



APPOINTED THE MANAGER IN CHARGE OF THE COMPANY'S ACCOUNTING RECORDS

APPROVED THE QUARTERLY REPORT AT 30 SEPTEMBER 2008

- **NET REVENUES: 361.7 MILLION EUROS (259.5 MILLION EUROS AT 30 SEPTEMBER 2007)**
- **EBITDA: 35.1 MILLION EUROS, 18.1 OF WHICH REFERRED TO CURRENT OPERATIONS (22.8 MILLION EUROS AT 30 SEPTEMBER 2007)**
- **EBIT: 20.6 MILLION EUROS (8.6 MILLION EUROS AT 30 SEPTEMBER 2007)**
- **NET PROFIT: 6.2 MILLION EUROS (LOSS OF 0.3 MILLION EUROS AT 30 SEPTEMBER 2007)**

Milan, 13 November 2008

The Board of Directors of Reno De Medici S.p.A., met today under the chairmanship of Mr. Giuseppe Garofano, appointed Mr. Stefano Moccagatta as manager in charge of the preparation of the company's accounting records, and approved the consolidated Quarterly Report at 30 September 2008.

INTRODUCTION

As already known, during the first quarter of 2008, the merging of activities was carried out relating to the Cascades Europe Group recycled cartonboard production business. In particular, on 26 February 2008 (with effective date 1 March 2008) the deed was signed for the merger of Cascades Italia S.r.l., company holding 100% of the shareholdings in Cascades Arnsberg GmbH, Cascades Blendecques S.a.s. and Cascades Cartonboard Ltd, with Reno De Medici S.p.A..

It has to be noted, therefore, that the consolidated figures related to the period January - September 2008 refer, for the first two months, to the consolidated RDM Group prior to the merger, and for the remaining period to the RDM Group as resulting from the merger with Cascades Italia.

The integration of the sales, IT and administration structures with the former Cascades companies continued in the third quarter of 2008. The delay in the merger, originally planned to be finalised during the first few days of 2008, caused by the additional requests for

information from the antitrust authorities, led to the impossibility of establishing a joint commercial policy for the current year, with the resulting hold-up in implementing operational synergies.

The weakness in demand already experienced during the first two quarters of 2008 was confirmed in the third, with a contraction in consumption which gradually worsened as the international financial crisis intensified. Also, the economic performance in the Quarter was negatively affected by the generally increased cost of energy.

The Company reacted to the persistently negative scenario by taking the necessary downtime, in order to adjust the production to demand and reduce the negative effect on profitability. Therefore the production of the Quarter amounted to 220 thousand tonnes, that compares to the 249 thousand tonnes of the same period of 2007 (pro-forma value that includes the ex-Cascades operation).

In terms of volumes sold, despatches totalled 675 thousand tonnes (including 209 thousand tonnes relating to the new mills), compared to 508 thousand tonnes at 30 September 2007.

On the sale price front average revenues per tonne despatched as of 30 September 2008 rose by 4.8% compared to 30 September 2007, fully incorporating the increases of the price list made in 2007, as well as the effect of a changed geographical mix caused by the combination with the Cascades business.

CONSOLIDATED RESULTS

After the merger, the appraisal of the activities' fair value, of the actual and potential liabilities, was carried out by using provisory values. The fair value initially assigned may still be reviewed based on additional evidence, as provided by IFRS no. 3.

As a consequence and due to this, at 30 September 2008, a significant non-management-related profit has been recorded, such as to influence the interpretation of the figures relevant to the current operations.

The following table quotes the highlights of the profit and loss account at 30 September 2008 and 2007:

Consolidated profit and loss account	30 September 2008	30 September 2007 (*)
	Euro/000	
Revenues from sales	361,759	259,480
EBITDA	35,091	22,832
EBIT	20,567	8,614
Result of operating activities before taxes (**)	11,256	1,996
<i>Current and deferred taxes</i>	<i>(3,296)</i>	<i>(1,402)</i>
Result of operating activities after taxes (***)	7,960	594
<i>Discontinued operations</i>	<i>(1,728)</i>	<i>(881)</i>
Profit (loss) for the period	6,232	(287)

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

(**) See RDM Group consolidated financial statements, "Profit (loss) for the period before discontinued operations" - "Taxes"

(***) See RDM Group consolidated financial statements, "Profit (loss) for the period before discontinued operations" + "Taxes"

The RDM Group achieved **net revenues** of Euro 361.7 million in the period January - September 2008, compared to Euro 259.5 million in the corresponding period of the previous year. The increase is attributable for Euro 116.6 million to the new facilities.

The consolidated **EBITDA** reached Euro 35 million at 30 September 2008 compared to Euro 22.8 million in the corresponding period in 2007. The increase is mainly due to “Non-recurring income (expense)” of Euro 17.0 million. Such amount is given by Euro 17.5 million of negative goodwill, or the excess of the fair value of assets, liabilities and contingent liabilities, as provisionally determined at 30 September 2008, compared to the aggregate cost, less non-recurring charges of Euro 0.5 million related to the reorganization activities.

The Operating Profit (**EBIT**) at 30 September 2008 amounted to Euro 20.6 million versus Euro 8.6 million for the corresponding period of 2007, and also benefits from the above mentioned non-recurring income.

