

Reno De Medici



Half-year
financial report
30 June 2011

Reno De Medici S.p.A.

Registered office: Via Durini 16/18, Milan

Share capital: Euro 185,122,487.06 fully paid

Fiscal code and VAT no. 00883670150

Reno De Medici



Half-year financial report 30 June 2011

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¹ This document is an English translation from Italian. The Italian original shall prevail in case of difference in interpretation and/or factual errors.

1. Company bodies and independent auditors

Board of Directors

Christian Dubé	Chairman
Giuseppe Garofano	Deputy Chairman
Ignazio Capuano	Managing Director
Giulio Antonello	Director
Robert Hall	Director
Sergio Garribba	Director
Laurent Lemaire	Director
Vincenzo Nicaastro	Director
Carlo Peretti	Director

Board of Statutory Auditors

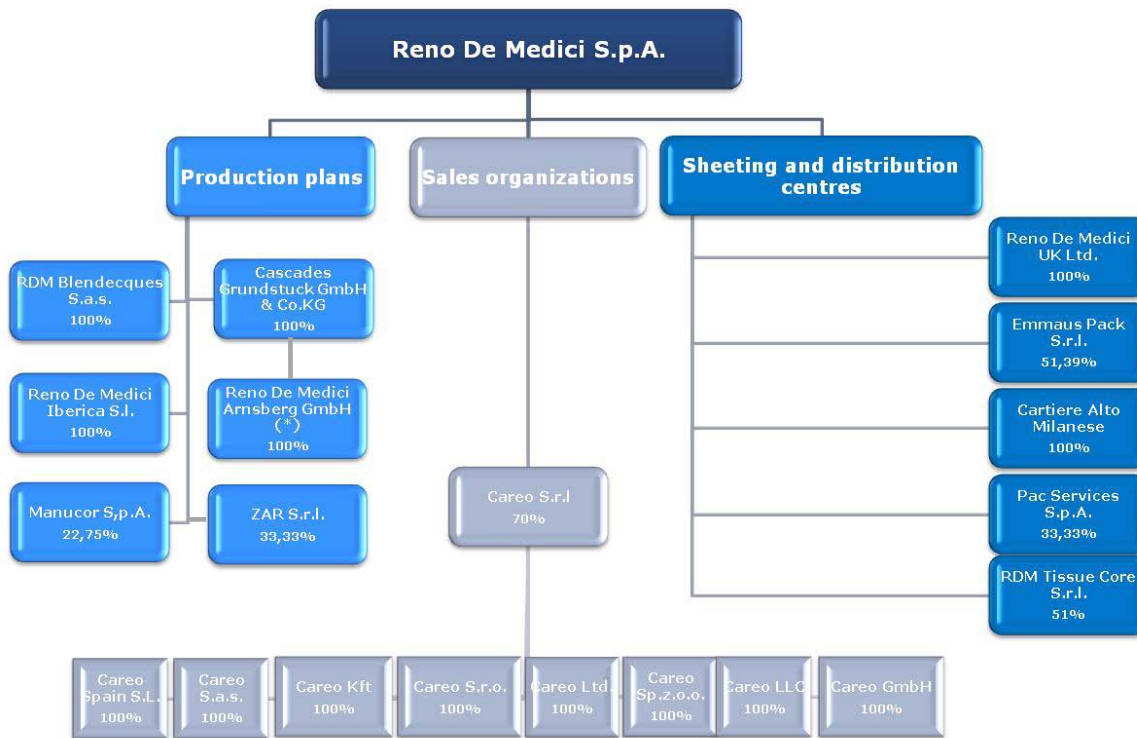
Sergio Pivato	Chairman
Giovanni Maria Conti	Standing auditor
Carlo Tavormina	Standing auditor
Domenico Maisano	Substitute auditor
Myrta de' Mozzi	Substitute auditor

Independent Auditors

PricewaterhouseCoopers S.p.A.

2. Operating companies of the Reno De Medici Group at 30 June 2011

The following chart excludes non-operating companies and companies in liquidation of the Reno De Medici Group (the "RDM Group" or the "Group").



(*) Subsidiary company held by Reno De Medici S.p.A. at 94% and by Cascades Grundstück GmbH & Co.KG. at 6%.

3. Interim report of management

Introduction

The Reno De Medici Group ended the first half of 2011 on a positive note, with growing revenues and net profit of Euro 3.2 million, compared with net profit of Euro 0.9 million for the same period of the previous year. Also EBITDA went up, to Euro 21.2 million, from Euro 18.1 million for the first half of 2010.

New orders were positive in the first quarter, on the strength of the trend that set in 2010, and weakened in the second quarter, in line with the macroeconomic picture, with its positive signals in some countries and signs of a possible slowdown in others.

European demand for coated cardboard, in terms of shipped tons, was stable compared with the same period of the previous year, but slightly down when the figures for the second quarter of 2011 are compared with those of the preceding quarter.

The cost of the main raw materials continued to rise, especially pulp – both virgin and recycled – whilst electricity and gas rose but were more stable, due also to the seasonality of gas.

Concerning fibres, prices are related mainly:

- for virgin fibres, to a demand rising faster than supply, following the shutdown of several cellulose plants in the years of the recent crisis and China's significant consumption;
- for recycled fibres, to rising European demand determined by the growing production that marked 2010 and the first quarter of the current year.

Against this backdrop, the cost of recycled fibres continued to rise in the period under review, though at a varying pace, depending on the type, with lower grades ("brown grades") going up faster than intermediate and higher grades.

To maintain its margins, the Company announced a price increase in all its markets, effective 15 April, and the impact of the hike began to materialise towards the end of the first half.

The Group manufactured 488 thousand tonnes, compared with 469 thousand tonnes for the same period of 2010. As to volumes sold, the Company shipped approximately 485 thousand tonnes, compared with 474 tonnes in 2010.

Consolidated revenues from sales amounted to Euro 279 million, up 15% on the comparable period in 2010, especially thanks to higher revenue per unit.

