

RenoDeMedici



**APPROVED THE DRAFT FINANCIAL STATEMENTS 2006**

**APPROVED THE CORPORATE GOVERNANCE IN ACCORDANCE WITH THE NEW  
CORPORATE GOVERNANCE CODE FOR ITALIAN LISTED COMPANIES**

**PROPOSED THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN  
COMPLIANCES WITH LAW 262/05, AS AMENDED BY D. LGS. 303/06**

*Pontenuovo di Magenta, 26 March 2007*

**CONSOLIDATED RESULTS AT 31 DECEMBER 2006**

- ♦ **Net revenues:** Euro 313.9 million, compared to Euro 295.3 million at 31 December 2005 (+6.3%).
- ♦ **Gross operating profit (EBITDA):** Euro 29.0 million, compared to Euro 27.8 million at 31 December 2005 (+4.3%).
- ♦ **Operating profit (EBIT):** Euro 5.6 million, compared to Euro 1.8 million at 31 December 2005.
- ♦ **Net result before discontinued operations:** negative for Euro 9.9 million compared to a loss of Euro 23.9 million at 31 December 2005.
- ♦ **Net result for the period:** includes the result of 'discontinued operations' and non recurring item and is negative for Euro 18.8 million (negative for Euro 12.8 million at 31 December 2005). The result, compared to the fourth quarter 2006 Report, shows a difference mainly due to the valuation of the associate company Termica Boffalora S.r.l..
- ♦ **Net financial debt:** Euro 127.1 million, compared to Euro 169.3 million at 31 December 2005.
- ♦ **Cash flows from operating activities:** Euro 22.8 million, compared to Euro 10.1 million at 31 December 2005.

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The Board of Directors of Reno De Medici S.p.A. (“**RDM**” or the “**Parent Company**”) today approved the draft financial statements of the Parent Company and the financial statements of the Reno De Medici Group (“**RDM Group**” or the “**Group**”) for the financial year 2006. The

Board of Directors has also approved the Corporate Governance 2006 in accordance with the new Corporate Governance Code for Italian listed companies and has resolved to submit to the Extraordinary Shareholder's Meeting, to be held with the next Ordinary Shareholder's Meeting for the approval of Financial Statements 2006, the amendments to the Articles of Association in compliance with Law 262/05, as amended by D. Lgs. 303/06.

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## **FOREWORD**

The RDM Group has substantially completed the reorganisation and restructuring process that it began around three years ago.

The steps taken to restructure the Group over this period, of which we recall the reorganisation of the production facilities, the sale of investments held in companies working in the packaging sector and the demerger of property assets that are not relevant to manufacturing activities, have led to a simplification of the Group's organisational structure and to specialisation in the original core business of the Group which regards the production of recycled cartonboard for packaging.

This strategy enabled the funds to be generated in the year ended 31 December 2006 that were needed to repay the bond of Euro 145 million that had been issued by Reno De Medici International S.A. and, especially, will allow us to allocate the future funds generated by our industrial activities to strategic investments in the sector to which we belong, with the prospect of achieving results of note in terms of cost reduction and the recovery of manufacturing efficiency.

The major operations that the Group carried out in 2006 may be summarised as follows:

- on 6 April 2006, loan agreements were signed with the banks SanPaoloIMI S.p.A., Banca Intesa S.p.A. and Unicredit Banca d'Impresa S.p.A. for an amount of 60 million euros, as a preliminary to the repayment of the bond. This loan is divided into a first portion of Euro 50 million repayable in equal instalments over ten years and a second five-year revolving loan of Euro 10 million;
- on 1 May 2006, Reno De Medici Iberica S.L. ("RDM Iberica") purchased at book value the business of its wholly owned subsidiary Barneda Carton S.A., a company carrying out cutting and selling activities. Subsequent to this, on 17 May 2006, RDM Iberica sold its investment in the company to third parties;
- on 4 May 2006, the bond issued by the subsidiary Reno De Medici International S.A. was fully repaid;
- on 19 June 2006, the demerger deed was signed for the partial and proportional demerger of RDM through the transfer of the non-business property assets owned by RDM into the newly-established recipient company RDM Realty S.p.A. ("RDM Realty"). The formalisation of the demerger deed followed the admission to trading of RDM Realty's shares by Borsa Italiana S.p.A. on 12 June 2006 and the clearance given by Consob on 15 June 2006 for the publication of the company's listing prospectus. The demerger became effective on 21 June 2006 and the RDM Realty shares began trading in Expandi Market on 22 June 2006. The completion of the demerger operation led to Red.Im S.r.l. leaving the scope of consolidation and the resulting deconsolidation of interest-bearing debt of Euro 40 million;

