



PRESS RELEASE

**THE BOARD OF DIRECTORS APPROVED
THE DRAFT OF STATUTORY AND CONSOLIDATED ANNUAL REPORT 2010**

2010 CONSOLIDATED RESULTS (COMPARED TO 2009):

- ◆ **NET REVENUES:** EURO 503.6 MILLION (VS. EURO 428.1 MILLION AS AT 31 DECEMBER 2009)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** EURO 40.0 MILLION (VS. EURO 32.2 MILLION AS AT 31 DECEMBER 2009)
- ◆ **NET OPERATING PROFIT (EBIT):** EURO 12.0 MILLION (VS. EURO 5.0 MILLION AS AT 31 DECEMBER 2009)
- ◆ **NET EARNINGS:** EURO 2.0 MILLION (COMPARED WITH A LOSS OF EURO 6.6 MILLION AS AT 31 DECEMBER 2009)
- ◆ **NET FINANCIAL INDEBTEDNESS:** EURO 106.5 MILLION (EURO 130.8 MILLION AS AT 31 DECEMBER 2009)

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2010 RESULTS OF PARENT COMPANY RENO DE MEDICI S.P.A. (COMPARED TO 2009):

- ◆ **NET REVENUES:** EURO 294.7 MILLION (VS. EURO 240.5 MILLION AS AT 31 DECEMBER 2009)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** EURO 23.3 MILLION (VS. EURO 20.0 MILLION AS AT 31 DECEMBER 2009)
- ◆ **NET OPERATING PROFIT (EBIT):** EURO 5.5 MILLION (VS. EURO 3.3 MILLION AS AT 31 DECEMBER 2009)
- ◆ **NET EARNINGS:** EURO 4.1 MILLION (COMPARED WITH A LOSS OF EURO 4.7 MILLION AS AT 31 DECEMBER 2009)
- ◆ **NET FINANCIAL INDEBTEDNESS:** EURO 135.8 MILLION (EURO 155.3 MILLION AS AT 31 DECEMBER 2009)

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ANNUAL REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE APPROVED

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**APPROVEMENT OF A COMPENSATION PLAN BASED ON FINANCIAL INSTRUMENTS IN FAVOR OF
MANAGEMENT OF THE COMPANY FOR YEARS 2011-2012- 2013 TO BE SUBMITTED TO NEXT
GENERAL SHAREHOLDERS' MEETING**

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**ORDINARY AND EXTRAORDINARY MEETING OF SHAREHOLDERS CALLED AND THE INTEGRATION
OF NEXT ORDINARY SHAREHOLDERS' MEETING AGENDA**



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Milan, March 21th, 2011

The Board of Directors of Reno De Medici S.p.A. (“**RDM**” or the “**Company**”), holding company of a main 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 2010 of the Reno De Medici Group (“**RDM Group**” or the “**Group**”), that reports all 2010 consolidated results in increase and, in particular, a **Profit of Euro 2.0 million**, compared with a Loss of Euro 6.6 million as at 2009 financial year.

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CONSOLIDATED FINANCIAL STATEMENTS OF RDM GROUP

This positive result was achieved in a very challenging year, characterized by a still-volatile macroeconomic situation, by significant increases in the prices of raw materials and energy, whilst it has been possible to increase the prices of carton board with some delay, only during the second quarter.

Tons sold on the European market increased by 6,5% compared to the previous year, thus returning to the 2008 levels.

This increase is recorded in the major countries, although in different degrees from country to country, and is attributable to a modest increase in consumption and to restocking, especially in the central months of the year. The order volume exceeds forecasts.

In the last part of the year the market seems to have regained some stability, even if the general upward trend of the prices of the production factors continued, with the consequent need to proceed to a further increase of selling prices.

In 2010, the Group production was 930 thousand tons, compared to 854 thousand tons in 2009; sold-tons totaled 946 thousand, compared to 864 thousand in 2009.