The geographical mix of the Group's revenues in the first half of 2011 was affected by the different pace of growth of its parts, with greater revenues from countries outside the EU, such as Turkey.

Labour costs were largely in line with those of the same period of the previous year.

Consolidated EBITDA stood at Euro 21.2 million, compared with Euro 18.1 million posted for the same period of 2010.

EBIT amounted to Euro 8.2 million, compared with Euro 4.6 million for the same period in 2010.

Net financial expense increased significantly, compared with the first half of 2010, from Euro 2.5 million to Euro 3.9 million. Actually this increase was attributable entirely to the absence of the foreign exchange gains that the Company recorded in the previous year as a result of the revaluation of the US dollar. Interest expense, for its part, fell slightly, thanks to lower net borrowings, despite the rise in key interest rates in the second quarter.

Net financial indebtedness amounted to Euro 103.6 million, compared with Euro 106.5 million in December 2010. The slight increase on the comparable figure in March (Euro 99.4 million) reflects seasonality effects and cash flow mismatches (e.g. annual cash rebates paid to customers for purchases made in 2010).

Results of the first half of 2011

The following table sets out the highlights of the profit and loss accounts for the six months ended on 30 June 2011 and 2010:

	30.06.2011	30.06.2010
(thousands of Euros)		
Revenues from sales	278,594	241,586
EBITDA (1)	21,222	18,061
EBIT (2)	8,162	4,640
Profit (loss) of operating activities before taxes (3)	4,405	1,905
<i>Current and deferred taxes</i>	<i>(1,235)</i>	<i>(1,013)</i>
Profit (loss) for the period	3,170	892

(1) Cfr. Consolidated income statement of RDM Group, "Gross Operating Margin"

(2) Cfr. Consolidated income statement of RDM Group, "Operating Profit"

(3) Cfr. Consolidated income statement of RDM Group, "Profit (loss) for the period" – "Taxation"

The RDM Group in the first half of 2011 achieved net revenues of Euro 278.6 million, compared to Euro 241.6 million in the corresponding period of the previous year.

Consolidated EBITDA in the first half of 2011 reached Euro 21.2 million compared to Euro 18.1 million in the corresponding period in 2010.

Operating profit (EBIT) for the six months ended 30 June 2011 amounted to Euro 8.2 million, versus Euro 4.6 million for the corresponding period of 2010.

Profit before tax is positive to Euro 4.4 million, compared to Euro 1.9 million for the corresponding period of 2010.

The net profit at June 30, 2011 amounts to Euro 3.2 million.

The Group during the six months ended June 30, 2011 made capital expenditure of Euro 13.2 million, compared to Euro 5.7 million on 30 June 2010.

The consolidated net financial indebtedness at June 30, 2011 amounted to Euro 103.6 million, compared to Euro 106.5 million at December 31, 2010.

More specifically, the gross financial indebtedness at June 30, 2011, measured at amortized cost amounted to Euro 108.3 million (compared to Euro 107.2 million at December 2010) and consisted of the non-current portion of long-term loans for Euro 50.6 million, the current position of long term loans for about Euro 13.2 million and bank credit facilities and other financial liabilities of about Euro 44.5 million, consisting mainly of credit lines based trade accounts receivables.

Derivative instruments are recognized in the financial statements as a liability with a carrying amount of Euro 1.3 million.

At June 30, 2011, cash and financial receivables with maturity within 12 months equaled Euro 6.0 million (compared with Euro 2.6 million in December 2010).

Related parties and intragroup transactions

Related party transactions, including those of an intragroup nature, form part of the normal operations of Group companies and do not qualify for consideration as either abnormal or unusual. These transactions are carried out at market conditions.

Disclosure on related-party transactions, including those required pursuant to the CONSOB Resolution of 28 July 2006, is given in note 4.7 of the consolidated condensed interim financial statements at 30 June 2011.

Significant events

In April 2011, in the Ordinary General Meeting the Shareholders approved the new performance phantom share plan for the 2011-2013 period, pursuant to and due to the effects of article 114 bis of Legislative Decree 58/59, as proposed by the Board of Directors on 21 March 2011.

The main features of this plan are illustrated in the notes.

Risk factors and business outlook

The outlook for the remainder of the year is still unstable, with respect to the economy in general and our industry in particular.

The macroeconomic picture is characterised by the risk that the turmoil affecting some countries can hamper Europe's recovery. Specifically, the current uncertainty of financial markets, associated with a higher "sovereign risk" for some countries, generates temporary uncertainties also in consumers' behaviour, which in turn can have adverse effects for production.

The specific industry uncertainties are related first of all to volume trends: the order backlog is still satisfactory but there might be a drop in new orders, also as a result of the lack of the inventory build-up that took place in the central months of 2010.

Changes in the cost of manufacturing inputs are hard to predict, especially for raw materials: the rising trend is clearly slowing down, with the resulting stabilisation of prices which, however, are still elevated.

For the remaining part of the year, energy is expected to increase. In particular, Italian plants will be adversely affected by the new charges set by the Authority for Energy and Gas to support renewable energies.

On the other hand, the negative impact of higher costs for manufacturing inputs might be partly offset by the increase in prices introduced in April.

Reno De Medici Group

Consolidated Condensed Interim Financial Statements

30 June 2011

4. Consolidated condensed interim financial statements at 30 June 2011

4.1 Consolidated income statement

	Note	30.06.2011	30.06.2010
(thousands of Euros)			
Revenues from sales	1	278,594	241,586
- of which related parties		4,819	5,969
Other revenues and income	2	7,765	7,634
- of which non recurring			959
- of which related parties		792	859
Changes in stock of finished goods	3	7,460	1,958
Cost of raw materials and services	4	(231,240)	(190,933)
- of which related parties		(10,269)	(10,491)
Staff costs		(38,841)	(39,652)
Other operating costs		(2,516)	(2,532)
Gross Operating Profit		21,222	18,061
Depreciation and amortisation	5	(13,060)	(13,421)
Operating Profit		8,162	4,640
		<i>Financial expense</i>	(3,633)
		<i>Exchange rate differences</i>	(398)
		<i>Financial income</i>	132
Financial income (expenses), net	6	(3,899)	(2,542)
Income (loss) from investments	7	142	(193)
Taxation	8	(1,235)	(1,013)
Profit (loss) for the period		3,170	892
Total profit (loss) for the period attributable to:			
- Owners of the parent		2,927	500
- Non-controlling interest		243	392
Basic earning per shares(Euros)		0.008	0.002
Diluted earning per shares(Euros)		0.008	0.002