- following the repayment of its bond, the subsidiary RDM International S.A. completed its corporate purpose and was accordingly wound up definitively on 21 December 2006;
- on 25 May 2006, in connection with the action being taken to dispose of the non-current assets held for sale relating to discontinued operations, an agreement was signed for the sale of board machine 3 at the Prat facility (BM3), and on 17 November 2006 two agreements were signed for the sale of board machines 1 and 2 located at the Pompeii facility. These two latter machines had been bought by RDM from Aticarta S.p.A., as part of the conditions of the agreement for the sale of the investment in that company. Dismantling operations are expected to be completed during the first part of 2007 for the Prat BM3 machine and by mid 2007 for the plant at the Pompeii facility;
- on 21 December RDM has signed an agreement with SanPaolo IMI for a loan of Euro 14.7 million, of which Euro 2.3 million was disbursed in 2006.

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### **CONSOLIDATED FINANCIAL STATEMENTS**

The RDM Group achieved net revenues<sup>1</sup> in 2006 of Euro 314 million compared to Euro 295 million in 2005, being the result of the combined effect of an increase in both volumes and average sales prices.

In particular, despatched volumes reached 645,000 tonnes in 2006, representing an increase of 6% over 2005. These figures exclude sales made by the business units sold during 2005 (the Prat facility and the Magenta MC1) and as a result are consistent with the net revenues stated above. The production volumes of operating facilities reached 651,000 tonnes compared to 610,000 tonnes in the previous year.

Average unit sales prices weighted by the mix of despatched volumes slightly increased over 2005. There was a gradual pick-up in prices throughout 2006 compared with the averages in 2005, when there was a continuing drop in prices as the year progressed.

Average unit sales prices during the fourth quarter of 2006 for the various types of cartonboard produced in the Group's factories increased considerably over those for the fourth quarter of the previous year.

An analysis of net revenues by geographical area shows that revenues rose in Italy and other European Union countries (up 8%) and fell in countries outside the European Union (down 6.4%), distinguished by lower margins.

Trends in operating costs in 2006 were characterised by the considerable rise in energy costs which led to an increase totalling Euro 15 million before any efficiency recoveries.

Improvements in efficiency achieved by the production units and the steps taken to contain variable costs enabled the unfavourable tendency in energy factors to be significantly offset.

As a result of the changes described above, a **gross operating profit (EBITDA)** of Euro 29 million was achieved compared to Euro 27.8 million in 2005, representing an increase of 4.3%.

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<sup>1</sup> These figures do not include the volumes despatched by the production units whose economic contribution is classified as "Discontinued operations".

There was a considerable increase in **operating profit (EBIT)** which rose from Euro 1.8 million in 2005 to Euro 5.6 million in 2006. In addition to the increase in EBITDA, this may be attributed to lower depreciation, amortisation and write-downs.

There is an overall loss of Euro 8.9 million from **discontinued operations**, which includes the contribution (in terms of net operating result) from the operations at the Prat facility and the Magenta MC1 that were ceased during 2005, the income and expense connected with the assets demerged into the recipient company RDM Realty, including the costs incurred for the demerger operation and the listing of the recipient on the Expandi exchange, and the residual costs connected with the disposal of the investments Europoligrafico S.p.A. and Aticarta S.p.A. which were sold in 2005.