The **Net result** for the period ended at 30 September 2008 was positive for an amount of Euro 6.2 million, compared to a negative result of minus Euro 0.3 million for the same period in 2007. It includes “Discontinued operation” charges for Euro 1.7 million due to the adjustment of the fair value of the Board Machine 1 of Magenta.

The **Net consolidated financial indebtedness** at 30 September 2008 amounted to Euro 128.7 million, compared to Euro 114.4 at 30 June 2008 and to Euro 114.1 million at 31 December 2007.

RELEVANT FACTS OCCURRED AFTER THE QUARTER ENDED AND OUTLOOK FOR OPERATIONS

The performance of the market in October confirmed the weakness of the demand for consumer goods, and the current trend is not expected to reverse in the short term. Therefore, in the forthcoming months the Company will take the necessary down-time so that to constantly adjust the production to the actual level of demand.

Furthermore, as a structural step pursuing the rationalisation of the Group’s industrial activities, and aiming at recovering efficiency, a plan for the shut-down of the Blendecques’ BM5 board machine was presented on 4 October 2008 to the local trades unions. The plan is still under evaluation by the Company and the Unions.

The positive effect on the profitability of the above mentioned rationalization actions, along with other action currently under study, given the time required by their implementation will be visible only in the course of 2009.

CONSOLIDATED FINANCIAL STATEMENTS ¹

Consolidated profit and loss account		30 September 2008	30 September 2007
	Euro/000		
Revenues from sales		361,759	259,480
Other revenues		1,491	1,085
Changes in stocks of finished goods		(13)	(1,825)
Cost of raw materials and services		(286,866)	(195,532)
Staff costs		(55,489)	(37,269)
Other operating costs		(2,756)	(2,519)
Non recurring income (expense)		16,965	(588)
Gross Operating Profit (EBITDA)		35,091	22,832
Depreciation and amortisation		(14,524)	(14,218)
Operating Profit (EBIT)		20,567	8,614
	Financial expense	(8,561)	(7,230)
	Exchange differences	347	(258)
	Financial income	466	405
Net Financial income (expense)		(7,748)	(7,083)
Income (expense) from investments		(2,140)	491
- of which non recurring write-down of Termica Boffalora S.r.l.		(994)	-
Other income (expense)		577	(26)
Taxation		(3,296)	(1,402)
Profit (loss) for the period before discontinued operations		7,960	594
Discontinued operations		(1,728)	(881)
Profit (loss) for the period		6,232	(287)
Attributable to:			
Profit (loss) for the period pertaining to the group		6,038	(479)
Profit (loss) for the period pertaining to minority interests		194	192

¹ This quarterly report has not been audited by the Independent Auditors.

Consolidated balance sheet

30 September 2008

31 December 2007

Euro/000

ASSETS

Non-current assets

Tangible fixed assets	262,668	174,702
Goodwill	63	146
Other intangible assets	1,631	1,388
Investments and financial transactions currently	1,127	13,134
Deferred tax assets	1,467	1,681
Derivative financial instruments	711	418
Financial assets held for sale	460	482
Other receivables	3,184	5,321

Total non-current assets	271,311	197,272
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Current assets

Stocks	95,280	64,624
Trade receivables	128,121	102,462
Other receivables	2,543	4,702
Derivative financial instruments	102	331
Liquid funds	2,834	8,248

Total current assets	228,880	180,367
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Non-current assets held for sale	3,500	5,583
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TOTAL ASSETS	503,691	383,222
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LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity attributable to the group	174,859	114,770
Minority interests	502	546

Shareholders' equity	175,361	115,316
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Non-current liabilities

Bank loans and other financial liabilities	64,928	70,002
Other payables	1,744	627
Deferred tax liabilities	29,813	6,311
Employees' leaving entitlement	25,248	14,780
Non-current provisions for contingencies and charges	6,558	6,174

Total non-current liabilities	128,291	97,894
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Current liabilities

Bank loans and other financial liabilities	67,378	52,544
Trade payables	115,283	97,718
Other payables	12,869	19,142
Current taxation	4,509	608

Total current liabilities	200,039	170,012
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	503,691	383,222
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Consolidated net financial position	30 September 2008	30 June 2008	31 December 2007
Euro/000			
Cash and cash equivalents and short term financial receivables	2,834	10,422	8,401
Short term financial payables	(67,386)	(61,423)	(53,242)
Valuation of current portion of derivatives	102	403	331
Short-term financial position	(64,450)	(50,598)	(44,510)
long term financial payables	(64,928)	(64,801)	(70,002)
Valuation of non-current portion of derivatives	711	998	418
Net financial position	(128,667)	(114,401)	(114,094)

The Company hereby declares, pursuant to article 36 of Consob Regulation no. 16191/2007, that the conditions of such article are not applicable and therefore there is no adaptation needs.

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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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FOR ADDITIONAL INFORMATION PLEASE CONTACT:

Reno De Medici
Guido Vigorelli
Tel. +39 02 979601 Fax +39 02 97960555
E-mail investor.relations@renomedici.it

carlobruno&associati
Claudio Albanese
Tel. +39 02 89055101 Fax +39 02 89055112
E-mail c.albanese@carlobrunoassociati.com