4.2 Consolidated statement of comprehensive income

	30.06.2011	30.06.2010
(thousands of Euros)		
Profit (loss) for the period	3,170	892
Other components of comprehensive income		
<i>Cash Flow Hedge</i>	297	(317)
<i>Current translation differences</i>	(98)	127
Total other components of comprehensive income	199	(190)
Total comprehensive income	3,369	702
Total comprehensive income attributable to:		
- Owners of the parent	3,126	310
- Non-controlling interest	243	392

4.3 Consolidated statement of financial position

ASSETS	Note	30.06.2011	31.12.2010
(thousands of Euros)			
ASSETS			
Non-current assets			
Tangible fixed assets	9	243,949	244,241
Goodwill		63	63
Intangible assets		6,238	5,990
Investments		6,866	6,689
Deferred tax assets		1,219	1,369
Financial assets held for sale		194	191
Trade receivables	10	81	81
Other receivables		490	370
Total non-current assets		259,100	258,994
Current assets			
Stock		93,078	81,925
Trade receivables	10	120,086	119,181
- of which related parties		788	586
Associated companies and joint ventures trade receivables	10	1,972	1,835
Other receivables		4,729	3,856
Other associated companies and joint ventures receivables	11	2,260	391
Liquid funds	11	3,730	2,210
Total current assets		225,855	209,398
Non-current assets held for sale		1,290	1,290
TOTAL ASSETS		486,245	469,682

LIABILITIES	Note	30.06.2011	31.12.2010
(thousands of Euros)			
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		185,122	185,122
Other reserves		365	166
Retained earnings (losses) brought forwards		(29,723)	(31,090)
Profit (loss) for the period		2,927	1,367
Shareholders' equity attributable to the Group		158,691	155,565
Non-controlling interest		636	1,010
Total Shareholders' equity		159,327	156,575
Non-current liabilities			
Bank loans and other financial liabilities	11	50,636	55,531
Derivative financial instruments	11	677	1,011
Other payables		1,596	1,596
- of which related parties		1,204	1,204
Deferred tax liabilities		24,946	25,536
Employee benefits	12	24,677	24,175
Non-current provisions for contingencies and charges		6,332	6,087
Total non-current liabilities		108,864	113,936
Current liabilities			
Bank loans and other financial liabilities	11	57,113	50,416
Derivative financial instruments	11	587	794
Trade payables	13	132,637	123,054
- of which related parties		1,919	3,257
Associated companies and joint ventures trade payables	13	7,536	4,173
Other payables		15,854	15,091
Other associated companies and joint ventures payables	11	575	1,307
Current taxation		1,477	1,630
Employee benefits	12	2,275	2,706
Total current liabilities		218,054	199,171
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		486,245	469,682

4.4 Consolidated statement of changes in equity

	Share capital	Legal reserve	Other reserves	Retained earnings (losses) brought forwards	Profit (loss) for the period	Hedging reserve	To owners of the Parent	Non-controlling interest	Total shareholders' equity
(thousands of Euros)									
Shareholders' equity at 31.12.2009	185,122	5	903	(24,145)	(6,945)	(796)	154,144	677	154,821
Distribution of dividends								(340)	(340)
Appropriation of Profit (loss) 2009				(6,945)	6,945				
Profit (loss) for the period					500		500	392	892
Other components of comprehensive income			127			(317)	(190)		(190)
Total comprehensive income			127		500	(317)	310	392	702
Shareholders' equity at 30.06.2010	185,122	5	1,030	(31,090)	500	(1,113)	154,454	729	155,183
(thousands of Euros)									
Shareholders' equity at 31.12.2010	185,122	5	965	(31,090)	1,367	(804)	155,565	1,010	156,575
Distribution of dividends								(617)	(617)
Appropriation of Profit (loss) 2010				1,367	(1,367)				
Profit (loss) for the period					2,927		2,927	243	3,170
Other components of comprehensive income			(98)			297	199		199
Total comprehensive income			(98)		2,927	297	3,126	243	3,369
Shareholders' equity at 30.06.2011	185,122	5	867	(29,723)	2,927	(507)	158,691	636	159,327

4.5 Consolidated statement of cash flow

	Note	30.06.2011	30.06.2010
(thousands of Euros)			
Profit (loss) for the period before tax		4,405	1,905
Depreciation and amortisation	5	13,060	13,421
Losses (gains) from investments	7	(142)	193
Financial (income) expense	6	3,899	2,542
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		26	1,033
Change in stocks		(11,153)	(4,304)
Change in receivables		(2,303)	(13,964)
- of which related parties		(339)	141
Change in payables		13,311	21,722
- of which related parties		1,409	1,889
Change in total working capital		(145)	3,454
Gross cash flows		21,103	21,589
Interests paid in the period		(4,223)	(3,562)
- of which related parties		(15)	(5)
Interests received in the period		1,297	2,223
- of which related parties		3	2
Taxes paid in the period		(2,164)	(1,100)
Cash flows from operating activities		16,013	19,150
Sale (purchase) of financial assets held for sale		(3)	191
Investments and disinvestments in non current assets		(13,017)	(4,706)
Investments in joint venture and associated companies		(35)	(192)
Cash flow from discontinued operations			(101)
Cash flows from investing activities		(13,055)	(4,808)
Change in financial assets and liabilities and short-term bank borrowings		3,625	(12,119)
- of which related parties		(2,601)	(863)
Change in long-term bank borrowings		(4,965)	(2,289)
Cash flows from financial activities		(1,340)	(14,408)
Exchange difference translation		(98)	127
Change in unrestricted liquid funds	11	1,520	61
Unrestricted liquid funds at beginning of the period	11	2,210	1,707
Unrestricted liquid funds at end of the period	11	3,730	1,768

4.6 Illustrative notes

Reno De Medici Spa is a company which is established as a corporate person under the legislation of the Republic of Italy. The RDM Group carries out its activities principally in Europe. These activities consist in the production and distribution of cartonboard for packaging made of recycled fiber. The commercial operations are carried out through a network of agents led by the joint-venture Careo S.r.l..