There is a **net loss** in 2006 of Euro 18.8 million compared to a net loss of Euro 12.8 million in 2005. The loss attributable to the Group amounts to Euro 19.1 million (Euro 13.3 million in 2005). The net result at 31 December 2006 differentiates for an amount of Euro 4 million, compared to the fourth quarter 2006 Report, mainly due to the valuation at equity of the associates Termica Boffalora S.r.l., as stated by its major shareholder Edison S.p.A. in accordance with IFRS, as well as further provisions concerning discontinued operations.

Technical investments made in 2006 amounted to Euro 10.7 million (Euro 10.1 million in 2005).

**Net Invested capital** at 31 December 2006 was funded by interest-bearing debt of 52.3% and shareholders' funds of 47.7% (respectively 54.2% and 45.8% at 31 December 2005).

**Net consolidated financial debt** at 31 December 2006 amounted to Euro 127.1 million, representing an improvement over the figure of Euro 169.3 million at 31 December 2005.

The following table summarises the changes that took place in the net financial position during the two years, from which a comparison may be made:

(migliaia di Euro)	31.12.2006	31.12.2005	Variation
Cash and cash equivalents and short term financial receivables	11,389	75,330	(63,941)
Short term financial payables	(57,481)	(225,608)	168,127
Valuation of current portion of derivatives	(273)	4,079	(4,352)
<b>Short term financial position</b>	<b>(46,365)</b>	<b>(146,199)</b>	<b>99,834</b>
Long term financial receivables	-	5,200	(5,200)
Long term financial payables	(80,789)	(28,270)	(52,519)
Valuation of non-current portion of derivatives	69	-	69
<b>Net financial position</b>	<b>(127,085)</b>	<b>(169,269)</b>	<b>42,184</b>

The reduction over the previous year is principally due to the assignment of interest-bearing debt of Euro 40 million in Red.Im S.r.l. to the recipient RDM Realty following the completion of the demerger operation which took place in 2006. In addition, the RDM Group had outflows of cash during the year connected with operations of a non-recurring nature which, net of the proceeds received from the sale of assets held for sale relating to the Ciriè and Prat facilities, amount to Euro 5 million. These outflows of cash relate for the most part to the payment of the amounts due to the personnel of the Prat facility and the costs connected with the demerger operation and the listing of RDM Realty.

Furthermore, net financial debt at 31 December 2005 included a favourable effect (amounting in total to Euro 4.1 million) arising from the remeasurement at fair value of the derivative instruments connected with the Reno De Medici International S.A. bond, for which the related agreements were terminated normally in May 2006 on the repayment of that bond. The effect arising from the remeasurement at fair value of derivative instruments at 31 December 2006 acquired by the RDM Group as cash flow hedges was unfavourable for Euro 0.2 million.

In particular, gross financial debt at 31 December 2006 measured at amortised cost amounted to Euro 138.3 million (compared to Euro 253.9 million at 31 December 2005) and includes the non-current portion of Euro 80.8 million of long-term loans, the current portion of Euro 10.5 million of long-term loans and bank facilities of Euro 47 million, mostly made up of advances on trade receivables.

At 31 December 2006, liquidity and financial receivables due within 12 months amounted in total to Euro 11.4 million (compared to Euro 75.3 million at 31 December 2005) and include a balance of Euro 5 million restricted in connection with the dispute with Grupo Torras.

Long-term interest-bearing debt amounts to Euro 80.8 million. The repayment of the bond was made in 2006 for Euro 145 million and repayments totalling Euro 19.5 million were also made for long-term loans; in addition, new long-term loans of Euro 68.5 million were drawn down during the year.

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#### **FINANCIAL STATEMENTS OF THE PARENT COMPANY**

RDM has adopted International Financial Reporting Standards (“IFRS”) for the first time in preparing its separate financial statements at 31 December 2006. As a consequence, the comparative figures presented for 2005 represent data that have been recalculated and reclassified in accordance with IFRS.

RDM achieved net revenues in 2006 of Euro 285.7 million compared to Euro 265.3 million in 2005, representing an increase of 7.7%, being the result of an increase in volumes and, to a lesser extent, an increase in unit sales prices.

EBITDA reached Euro 24.1 million, compared to Euro 24.8 million at 31 December 2005.