As at 31 December 2010, RDM Group achieved **Net Revenues of Euro 503.6 million**, with an increase of 18% compared to Euro 428.1 million as at 31 December 2009, thanks to higher sales volumes and increased unit revenues. More specifically, in 2010, the Group’s geographic mix of revenues was affected by the different growth dynamics of its components: stronger growth on extra-EU markets (as Turkey and other Overseas sales) and Italy, compared to those in other European countries.

Consolidated **Gross Operating Profit (EBITDA)** as at December 31, 2010 of the RDM Group reached **Euro 40 million**, with an increase of 24% compared to Euro 32.2 million in 2009.



Consolidated **Net Operating Profit (EBIT)** of the RDM Group as at 31 December 2010 amounted to **Euro 12.1 million**, in increase compared to Euro 5.0 million as at 31 December 2009¹.

The Result of operating activities before taxes was positive for an amount of Euro 5.2 million, compared to a negative amount of Euro 5.3 million for the same period of 2009.

The charge for current taxation amounted of Euro 4.8 million in 2010, compared to a charge of Euro 4.0 million in 2009. Deferred tax income amounted to Euro 1.6 million, compared to Euro 2.7 million in the previous year.

Net Earnings at 31 December 2010 of the Reno de Medici Group totaled **Euro 2.0 million** with respect to a loss of Euro 6.6 million incurred in 2009, thereby confirming the good performance registered in full year 2010. The improvement derives from a significant growth of EBITDA.

The decrease of Euro 3.2 million in net financial expense is mainly due to the favourable trend in interest rates.

The Consolidated **Net Financial Indebtedness** of the RDM Group as at December 31, 2010 amounted to **Euro 106.5 million**, a significant improvement compared to Euro 130.8 million at December 31, 2009, thanks to positive economic performance.

The gross financial indebtedness at 31 December 2010, calculated according to the “amortized cost” method, was Euro 107.2 million (compared to Euro 131.0 million for 31 December 2009), and includes the non-current portion of the medium to long-term financings for an amount of Euro 55.5 million, the current portion of the medium to long-term loans for an amount of Euro 10.2 million, and short-term credit facilities for an amount of Euro 41.5 million, that consists mostly of advances on invoices issued to customers.

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

As at 31 December 2010, the parent company Reno De Medici S.p.A. achieved **Net Revenues of Euro 294.7 million**, with an increase of 22.5% compared to Euro 294.7 million as at 31 December 2009, thanks to higher sales volumes and increased per-ton revenues.

Tons sold from Reno De Medici S.p.A. increased by 12.9% compared to 2009; dispatched volumes in 2010 reached 595 thousand tons, compared to 527 thousand tons in 2009. Produced tons fell by 10.4% compared to 2009. The break-down of revenues from sales by geographical area shows an increase in the turnover achieved in Italy (+15%), European Union (+34%), and non European Union countries (+32%).

Gross Operating Profit (EBITDA) as at December 31, 2010 of Reno De Medici S.p.A. amounted to Euro 23.3 million, compared to the Euro 20.0 million recorded in 2009.

¹ It should be noted that the EBIT as of December 31, 2009 have been “revised” in accordance with IAS 8, following the reclassification of actuarial profits/losses deriving from the calculation of employees benefits made by the Group during 2010 year.



Net Operating Profit (EBIT) of the of the parent company Reno De Medici S.p.A. as at 31 December 2010 amounted to **Euro 5.5 million**, in increase compared to Euro 3.3 million as at 31 December 2009.

The net financial expense decreased in 2010 by 31%, mainly due to the downwards trend in interest rates and, as a consequence, to the decrease in the interest payable to banks on the Company's non-hedged portion of the medium-and long-term loans and in the short-term indebtedness.

Income (loss) from investments includes dividends of Euro 8.4 million resolved and distributed by subsidiaries and associated companies, partially offset by the write-down of the French investment in the subsidiary R.D.M. Blendecques S.a.s., for Euro 3.6 million.

Net Earnings as at 31 December 2010 of Reno de Medici S.p.A. is positive by Euro 4.1 million, after depreciation and amortisation of Euro 15.8 million, write-downs of assets of Euro 1.9 million, net financial expenses of Euro 6.1 million, income from investments of Euro 4.7 million, and taxation of Euro 0.1 million. As at 31 December 2009, Reno de Medici S.p.A. incurred a loss of Euro 6.6 million.