RDM Spa has its registered office in Milan, Italy.

RDM's shares are listed on the Star segment of Borsa Italiana S.p.A. and on the Madrid and Barcelona stock exchanges.

The consolidated condensed interim financial statements of RDM Group were approved by the Board of Directors of RDM on 3 August 2011 which approved them for publication.

4.6.1 Accounting principles and policies

This half year financial report as at 30 June 2011 was written for purposes of Italian Decree Law 58/1998 as subsequently modified, as well as of the Rules for Issuers issued by Consob.

The Consolidated condensed interim Financial Statements at 30 June 2011 was prepared in conformity to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and those of its predecessor, the Standing Interpretations Committee ("SIC"), and was written according to IAS 34 – Interim Financial Reporting, by applying the same accounting standards adopted for the Consolidated Financial Statement at 31 December 2010.

Income taxes are calculated on the basis of the best estimate of the weighted average rate forecast for the entire financial year.

The following amendments, improvements and interpretations have been applied by the Group from 1 January 2011:

- IAS 34 Interim Financial Reporting (amendment 2010);
- IAS 24 Related Party Disclosures (revised 2009);
- IFRS 8 Operating segments (apply retrospectively);
- IAS 1 Presentation of financial statements (amendment 2011).

The following amendments, improvements and interpretations, effective from 1 January 2011, specify the accounting for circumstances and events that have not found in the Group at the date of these half-year report, which could have accounting effects on future transactions or agreements:

- Amendment to IAS 32 – Financial instruments: Presentation, Classification of Rights Issues;
- Amendment to IFRIC 14 – IAS 19 – The Limit on a defined benefit asset, Minimum Funding Requirement and their interaction;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments;
- Improvements to IAS/IFRS (2010);
- Amendment to IFRS 7 – Financial Instruments: Disclosures.

The Reno De Medici Group has not adopted in advance the accounting principles, amendments, and interpretations already approved by the European Union but not yet in effect.

The consolidated condensed interim financial statements of the RDM Group are presented in Euros (rounded to the nearest thousand).

The consolidated condensed interim financial statements was written based on the general standard of historical cost, with the exception of derivatives and financial assets intended for sale, which were recorded at fair value, and of financial liabilities, which were recorded according to the straight-line method. The book value of recorded assets and liabilities subject to hedging transactions, for which conditions exist for the application of hedge accounting, was adjusted to account for changes in fair value attributable to the risks subject to hedging.

The Group has chosen to present the structure and content of its consolidated condensed interim financial statements in the following manner:

- the statement of consolidated financial position is presented with separate sections for assets, liabilities and shareholders' equity. Assets and liabilities are then presented on the basis of their classification as current, noncurrent or held for sale;
- the consolidated income statement is presented in a vertical format with items analysed using a classification based on their nature, as this provides reliable and more relevant information compared to a classification based on their function;
- the consolidated statement of comprehensive income is presented separately from consolidated income statement and each figures are exposed net of fiscal effect;
- the consolidated statement of cash flow is presented using the indirect method;
- consolidated statement of changes in equity is presented by showing separately the profit or loss for the period and any gains and losses recognised directly in equity and not in profit or loss, in accordance with any specific IAS/IFRS requirements and it is prepared by showing separately the transactions with shareholders.

Preparation of the half-year report requires management to make estimates and assumptions that influence the values of revenues, costs, assets and liabilities, as well as the disclosure regarding potential assets and liabilities as of the date of the report. If such estimates and assumptions, which are based on management's best assessment, should in the future become obsolete due to a different course of events in operations compared to forecasts, they will be modified in the period in which such changes take place. For a more complete description of the most significant evaluation processes for the Group, see the chapter "Use of estimates and measurement in specific situations" in the Consolidated Financial Statements at 31 December 2010.

In addition, some assessment processes (especially more complex ones such as the calculation of possible value losses of non-current assets) are generally conducted in a more complete form only during preparation of the annual financial statement when detailed information is available, as well as in cases where there may be impairment indicators that require an immediate assessment of possible value losses.

Impairment Testing

At each financial statement date the Group reviews the carrying amount of its tangible and investments to assess whether there is any indication that these assets may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of such assets to determine any impairment loss.

No goodwill has been allocated to the Reno de Medici CGUs and therefore no specific impairment test is required to be carried out each year.

However, the current economic and financial crisis that is being felt worldwide, with the consequent heavy losses recorded in the major regulated markets over the last 36 months, indicates a situation of total uncertainty insofar as the possible future economic scenarios, whether at a global or a domestic level, although signs of a pick-up can be seen.

In addition, the Group's market capitalization has experienced a downwards trend over the past 42 months as a consequence of the crisis in the financial markets, settling at an average level that is lower than balance sheet equity. This gap originally appeared from the second half of 2008 the gap then widened as the effects of the world financial crisis began to appear.

On the basis of the recommendations contained in joint document no. 4 of the Bank of Italy, Consob and ISVAP of 4 March 2010, the Group had provided ample details of the assumptions used for calculating the recoverable amount (value in use) at 31 December 2010, which regarded the estimate of operating flows, the discount rate and the final growth rate, and had additionally prepared sensitivity analyses on the results of the testing with respect to changes in the basic assumptions that affected the value in use of the cash generating units, identifying impairment loss indicators for the facilities at Magenta, Marzabotto and Blendecques. Instead of using value in use to measure the recoverable amount for these manufacturing units the Group used the method of fair value less costs to sell (current market value), determined from appraisals made by an independent valuer. The results obtained did not identify the need for any impairment losses to be recognised.