There was a net operating loss of Euro 0.4 million (profit of Euro 0.1 million at 31 December 2005), after charging depreciation, amortization and write-downs of Euro 24.5 million.

The result from discontinued operations, a loss of Euro 5.5 million (profit of Euro 18 million at 31 December 2005) consists of the contribution in terms of net operating result of the Magenta board machine 1, the costs connected with the assets demerged into the recipient company RDM Realty (the Ciriè facility), including the costs incurred for the demerger operation and the listing of the recipient company, and the accessory costs connected with the disposal of the investments Europoligrafico S.p.A. and Aticarta S.p.A. which were sold in 2005, including the accessory costs connected with the disposal of the Pompeii plant. Discontinued operations closed in profit in 2005 as the result of the capital gain realized on the sale of Europoligrafico S.p.A..

There was an overall net loss for the year of Euro 15.3 million compared to a net loss of Euro 16.9 million in 2005. The net loss did not reflect, compared to Group account, the devaluation of the associate company Termica Boffalora S.r.l., posted at lower value in accordance with the method of cost.

Net Invested capital at 31 December 2006 was funded by interest-bearing debt of 58.6% and shareholders' funds of 41.4% (respectively 57.4% and 42.6% at 31 December 2005).

The net financial debt of the Parent Company at 31 December 2006 amounted to Euro 165.5 million, representing an improvement over the figure of Euro 200.8 million at 31 December 2005.

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#### **OUTLOOK AND SUBSEQUENT EVENTS**

There has been a significant increase in volumes sold during the first few months of 2007 (up 4% compared to the corresponding period in 2006) and in orders (up 9% compared to the corresponding period in 2006), leading to positive effects on machine load and plant usage.

The orders received have moreover been taken at the increased sales prices that the Group imposed at the beginning of the year.

On the cost side, the concerns and uncertainties felt over the trend in the price of fibrous raw materials are emphasised; these movements will have been taken to further steps on sales prices. No particular pressure is expected to arrive from energy prices however.

As a result, prospects for the current year, linked to the pick-up in the demand for consumer goods in Europe, in line with the positive performance of the beginning of the year and with favourable sales prices, enable RDM to achieve higher industrial margins. Economic outlook, considering forecasted savings on amortization and financial expenses, seems to be better compared the previous years.

Production grew by 2.5% in the first two months of 2007 compared to the corresponding period of last year, with the consequent favourable effects on the absorption of industrial fixed costs.

Operations began in March to dismantle the 1 and 2 board machines at Pompeii. This work is expected to be completed within a few months.

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## **CORPORATE GOVERNANCE 2006**

The Board of Directors approved the Corporate Governance 2006 in accordance with the new Corporate Governance Code for Italian listed companies.

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## **AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Law no. 262/05 (as subsequently supplemented and amended by D. Lgs. 303/06) introduced certain changes to the TUF (Consolidated Finance Act). These changes require the Company to revise its Articles of Association by 30 June 2007. The Board of Directors puts to the Shareholder's Meeting for its approval the amendments to the Articles of Association in order to comply with the above mentioned law.

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## CONSOLIDATED FINANCIAL STATEMENTS<sup>2</sup>

Consolidated profit and loss account	31.12.2006	31.12.2005
	Euro/000	
Revenues from sales	313,889	295,275
Other revenues	4,040	5,094
Changes in stocks of finished goods	5,781	247
Cost of raw materials and services	(239,842)	(215,743)
Staff costs	(51,544)	(52,750)
Other operating costs	(3,215)	(3,767)
Income (expense) from non-current assets held for sale	(363)	(179)
Unusual income (expense)	270	(371)
<b>Gross Operating Profit (EBITDA)</b>	<b>29,016</b>	<b>27,806</b>
Depreciation and amortisation	(23,381)	(24,439)
Recovery of value and write-downs of assets	-	(1,588)
<b>Operating Profit (EBIT)</b>	<b>5,635</b>	<b>1,779</b>
	<i>Financial expense</i>	(14,694)
	<i>Exchange differences</i>	350
	<i>Financial income</i>	2,559
Financial income (expense), net	(10,658)	(11,785)
Income from investments	(1,990)	1,982
Other income (expense)	281	(15,700)
Taxation	(3,168)	(223)
<b>Profit (loss) for the year before discontinued operations</b>	<b>(9,900)</b>	<b>(23,947)</b>
	<i>Gains (losses) from disposals, net</i>	32,328
	<i>Loss for the period</i>	(21,151)
Discontinued operations	(8,943)	11,177
<b>Profit (loss) for the year</b>	<b>(18,843)</b>	<b>(12,770)</b>
Attributable to:		
Profit (loss) for the year pertaining to the group	(19,098)	(13,261)
Profit (loss) for the year pertaining to minority interests	255	491