The Consolidated **Net Financial Indebtedness** of Reno De Medici S.p.A. as at December 31, 2010 amounted to **Euro 135.8 million**, a significant improvement compared to Euro 155.3 million at December 31, 2009, mainly due to the positive economic performance that contributed Euro 19.7 million. Furthermore, working capital decreased by Euro 6.5 million, of which Euro 7.2 million due to the factoring programme launched in the year, and Euro 1.5 million due to increase of the provisions, mostly relating to the management incentive plan approved in 2009. These effects were partially absorbed by the capital expenditures of Euro 11 million in production activities.

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Outlook for operations

In terms of order volumes and selling prices, the opening months of 2011 are substantially in line with the closing months of 2010. At the economic level, the costs of production factors such as recycled fibres and energy further increased. Energy costs also increased due to the political instability in North Africa and Middle East.

As a consequence, on 23 February 2011 the Group announced the increase of sales prices for the goods delivered on or after April 15th, 2011.

In summary, while the European macroeconomic scenario shows some signs of recovery (the entity of which varies from country to country), the persisting volatility makes it difficult to assess reliably the evolution of the economy and the market.

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OTHER RESOLUTIONS

- A. The Board of Directors of Reno De Medici S.p.A. has also approved the Report on corporate governance and ownership structure written for purposes of Art. 123-bis of the Consolidated



Law on Financial Intermediation (TUF) and the amendments to article 15 of the Company's By-Laws.

- B. Moreover, the Board of Directors of Reno De Medici S.p.A. has resolved to submit for approval to the Shareholders' Meeting an approval of the Compensation Plan based on financial instruments pursuant to art. 114 bis of Legislative Decree no. 58 of 24 February 1998 in favor of Management of the Company for years 2011-2012-2013 by the assignment of Performance Phantom Shares. The relevant scheme was defined by the Board of Directors, on a proposal of the Remuneration Committee, in today board meeting. Indeed, the Board believes that this Plan is in the interest of the Company and its Shareholders to incentivize Management in the Company's improved profitability and fulfillment of the financial equilibrium of the Company.

In details, the Board of Directors has resolved to submit for approval to the Shareholders' Meeting a Compensation Plan based on Performance Phantom Share ("Phantom Shares Plan") for 2011-2012-2013 for the benefit of 19 key managers of RDM Group ("Beneficiaries"), including the Chairman, the Deputy-Chairman (if appointed), and the Managing Director (if appointed), who will be appointed on next shareholder's meeting.

The Plan is meant to provide the Company and the Group with a plan to achieve agreed upon targets while stimulating and promoting the loyalty of the beneficiaries.

The Plan provides for the assignment of n. 8.515.000 performance phantom shares, differently distributed to the Beneficiaries, in addition to 2.143.000 performance phantom shares to be assigned to new eligible beneficiaries conforming to the Plan Rules. This Plan provides for the beneficiaries to receive a cash bonus linked to the achievement of specific performances such as return on invested capital and financial ratio NFP/EBITDA, related to the value of the stock price when the Plan is vested in April 2014. The maximum amount that RDM should pay to all of the beneficiaries during the entire term of the Plan may not exceed Euro 6 million (all as described in the Information Document pursuant to Art. 114 bis of Italian Decree Law no. 58/98 and of Art. 84 bis of the Consob Regulation n. 11971/99).

The characteristics of such plan are illustrated in the Informative Document issued by the Company pursuant to Art. 84-bis of the Issuers' Regulation, available to the public at the company registered office, at Borsa Italiana and on the Internet site of the Company www.renodemedici.it, as well as transmitted to the CONSOB.

- C. BoD has then approved to call next Shareholders' Meeting also in Extraordinary session for the amendments to article 15 of the Company's By-Laws and the integration of the agenda of the Ordinary session in which will be discussed the approval of the Compensation Plan. The Company announces that, pursuant to law, will be published the integrated notice to call Ordinary and Extraordinary Shareholders' Meeting, with all documents relative to other items. All documents will be also available on corporate website: www.renodemedici.it.