On the basis of the above and also taking into consideration the consolidated results at 30 June 2011, in line with the expectations, the directors believe that the cautious assumptions made for the foreseeable trend in operations until 2015, valid only for the purpose of impairment testing, continue to hold true as of today, although it cannot be excluded that the continuation of the crisis or a further deterioration may lead to the need to revise the present valuations in the future.

SEASONAL FACTORS AFFECTING REVENUES

The trend of revenues for the sale of cartonboard for packaging is a function of the general tendency of the economies of the markets in which sales are made and in particular of the trend in the demand for consumer goods; it is not affected by specific seasonal factors during the year.

There are, however, seasonal effects in the production and sale of products as a result of factors connected with the calendar, such as for example if there is a high number of public holidays or periods of vacation in one month or accounting period rather than another (such as for example in August and December) that may typically recur in the main countries supplied.

4.6.2 Financial risk management policy

Risk Connected with General Economic Conditions

The Group, like all industrial operators, is exposed to risks related to current business conditions, so that forecasts for periods longer than six months are characterised by greater uncertainty.

Against this backdrop, the main risk factors appear to be those related to the credit extended to customers, given the greater exposure determined by higher prices and the difficulties in speeding up receivable collection. In any case, the amount of receivables charged off and the criticalities that have materialised do not show any credit deterioration problem.

Concerning the social and political crisis that characterises the countries of North Africa, there seems to be no criticality for the Group, considering that its sales are covered by insurance, with few minor well-considered exceptions.

However, the situation is constantly and carefully monitored by our staff.

Risk relating to Group's Results

There are no specific risks linked to the nature and structure of the RDM Group.

Risk relating to funding requirements

The Group currently has funds sufficient to face the requirements it may reasonably be expected to have to satisfy; in particular, the rescheduling of its two main long-term loans in 2009 assures it of the financial stability required to carry out the extraordinary investments that need to be made to complete the rationalisation of its production plant.

Risk relating to Interest Rate

The risks in this area relate mainly to unhedged variable rate loans, meaning all short-term loans and a portion of long-term loans, which amount in total to Euro 74.5 million at 30 June 2011.

Liquidity Risk

The liquidity risk is defined as the risk not to be able to meet the obligations associated to the financial liabilities. A prudent management of the liquidity risk requires the availability of adequate financial cash balances, the possibility to accede to adequate financings, and the capability to liquidate positions on the market.

In order to face such risk, the Group's Treasury Department makes sure that the provision of funds is sufficiently flexible, also by acceding to diverse and diversified lines of credit.

As of June 30, 2011, the consolidated Net Financial Position is negative by Euro 103.6 million, with a decrease of Euro 2.9 million compared to the Euro 106.5 million at December 31, 2010.

Credit Risk

The Credit Risk is basically linked to the exposure of the Company and of the RDM Group to the possible insolvency of its customers. RDM manages the risk by insuring a substantial portion of the receivables of the Group with primary Insurance Companies.

The non-insured, in particular Italian customers of Parent Company, and non-insurable positions are constantly monitored by the competent Corporate Offices.

Capital Risk

We believe that the RDM Group is adequately capitalized, with reference to the relevant market and its own dimensions.

4.6.3 Scope of consolidation

The consolidated condensed interim financial statements include the interim financial statements of all the subsidiary Companies with the exception of the non-operational companies from the date on which control is acquired until the date that such control ceases.

The following table provides a list of subsidiaries with the respective percentage holdings:

Company name	Registered office	Activity	Share capital (Eur/1000)	Shareholding			
				30.06.2011		31.12.2010	
				Direct	Indirect	Direct	Indirect
Reno De Medici Iberica S.L.	Prat de Llobregatt (E)	Manufacturing	39,061	100.00 %		100.00 %	
Reno De Medici UK Limited	Wednesbury (GB)	Manufacturing	12,433	100.00 %		100.00 %	
Reno De Medici Arnsberg GMBH	Arnsberg (D)	Manufacturing	5,113	94.00 %	6.00 %	94.00 %	6.00 %
RDM Blendecques S.a.s.	Blendecques (F)	Manufacturing	1,037	100.00 %		100.00 %	
Cartiera Alto Milanese S.p.A.	Milan (I)	Sales	200	100.00 %		100.00 %	
Emmaus Pack S.r.l.	Milan (I)	Manufacturing	200	51.39 %		51.39 %	
Cascades Grundstück GmbH & Co. KG	Arnsberg (D)	Services	5	100.00 %		100.00 %	

The following investments in associates and jointly controlled companies are accounted for the consolidated condensed interim financial statements using the equity method:

Company name	Registered office	Activity	Share capital (Eur/1000)	Shareholding			
				30.06.2011		31.12.2010	
				Direct	Indirect	Direct	Indirect
Associated companies							
Pac Service S.p.A.	Vigonza (I)	Manufacturing	1,000	33.33 %		33.33 %	
ZAR S.r.l.	Silea (I)	Sales	90	33.33 %			
Jointly-controlled companies (Joint Venture)							
Careo S.r.l.	Milan (I)	Sales	100	70.00 %		70.00 %	
RDM Tissue core S.r.l.	Milan (I)	Manufacturing	100	51.00 %		51.00 %	
Manucor S.p.A.	Milan (I)	Manufacturing	10,000	22.75 %		22.75 %	

There is a new associated company in scope of consolidation of Reno De Medici Group compare to December 31, 2010. ZAR S.r.l. (established on 6 June 2011), which is 33.33% held, a company engaged in the purchase, sale, and processing of waste paper as well as support and assistance in connection with those activities.

The economics and financial data of each Group companies are prepared in the currency of the primary economics environment in which it operates (the functional currency). For each purposes of preparing the consolidated financial statements, the financial statements of each foreign entity are expressed in Euros, the Group's functional currency and the currency in which the consolidated condensed interim financial statements are presented.