<sup>2</sup> The audit of this figures is currently being finalised.



Consolidated balance sheet	31.12.2006	31.12.2005
	Euro/000	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible fixed assets	177,571	193,174
Investment property	-	1,284
Goodwill	146	146
Other intangible assets	2,338	3,309
Investments accounted for under the equity method	10,818	14,216
Deferred tax assets	892	577
Derivative financial instruments	83	-
Financial assets held for sale	471	219
Trade receivables	76	193
Other receivables	4,969	10,272
<b>Total non-current assets</b>	<b>197,364</b>	<b>223,390</b>
<b>Current assets</b>		
Stocks	89,775	92,979
Trade receivables	100,758	106,899
Other receivables	9,106	21,168
Derivative financial instruments	77	5,321
Financial assets held for sale	8	10
Liquid funds	9,536	56,779
<b>Total current assets</b>	<b>209,260</b>	<b>283,156</b>
<b>Other non-current assets held for sale</b>	<b>11,392</b>	<b>20,208</b>
<b>TOTAL ASSETS</b>	<b>418,016</b>	<b>526,754</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Shareholders' equity attributable to the group	114,978	142,251
Minority interests	576	759
<b>Shareholders' equity</b>	<b>115,554</b>	<b>143,010</b>
<b>Non-current liabilities</b>		
Bank loans and other financial liabilities	80,789	28,270
Derivative financial instruments	14	-
Other payables	32,759	1,064
Deferred tax liabilities	7,699	2,293
Employees' leaving entitlement	17,235	17,324
Non-current provisions for contingencies and charges	6,175	7,425
<b>Total non-current liabilities</b>	<b>144,671</b>	<b>56,376</b>
<b>Current liabilities</b>		
Bank loans and other financial liabilities	57,481	220,056
Derivative financial instruments	350	1,242
Trade payables	86,560	72,552
Other payables	13,368	33,247
Current taxation	32	271
<b>Total current liabilities</b>	<b>157,791</b>	<b>327,368</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>418,016</b>	<b>526,754</b>

<b>Consolidated cash flow statement</b>	<b>31.12.2006</b>	<b>31.12.2005</b>
	Euro/000	
Profit (loss) for the period before discontinued operations and before taxation	(6,732)	(23,724)
Depreciation and amortisation	23,381	24,632
Write-downs	3,190	16,906
(Gains) losses from investments	(1,200)	(1,982)
Financial (income) expense	10,658	11,865
Gains (losses) on the disposal of fixed assets	(420)	(246)
Change in trade receivables	6,219	6,970
Change in stocks	(2,910)	1,609
Change in trade payables	14,844	(10,766)
Change in other receivables	(1,531)	6,121
Change in other payables	(7,872)	7,185
Change in the employees' leaving entitlement	(928)	259
Change in other provisions and deferred taxation	(633)	(12,830)
<b>Gross cash flows</b>	<b>36,066</b>	<b>25,999</b>
Interest paid in the period	(10,895)	(13,511)
Taxes paid in the period	(2,335)	(2,358)
<b>Cash flows from operating activities [1]</b>	<b>22,836</b>	<b>10,130</b>
Sale (purchase) of financial assets held for sale	2	43
Investments	(10,876)	(10,507)
Divestments	2,208	860
Dividends received	1,076	1,757
Financial income	1,171	1,320
Discontinued operations		
<i>a. Gains on disposal of discontinued operations</i>	-	32,328
<i>b. Result for the period of discontinued operations</i>	(7,723)	(21,151)
<i>c. Change in assets and liabilities of discontinued operations</i>	(571)	24,361
<i>d. Change in other receivables/other payables of disposals</i>	11,201	(4,354)
Cash flows from discontinued operations (a+b+c+d)	2,907	31,184
Change in scope of consolidation	-	4,577
<b>Cash flows from investing activities [2]</b>	<b>(3,512)</b>	<b>30,150</b>
Draw-down (repayment) of short-term bank borrowings and long-term loans	(70,587)	(5,684)
Dividends paid	(438)	(292)
Change in other financial liabilities	4,458	(1,500)
<b>Cash flows from financing activities [3]</b>	<b>(66,567)</b>	<b>(7,476)</b>
<b>Change in restricted liquid funds [4]</b>	<b>6,943</b>	<b>7,055</b>
<b>Change in unrestricted liquid funds [1+2+3+4]</b>	<b>(40,300)</b>	<b>38,831</b>
<b>Unrestricted liquid funds at beginning of period</b>	<b>44,807</b>	<b>5,976</b>
<b>Unrestricted liquid funds at end of period</b>	<b>4,507</b>	<b>44,807</b>
<b>Liquid funds at end of period</b>		
Unrestricted liquid funds	4,507	44,807
Restricted liquid funds	5,029	11,972
<b>Total liquid funds at end of period</b>	<b>9,536</b>	<b>56,779</b>