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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 2009, 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, 2010 ARE ATTACHED BELOW²

² Data for which accounting audit review is being completed.



CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2010

CONSOLIDATED INCOME STATEMENT OF RDM GROUP

	31.12.2010	31.12.2009 (*)	
(thousands of Euros)			
Revenues from sales	503,599	428,120	
- of which related parties	10,529	6,968	
Other revenues and income	14,890	19,324	
- of which non recurring	959		
- of which related parties	1,684	1,712	
Changes in stock of finished goods	4,445	(5,202)	
Cost of raw materials and services	(397,455)	(328,428)	
- of which related parties	(21,895)	(17,061)	
Staff costs	(81,060)	(75,765)	
- of which non recurring	(1,118)		
Other operating costs	(4,396)	(5,841)	
Gross Operating Profit	40,023	32,208	
Depreciation and amortisation	(26,076)	(26,655)	
Recovery of value and write-downs of assets	(1,916)	(598)	
- of which non recurring	(1,867)		
Operating Profit	12,031	4,955	
	<i>Financial expense</i>	(7,765)	(10,896)
	<i>Exchange rate differences</i>	613	432
	<i>Financial income</i>	91	219
Financial income (expenses), net	(7,061)	(10,245)	
Income (loss) from investments	224	(4)	
- of which non recurring		148	
Taxation	(3,155)	(1,297)	
- of which related parties	142	377	
Profit (loss) for the year	2,039	(6,591)	
Total profit (loss) attributable to:			
- Owners of the company	1,367	(6,945)	
- Minority interest	672	354	
Profit (loss) per share (Euros)	0.004	(0.020)	
Profit (loss) per ordinary share diluted (Euros)	0.004	(0.019)	

(*) Comparative figures as December 31, 2009 have been "revised" in accordance with IAS 8, following the reclassification of actuarial profits/losses deriving from the calculation of employee benefits made by the Group during the year.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF RDM GROUP

	31.12.2010	31.12.2009
(thousands of Euros)		
Profit (loss) for the year	2,039	(6,591)
Other components of comprehensive profit (loss)		
<i>Cash Flow Hedge</i>	<i>(8)</i>	<i>(81)</i>
<i>Available for Sale</i>		<i>398</i>
<i>Current translation differences</i>	<i>62</i>	<i>106</i>
Total other components of comprehensive profit (loss)	54	423
Total comprehensive profit (loss)	2,093	(6,168)
Total comprehensive profit (loss) attributable to:		
- Owners of the company	1,421	(6,522)
- Minority interest	672	354



CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF RDM GROUP

	31.12.2010	31.12.2009
(thousands of Euros)		
ASSETS		
Non-current assets		
Tangible fixed assets	244,241	256,231
Goodwill	63	63
Intangible assets	5,990	6,243
Investments	6,689	6,690
Deferred tax assets	1,369	1,473
Financial assets held for sale	191	193
Trade receivables	81	81
Other receivables	370	364
Total non-current assets	258,994	271,338
Current assets		
Stock	81,925	74,313
Trade receivables	119,181	106,835
- of which related parties	586	1,384
Associated companies and joint ventures trade receivables	1,835	3,582
Other receivables	3,856	4,454
Other associated companies and joint ventures receivables	391	346
Financial assets held for sale		188
Liquid funds	2,210	1,707
Total current assets	209,398	191,425
Non-current assets held for sale	1,290	
TOTAL ASSETS	469,682	462,763