The exchange rates used to translate into Euros the financial statements of companies forming part of the scope of consolidation are set out in the following tables:

Currency	Open-exchange	Weight-exchange	End-exchange rate 30.06.2011
UK GBP	0.8608	0.8682	0.9026

4.6.4. Notes to the consolidated financial statements for the first half year 2011

Segment information

According to the provisions of IFRS 8 relevant to the segment information, the identification of the operating segments and the relevant information reported in the segment information was based on the basis of the reports that management uses and reviews to assess performance and to take its main strategic decisions.

A geographical format has been adopted as the means of reporting segment information, based on the location of the Group's manufacturing facilities and its cutting and/or distribution centres.

The reports used by management provide details of results by individual manufacturing facility and cutting and/or distribution centre. The data are then aggregated into five geographical segments: Italy, Spain, Germany, France and the United Kingdom.

This segment information does not include differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit and loss.

The Group assesses the performance of its operating segments on the basis of gross operating profit, operating profit and the profit/(loss) for the period.

A reconciliation between the segment valuations contained in these disclosures and the figures included in the financial statements in this report is not necessary as all the components of income presented are measured in accordance with the accounting policies used in the preparation of the Group's consolidated condensed interim financial statements. "Unallocated items and adjustments" include intersegment balances.

The following table provides profit and loss data by geographical segment for the 2011 half-year financial report and 2010 half-year financial report:

Profit and loss 30.06.2011	Italy	Spain	Germany	France	Uk	Unallocated items & adjustments	Consolidated
(thousands of Euros)							
Revenues from sales	182,182	21,298	65,133	32,894	4,207	(27,120)	278,594
Intercompany transactions with other segments	(26,149)		(705)	(264)	(2)	27,120	
Revenues from external customers	156,033	21,298	64,428	32,630	4,205		278,594
Gross operating profit	15,899	546	5,493	(759)	43		21,222
Depreciation and amortization	(7,696)	(370)	(4,785)	(254)	(29)	74	(13,060)
Operating profit	8,203	176	708	(1,013)	14	74	8,162
Financial income (expense), net	(3,224)	82	(406)	(340)	(14)	3	(3,899)
Income (loss) from investments	(764)					906	142
Taxation	(903)		(117)	(92)		(123)	(1,235)
Profit (loss) for the period	3,312	258	185	(1,445)		860	3,170
Interest in profit/(loss) of joint venture and associates accounted for by equity method	142						
Total Assets at 30 June 2011	459,639	51,856	131,647	24,569	5,566	(187,032)	486,245
Total Assets at 31 December 2010	444,231	50,263	133,581	23,261	7,273	(189,927)	469,682

Profit and loss 30.06.2010	Italy	Spain	Germany	France	Uk	Unallocated items & adjustments	Consolidated
(thousands of Euros)							
Revenues from sales	161,661	19,324	51,885	27,797	5,698	(24,779)	241,586
Intercompany transactions with other segments	(23,233)		(1,306)	(237)	(3)	24,779	
Revenues from external customers	138,428	19,324	50,579	27,560	5,695		241,586
Gross operating profit	14,407	528	4,072	(1,320)	374		18,061
Depreciation and amortization	(8,611)	(400)	(4,597)	(176)	(29)	392	(13,421)
Operating profit	5,796	128	(525)	(1,496)	345	392	4,640
Financial income (expense), net	(2,886)	(15)	323	(8)	1	43	(2,542)
Income (loss) from investments	2,166					(2,359)	(193)
Taxation	(954)		54	23		(136)	(1,013)
Profit (loss) for the period	4,122	113	(148)	(1,481)	346	(2,060)	892
Interest in profit/(loss) of joint venture and associates accounted for by equity method	(193)						
Total Assets at 30 June 2010	452,249	50,657	132,385	22,477	6,148	(191,039)	472,877

Notes

1. Revenues from sales

The following table provides an analysis by destination geographical area of net revenues generated by sales of cartonboard.

	30.06.2011	Inc. %	30.06.2010	Inc. %
(thousands of Euros)				
Italy	93,641	33.6 %	86,618	35.9 %
UE	130,865	47.0 %	119,373	49.4 %
Extra EU	54,088	19.4 %	35,595	14.7 %
Revenues from sales	278,594	100 %	241,586	100 %

The geographical mix of the Group's revenues in the first half of 2011 was affected by the different pace of growth of its parts, with greater revenues from countries outside the EU, such as Turkey.

2. Other revenues and income

Other revenues and income for the first half of 2011 consist principally of proceeds recognised by some energy suppliers for participation in the interruption service, proceeds from the supply of electrical energy by the mills in Italy, France and Germany during the first half of 2011, of ordinary grants received from Comieco that relate to the use of waste paper deriving from urban waste differentiation schemes, and from an insurance recovery relevant to an accident occurred in an Italian mill.

3. Change in stocks of finished goods

Change in stocks related mainly to the increasing in prices for raw materials during the first half of 2011.

4. Cost of raw materials and services

The following table provides details of the costs incurred for raw materials and services:

	30.06.2011	% Value of production (*)	30.06.2010	% Value of production (*)
(thousands of Euros)				
Cost of raw materials	135,909	47.5 %	108,623	44.6 %
Cost of services	93,506	32.7 %	80,575	33.1 %
Use of third party assets	1,825	0.6 %	1,735	0.7 %
Total	231,240	80.8 %	190,933	78.4 %

(*) Value of production = Revenues from sales plus change in stocks of finished goods

The “Cost of raw materials” refers mainly to the purchase of the products use to make the mixture (waste paper, wood paste, cellulose and chemicals) and of those used for packaging. Further information may be found in the “Interim report of management”.

“Cost of services” rise in total by 16% compared the previous period, amounting to about 32.7% of value of production (33.1% on June 30, 2010).

“Use of third party assets” at 30 June 2011 are in line with the figures at 30 June 2010.

