for sale	1,289,556	1,289,556
TOTAL ASSETS	390,730,326	422,425,424



	31.12.2011	31.12.2010
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	185,122,487	185,122,487
Share premium		
Other reserves	655,050	351,810
Retained earnings (losses) brought forwards	(36,616,489)	(40,478,293)
Profit (loss) for the year	4,003,891	4,065,057
Total shareholders' equity	153,164,939	149,061,061
Non-current liabilities		
Bank loans and other financial liabilities	42,776,371	52,673,979
Other Group payables	6,370,292	7,084,578
Derivative financial instruments	1,021,753	1,010,767
Other payables	1,542,703	1,594,806
- of which related parties	1,204,033	1,204,033
Deferred tax liabilities	569,576	6,493,734
Employee Benefits	11,195,327	12,136,592
Non-current provisions for contingencies and charges	7,566,670	8,490,878
Total non-current liabilities	71,042,692	89,485,334
Current liabilities		
Bank loans and other financial liabilities	39,906,783	47,555,457
Derivative financial instruments	463,932	663,055
Trade payables	79,405,243	81,736,031
Group trade payables	6,470,935	2,967,777
Other payables	7,357,619	8,599,640
Other Group payables	32,428,206	39,296,652
Current taxation	225,481	354,881
Employee Benefits	264,496	2,705,536
Total current liabilities	166,522,695	183,879,029
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	390,730,326	422,425,424

**CASH FLOW STATEMENT OF THE PARENT COMPANY RENO DE MEDICI S.P.A.**

	31.12.2011	31.12.2010
(thousands of Euros)		
Profit (loss) for the year before taxation	(950)	4,203
Depreciation and amortisation	16,322	17,747
Losses (income) from investments	(1,639)	(4,722)
Financial (income) expense	6,841	6,351
Losses (gains) on disposal of non-current assets	(24)	(959)
Change in the employees' leaving entitlement, other provision fund including provision for bad and doubtful debts	(4,323)	2,559
Change in stocks	2,263	(1,909)
Change in trade receivables	24,761	(7,510)
- of which related parties	8,114	(5,410)
Change in trade payables	(271)	18,853
- of which related parties	3,196	2,242
Change in total working capital	26,753	9,434
Gross cash flow	42,980	34,613
Interests paid in the year	(5,220)	(5,012)
- of which related parties	(884)	(518)
Interests received in the year	408	352
- of which related parties	408	352
Taxes paid in the year	(1,256)	(1,914)
Cash flow from operating activities	36,912	28,039
Sale (purchase) of financial assets held for sale	(4)	190
Investments and disinvestments in non current assets	(14,270)	(9,849)
Operation on equity	(3,618)	(6,106)
Investments in subsidiary's companies	(5)	
Investments in joint venture	(30)	
Dividends received	7,307	8,426
Cash flow from investing activities	(10,620)	(7,339)
Change in financial assets and liabilities and short-term bank borrowings	(14,913)	(10,963)
- of which related parties	(6,531)	5,127
Change in long-term bank borrowings	(10,996)	(8,991)
- of which related parties	(714)	(2,121)
Cash flow from financial activities	(25,909)	(19,954)
Change in unrestricted liquid funds	383	746
Unrestricted liquid funds at beginning of the year	1,816	1,070
Unrestricted liquid funds at end of the year	2,199	1,816