## PARENT COMPANY FINANCIAL STATEMENTS<sup>3</sup>

Profit and loss account	31.12.2006	31.12.2005
	Euro/000	
	<i>Revenues from sales to third parties</i>	<i>239,567</i>
	<i>Revenues from sales to subsidiary companies</i>	<i>46,135</i>
Revenues from sales	285,703	265,267
Other revenues	3,537	3,712
Changes in stocks of finished goods	5,290	1,629
Cost of raw materials and services	(222,227)	(195,783)
Staff costs	(45,135)	(46,490)
Other operating costs	(2,741)	(3,367)
Income (expense) from non-current assets held for sale	(363)	(179)
<b>Gross Operating Profit (EBITDA)</b>	<b>24,063</b>	<b>24,789</b>
Depreciation and amortisation	(24,462)	(24,660)
Recovery of value and write-downs of assets	-	-
<b>Operating Profit (EBIT)</b>	<b>(399)</b>	<b>129</b>
	<i>Financial expense</i>	<i>(11,331)</i>
	<i>Exchange differences</i>	<i>(154)</i>
	<i>Financial income</i>	<i>723</i>
Financial income (expense), net	(10,761)	(6,755)
Income from investments	2,125	(26,141)
Taxation	(809)	(2,453)
<b>Profit (loss) for the year before discontinued operations</b>	<b>(9,845)</b>	<b>(35,220)</b>
	<i>Gains (losses) from disposals, net</i>	<i>-</i>
	<i>Loss for the period</i>	<i>(5,492)</i>
Discontinued operations	(5,492)	18,299
<b>Profit (loss) for the year</b>	<b>(15,337)</b>	<b>(16,921)</b>

<sup>3</sup> The audit of this figures is currently being finalised.