5. Depreciation and Amortization

The following table provides details of the “Depreciation and Amortization” item:

	30.06.2011	30.06.2010	Variations
(thousands of Euros)			
Amortisation of intangible assets	293	243	50
Depreciation of tangible assets	12,767	13,178	(411)
Total	13,060	13,421	(361)

6. Financial income (expenses), net

The following table provides details of financial income and expenses, net:

	30.06.2011	30.06.2010	Variations
(thousands of Euros)			
Financial income	132	12	120
Interests and other financial income	10	12	(2)
Financial income from derivative instruments	122		122
Financial expense	(3,633)	(3,799)	166
Bank interests	(2,270)	(2,423)	153
Financial charge from derivative instruments	(388)	(579)	191
Financial charge on defined benefits plans	(562)	(490)	(72)
Expenses, commissions and other financial charges	(413)	(307)	(106)
Exchange differences	(398)	1,245	(1,643)
Exchange gains	1,165	2,211	(1,046)
Exchange losses	(1,563)	(966)	(597)
Total	(3,899)	(2,542)	(1,357)

Net financial expense increased significantly, compared with the first half of 2010, from Euro 2.5 million to Euro 3.9 million. Actually this increase was attributable entirely to the absence of the foreign exchange gains that the Company recorded in the previous year as a result of the temporary revaluation of the US dollar. Interest expense, for its part, fell slightly, thanks to lower net borrowings, despite the rise in key interest rates in the second quarter.

7. Income (loss) from investments

Income from investments relates the evaluation of the investment in the joint venture Careo S.r.l. for Euro 142 thousand, by using the equity method.

8. Taxation

The table below details the subdivision between current and deferred taxes at 30 June 2011:

	30.06.2011	30.06.2010	Variations
(thousands of Euros)			
Deferred taxation	557	696	(139)
Current taxation	(1,792)	(1,709)	(83)
Total	(1,235)	(1,013)	(222)

9. Tangible fixed assets

The movement in tangible fixed assets is detailed in the table below:

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in under constructions	Total
(thousands of Euros)							
Cost	27,614	92,301	579,860	14,122	14,701	9,664	738,261
Accumulated depreciation/write-down		(50,050)	(420,533)	(9,703)	(13,733)		(494,020)
Net book value at 31.12.10	27,614	42,250	159,327	4,419	968	9,664	244,241
Increases		118	6,910		3	6,135	13,166
Decreases			(384)				(384)
Reclassification of cost		6	8,016			(8,022)	
Depreciation for the period		(1,371)	(11,214)	(74)	(107)		(12,766)
Other changes (cost)	(458)	237	11,627	(12,106)	(232)		(932)
Other changes (acc. Dep.)		368	(7,332)	7,785	(197)		624
Value at 30.06.2011							
Cost	27,156	92,662	606,029	2,016	14,472	7,777	750,111
Accumulated depreciation/write-down		(51,053)	(439,079)	(1,992)	(14,037)		(506,162)
Net book value at 30.06.11	27,156	41,609	166,950	24	435	7,777	243,949

The increases in the item "Plant and machinery" mainly regard investments made at the plant in Arnsberg, Germany and at the plants in Villa Santa Lucia, Santa Giustina and Ovaro, Italy.

For purposes of calculating possible value losses, no impairment indicators have emerged that could change the evaluations made at 31 December 2010, for more details, please see the paragraph of "Impairment test".

10. Trade receivables and associated companies and joint ventures trade receivables

The following table presents an analysis of trade receivables between current and non-current balances, whose total amounted to Euro 122.1 million:

	30.06.2011	31.12.2010	Variations
(thousands of Euros)			
Trade receivables	81	81	
Non-current trade receivables	81	81	
Trade receivables	120,086	119,181	905
Associated companies and joint ventures trade receivables	1,972	1,835	137
Current trade receivables	122,058	121,016	1,042

Trade receivables, net of a provision for bad and doubtful debts of Euro 5.9 million, over 31 December 2010 are in line. During the first semester the account receivables expiring after June 2011 that have been sold, pro-soluto, amounted to Euro 10.0 million (Euro 7.2 million at 31 December 2010).

“Associated companies and joint ventures trade receivables” include both the relations that the Group maintains with Careo S.r.l. and Careo Spain related to the services provided, and the relations that the Parent Company maintains with Pac Service S.p.A. and RDM Tissue Core S.r.l. related to the trade relations.

11. Net financial position

The net consolidated financial indebtedness at 30 June 2011 amounts to Euro 103.6 million, compared to Euro 106.5 million at 31 December 2010.

The breakdown for the net financial position is as follows:

	30.06.2011	31.12.2010	Variations
(thousands of Euros)			
Cash	36	36	
Funds available at banks	3,694	2,174	1,520
A. Cash and cash equivalents	3,730	2,210	1,520
Other associated companies and joint ventures receivables	2,260	391	1,869
B. Current financial receivables	2,260	391	1,869
<i>1. Bank overdraft</i>	<i>43,870</i>	<i>40,176</i>	<i>3,694</i>
<i>2. Current portion of medium and long term loans</i>	<i>12,899</i>	<i>9,875</i>	<i>3,024</i>
<i>3. Other current financial liabilities</i>	<i>344</i>	<i>365</i>	<i>(21)</i>
Bank loans and other financial liabilities (1+2+3)	57,113	50,416	6,697
Other associated companies and joint ventures payables	575	1,307	(732)
Derivatives - current financial liabilities	587	794	(207)
C. Current financial debt	58,275	52,517	5,758
D. Current financial debt, net (C - A - B)	52,285	49,916	2,369
Bank loans and other financial liabilities	50,636	55,531	(4,895)
Derivatives - non-current financial liabilities	677	1,011	(334)
E. Non-current financial payables	51,313	56,542	(5,229)
F. Financial debt, net (D+E)	103,598	106,458	(2,860)

Net financial indebtedness amounted to Euro 103.6 million, compared with Euro 106.5 million in December 2010. The slight increase on the comparable figure in March (Euro 99.4 million) reflects seasonality effects and cash flow mismatches (e.g. annual cash rebates paid to customers for purchases made in 2010).

The non-current "Bank loans and other financial liabilities" includes long term loans granted by banks (measured in accordance with the amortised cost method).