	31.12.2010	31.12.2009
(thousands of Euros)		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	185,122	185,122
Share premium		
Other reserves	166	112
Retained earnings (losses) brought forwards	(31,090)	(24,145)
Profit (loss) for the year	1,367	(6,945)
Shareholders' equity attributable to the Group	155,565	154,144
Minority interests	1,010	677
Total Shareholders' equity	156,575	154,821
Non-current liabilities		
Bank loans and other financial liabilities	55,531	62,672
Derivative financial instruments	1,011	846
Other payables	1,596	1,872
- of which related parties	1,204	1,204
Deferred tax liabilities	25,536	27,407
Employee benefits	24,175	24,632
Non-current provisions for contingencies and charges	6,087	3,562
Total non-current liabilities	113,936	120,991
Current liabilities		
Bank loans and other financial liabilities	50,416	64,901
Derivative financial instruments	794	1,069
Trade payables	123,054	100,739
- of which related parties	3,440	2,397
Associated companies and joint ventures trade payables	4,173	1,944
Other payables	15,091	12,713
Other associated companies and joint ventures payables	1,307	3,406
Current taxation	1,630	1,340
Employee benefits	2,706	
Current provisions for contingencies and charges		839
Total current liabilities	199,171	186,951
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	469,682	462,763



CONSOLIDATED CASH FLOW STATEMENT OF RDM GROUP

	31.12.2010	31.12.2009
(thousands of Euros)		
Profit (loss) for the year before taxation	5,194	(5,294)
Depreciation and amortisation	27,992	27,253
Losses (gains) from investments	(224)	4
Financial (income) expense	7,061	9,070
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	2,637	(3,466)
Change in stocks	(7,822)	7,760
Change in trade receivables	(10,231)	9,284
- of which related parties	2,684	(2,920)
Change in trade payables	26,798	(8,513)
- of which related parties	3,273	(1,267)
Change in total working capital	8,745	8,531
Gross cash flows	50,146	36,098
Interests paid in the year	(7,477)	(8,021)
- of which related parties	(10)	(68)
Interests received in the year	3,045	2,151
- of which related parties	14	104
Taxes paid in the year	(4,289)	(4,194)
Cash flows from operating activities	41,425	26,034
Sale (purchase) of financial assets held for sale	190	12
Investments and disinvestments in non current assets	(15,782)	(19,700)
Business combination		(119)
Investments in joint venture	(192)	(4,660)
Dividends received	260	150
Cash flow from discontinued operations		(3,211)
Cash flows from investing activities	(15,524)	(27,528)
Dividends paid	(339)	(243)
Change in financial assets and liabilities and short-term bank borrowings	(17,536)	1,249
- of which related parties	(2,144)	4,785
Change in long-term bank borrowings	(7,585)	(2,225)
Cash flows from financial activities	(25,460)	(1,219)
Exchange difference from conversion	62	106
Change in unrestricted liquid funds	503	(2,607)



Unrestricted liquid funds at beginning of the year	1,707	4,314
Unrestricted liquid funds at end of the year	2,210	1,707



SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2010

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

	31.12.2010	31.12.2009
Revenues from sales	294,723,631	240,496,468
- of which related parties	55,837,183	43,057,660
Other revenues and income	14,300,535	15,886,573
- of which non-recurring	959,049	
- of which related parties	5,848,330	5,376,639
Changes in stocks of finished goods	(1,289,687)	(1,072,915)
Cost of raw materials and services	(234,935,944)	(189,823,243)
- of which related parties	(8,399,004)	(6,366,347)
Staff costs	(46,695,016)	(42,413,765)
- of which non-recurring	(1,117,690)	
Other operating costs	(2,814,197)	(3,117,990)
Gross Operating Margin	23,289,322	19,955,128
Depreciation and amortisation	(15,831,209)	(16,081,925)
Recovery of value and write-downs of assets	(1,915,515)	(598,321)
- of which non-recurring	(1,866,831)	
Operating Profit	5,542,598	3,274,882
	<i>Financial expenses</i>	(6,788,371)
	<i>Exchange rate differences</i>	290,618
	<i>Financial income</i>	436,308
Financial income (expenses), net	(6,061,445)	(8,806,587)
Income (loss) from investments	4,721,561	535,837
Taxation	(137,657)	326,778
- of which related parties	987,784	1,058,418
Profit (loss) for the year	4,065,057	(4,669,090)



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

	31.12.2010	31.12.2009
Profit (loss) for the year	4,065,057	(4,669,090)
Other components of comprehensive profit (loss)		
<i>Cash Flow Hedge</i>	(8,011)	(81,266)
<i>Fair value gains on available-for-sale financial assets</i>		397,460
Total other components of comprehensive profit (loss)	(8,011)	316,194
Total comprehensive profit (loss)	4,057,046	(4,352,896)