Balance sheet	31.12.2006	31.12.2005
Euro/000		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible fixed assets	178,500	192,772
Other intangible assets	1,207	1,794
Shares in subsidiary companies	64,354	79,494
Shares in associate companies	7,743	7,743
Derivative financial instruments	83	-
Financial assets held for sale	443	191
Trade receivables	76	104
Other receivables	919	4,142
<b>Total non-current assets</b>	<b>253,325</b>	<b>286,240</b>
<b>Current assets</b>		
Stocks	53,844	50,094
Trade receivables	67,522	76,569
Trade receivables due to subsidiary companies	22,847	37,582
Trade receivables due to associates	801	958
Other receivables	3,280	18,620
Derivative financial instruments	77	-
Liquid funds	2,044	43,208
<b>Total current assets</b>	<b>150,415</b>	<b>227,031</b>
<b>Other non-current assets held for sale</b>	<b>9,662</b>	<b>14,579</b>
<b>TOTAL ASSETS</b>	<b>413,402</b>	<b>527,850</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Patrimonio netto</b>	<b>117,071</b>	<b>148,838</b>
<b>Non-current liabilities</b>		
Bank loans and other financial liabilities	80,288	27,487
Payable due to subsidiary companies	32,000	-
Derivative financial instruments	14	-
Other payables	599	651
Deferred tax liabilities	11,373	12,122
Employees' leaving entitlement	17,133	17,008
Non-current provisions for contingencies and charges	3,946	3,689
<b>Totale passività non correnti</b>	<b>145,354</b>	<b>60,957</b>
<b>Current liabilities</b>		
Bank loans and other financial liabilities	57,164	72,085
Derivative financial instruments	351	33,970
Trade payables due to third party	78,405	63,059
Payables due to subsidiary companies	4,063	131,672
Payables due to associates payables	1,363	947
Other payables	9,631	16,322
<b>Total current liabilities</b>	<b>150,976</b>	<b>318,055</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>413,402</b>	<b>527,850</b>

<b>Cash flow statement</b>	<b>31.12.2006</b>	<b>31.12.2005</b>
	Euro/000	
Profit (loss) for the period before discontinued operations and before taxation	(9,036)	(32,767)
Depreciation and amortisation	24,462	23,091
Write-downs	-	-
(Gains) losses from investments	(2,125)	23,903
Financial (income) expense	10,761	6,755
Gains (losses) on the disposal of fixed assets	-	(256)
Change in trade receivables	9,075	14,643
Change in stocks	(4,405)	3,039
Change in trade receivables due to subsidiary companies	(1,654)	(131)
Change in trade receivables due to associates companies	157	(797)
Change in other receivables	(2,085)	7,858
Change in trade payables	15,346	(3,912)
Change in trade payables due to subsidiary companies	(40)	2,311
Change in trade payables due to associates companies	416	(118)
Change in other payables	(1,190)	(1,087)
Change in the employees' leaving entitlement	(708)	(449)
Variazione altri fondi e imposte differite	735	(5,650)
<b>Gross cash flows</b>	<b>39,709</b>	<b>36,433</b>
Interest paid in the period	(11,272)	(11,731)
Taxes paid in the period	(2,236)	(1,378)
<b>Cash flows from operating activities [1]</b>	<b>26,201</b>	<b>23,324</b>
Sale (purchase) of financial assets held for sale	(126)	3,579
Investments	(9,709)	(13,035)
Divestments	15,619	857
Dividends received	2,125	1,686
Discontinued operations		
<i>a. Gains on disposal of discontinued operations</i>	-	19,466
<i>b. Result for the period of discontinued operations</i>	(5,492)	(1,167)
<i>c. Change in assets and liabilities of discontinued operations</i>	1,220	19,926
<i>d. Change in other receivables/other payables of disposals</i>	19,079	(3,054)
Cash flows from discontinued operations (a+b+c+d)	14,807	35,171
<b>Cash flows from investing activities [2]</b>	<b>22,716</b>	<b>28,258</b>
Repayment (draw-down) of intragroup receivables	29	(7,618)
Draw-down (repayment) of intragroup payable	(95,569)	(1,705)
Draw-down (repayment) of short-term bank borrowings and long-term loans	37,880	(1,977)
Dividends paid	-	-
Change in other financial liabilities	(32,421)	(337)
<b>Cash flows from financing activities [3]</b>	<b>(90,081)</b>	<b>(11,637)</b>
<b>Change in restricted liquid funds [4]</b>	<b>-</b>	<b>-</b>
<b>Change in unrestricted liquid funds [1+2+3+4]</b>	<b>(41,164)</b>	<b>39,945</b>
<b>Unrestricted liquid funds at beginning of period</b>	<b>43,208</b>	<b>3,263</b>
<b>Unrestricted liquid funds at end of period</b>	<b>2,044</b>	<b>43,208</b>
<b>Liquid funds at end of period</b>		
Unrestricted liquid funds	2,044	43,208
Restricted liquid funds	-	-
<b>Total liquid funds at end of period</b>	<b>2,044</b>	<b>43,208</b>