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

	31.12.2010	31.12.2009
ASSETS		
Non-current assets		
Tangible fixed assets	158,530,991	166,460,074
Intangible assets	1,686,227	1,984,850
Investments in subsidiary companies	104,104,578	104,104,578
Investments in associated companies	5,575,041	5,625,541
Financial assets held for sale	190,597	192,579
Other receivables	344,357	342,275
Total non-current assets	270,431,791	278,709,897
Current assets		
Stocks	47,245,063	45,468,423
Trade receivables	63,433,023	60,935,309
Group trade receivables	26,576,846	19,889,458
Other receivables	978,213	1,898,287
Other Group receivables	10,653,905	15,778,362
Financial assets held for sales		187,835
Liquid funds	1,817,027	1,071,062
Total current assets	150,704,077	145,228,736
Non-current assets held for sale	1,289,556	
TOTAL ASSETS	422,425,424	423,938,633



	31.12.2010	31.12.2009
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	185,122,487	185,122,487
Share premium		
Other reserves	351,810	359,821
Retained earnings (losses) brought forwards	(40,478,293)	(35,809,203)
Profit (loss) for the year	4,065,057	(4,669,090)
Total shareholders' equity	149,061,061	145,004,015
Non-current liabilities		
Bank loans and other financial liabilities	52,673,979	59,100,791
Other Group payables	7,084,578	9,205,360
Derivative financial instruments	1,010,767	845,849
Other payables	1,594,806	1,646,909
- of which related parties	1,204,033	1,204,033
Deferred tax liabilities	6,493,734	7,266,261
Employee Benefits	12,136,592	13,408,679
Non-current provisions for contingencies and charges	8,490,878	9,467,656
Total non-current liabilities	89,485,334	100,941,505
Current liabilities		
Bank loans and other financial liabilities	47,555,457	62,731,414
Derivative financial instruments	663,055	917,669
Trade payables	81,736,031	66,192,837
Group trade payables	2,967,777	1,081,114
Other payables	8,599,640	7,098,732
Other Group payables	39,296,652	39,323,609
Current taxation	354,881	647,738
Employee Benefits	2,705,536	
Total current liabilities	183,879,029	177,993,113
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	422,425,424	423,938,633



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

	31.12.2010	31.12.2009
(thousands of Euros)		
Profit (loss) for the year before taxation	4,203	(4,996)
Depreciation and amortisation	17,747	16,680
Losses (gains) from investments	(4,722)	(536)
Financial (income) expense	6,061	8,807
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	2,559	(1,874)
Change in stocks	(1,909)	3,610
Change in trade receivables	(7,510)	(6,747)
- of which related parties	(5,410)	(6,288)
Change in trade payables	18,853	(4,059)
- of which related parties	2,242	(1,690)
Change in total working capital	9,434	(7,196)
Gross cash flows	34,323	10,885
Interests paid in the year	(6,672)	(7,907)
- of which related parties	(523)	(656)
Interests received in the year	2,302	1,607
- of which related parties	363	527
Taxes paid in the year	(1,914)	
Cash flows from operating activities	28,039	4,585
Sale (purchase) of financial assets held for sale	190	12
Investments and disinvestments in non current assets	(9,849)	(14,045)
Operation on equity	(6,106)	(7,000)
Investments in subsidiary's companies		(119)
Investments in joint venture		(4,660)
Dividends received	8,426	6,907
Cash flows from investing activities	(7,339)	(18,905)
Change in financial assets and liabilities and short-term bank borrowings	(10,963)	9,778
- of which related parties	5,127	12,748
Change in long-term bank borrowings	(8,991)	2,059
- of which related parties	(2,121)	3,571
Cash flows from financial activities	(19,954)	11,837
Change in unrestricted liquid funds	746	(2,483)
Unrestricted liquid funds at beginning of the year	1,070	3,553

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Unrestricted liquid funds at end of the year	1,816	1,070
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