The current medium and long-term loans, subdivided by due date, reported at the nominal value, are detailed below:

	Due within one year	Due after more than one year	Due after more than five years	total
(thousands of Euros)				
M.I.C.A. - due on February 13, 2016	142	625		767
M.I.C.A. - due on October 16, 2013	148	305		453
M.I.T.C. - due on 01 October 1, 2025		24	214	238
San Paolo Imi - due on December 15, 2011	1,714			1,714
San Paolo Imi - due on April 6, 2016	1,638	12,246		13,884
San Paolo Imi fin.pool - tranche A - due on April 6, 2016	6,281	25,122		31,403
San Paolo Imi fin.pool - tranche B - due on April 6, 2016	2,000	8,000		10,000
Banca Pop.Emilia Romagna - due on May 15, 2016	620	2,480		3,100
DRESDNER BANK - due on December 2015	714	2,500		3,214
Total payables at nominal value	13,257	51,302	214	64,773
Effect of amortized cost	(358)	(934)		(1,292)
Total payables valued with amortized cost	12,899	50,368	214	63,481

RDM is bound by certain restrictions and commitments with thresholds for the pool funding that are normal for syndicated loans of this nature; amongst these are limitations on obtaining additional debt, on distributing dividends, on granting guarantees (a negative pledge), on the disposal of core activities, constrains on making investments and on carrying out financial transactions of an extraordinary nature.

In particular, this loan requires certain financial covenants to be respected that are based on the following ratios:

- Net financial position/Equity;
- Net financial position/Gross operating profit;
- Gross operating profit/Net financial expense.

These ratios must be calculated every six months on the basis of the figures stated in the Group's consolidated financial statements and consolidated condensed interim financial statements, starting from 31 December 2006. The half year calculations of Gross operating profit and net financial expense are based on the twelve month period ending on the last day of the half year concerned.

The eventual failure to respect the loan agreement covenants can be grounds for the lending banks to terminate the arrangement.

Moreover, the subsidiary Reno De Medici Arnsberg GmbH subscribed during the 2008 a loan agreement for Euro 5 million that also provides, besides other clauses, for certain financial parameters to be verified semi-annually, a "change of control" clause, and the obligation to inform the bank, in case new loans are assumed.

It should be note that Parent company and Germany subsidiary respect at 30 June 2011 the financial parameters.

In order to reduce the variability of financial charges on the indebtedness, interest rate swaps have been subscribed on the outstanding loans of 30 June 2011, following sets out the main features of the derivative financial instruments at 30 June 2011, analysed interest rate swap agreements.

Company	Counterparty	Currency	Maturity	Nominal Value (€/000)	Interest	Payment of interest	Fair value of derivative (€/000)
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	06.04.2016	15,000	4,11% fixed	Six monthly	(694)
					<u>Euribor 6m</u>		
Reno De Medici S.p.A.	Unicredit Banca d'impresa S.p.A.	Eur	06.04.2016	7,500	4,11% fixed	Six monthly	(347)
					<u>Euribor 6m</u>		
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	15.05.2016	3,100	4,15% fixed	Six monthly	(135)
					<u>Euribor 6m</u>		
Reno De Medici Arnsberg GmbH	Dresdner Bank AG	Eur	31.12.2015	3,214	3,59% fixed	Six monthly	(88)
					<u>Euribor 6m</u>		
				28,814			(1,264)

In terms of guarantees the agreement requires RDM to provide first mortgages on the Ovaro, Marzabotto, and Arnsberg mills and second mortgages on those at Magenta, Santa Giustina and Villa Santa Lucia, for an overall total of Euro 142.3 million.

Special first-degree liens on the Ovaro and Marzabotto's plant and machinery, and second-degree liens on the Magenta, Santa Giustina and Santa Lucia's plant and machinery are granted as guarantees, for a total amount of Euro 120 million.

12. Employee benefits

The non-current portion of "Employee benefits" at 30 June 2011 included mainly the amount of the employee leaving entitlement (Italian TFR).

Moreover, this item includes the share of the new plan, illustrated below, based on performance Phantom Shares for approximately Euro 0.3 million and the share of shares allocation plan for the RDM Group's employee for approximately Euro 0.1 million.

"Employee benefits", current portion, includes a liability relating to the Phantom Shares plan 2009 - 2010 - 2011.

Management plan based on "Performance Phantom Shares" for 2011-2012-2013

The Plan is intended for certain managers of the RDM Group as beneficiaries and is designed to structure the variable part of the remuneration of the Executive Directors to be appointed and other key executives.

The Plan calls for the award of a total 8,515,000 performance phantom shares, to be distributed variously to the beneficiaries, and for additional 2,143,000 performance phantom shares, to be distributed to new potential beneficiaries to be identified in accordance with the Rules of the Plan.

The Plan provides for the beneficiaries to receive a cash bonus if the return on invested capital and certain financial ratios meet specific targets at 31 December of each of 2011-2012-2013. In case the targets are met in one and/or two years and/or the targets are met only in part in one and/or two and/or three years, for purposes of the formula the number of applicable phantom shares will be calculated by dividing the number of shares awarded by the number of years of the Plan.

In determining the fair value of the management plan based on Performance Phantom Shares the calculator available in FinCadXL software was used to measure the Asian options by means of a Monte Carlo simulation. The input data used for the valuation were the one year historical volatility rate and price of the Reno De Medici share at 30 June 2011 and the relative Euro interest rate curve at 30 June 2011, calculated by starting from the rates for deposits, futures and swaps.

At 30 June 2011 the RDM Group's workforce consisted of 1,586 employees, compared of 1,595 employees at 31 December 2010.

13. Trade payables and associated companies and joint ventures trade payables

The balance at 30 June 2011 is made up as follows:

	30.06.2011	31.12.2010	Variations
(thousands of Euros)			
Trade payables	132,637	123,054	9,583
Associated companies and joint ventures trade payables	7,536	4,173	3,363
Total	140,173	127,227	12,946

"Trade payables" amount to Euro 132.6 million (Euro 123.1 million at 31 December 2010) and are all due within 12 months. Balances are stated net of trade discounts and are adjusted for any returns or rebates agreed with the seller.

The rise in trade payables over 31 December 2010 reflects the increase in purchases required to support the growth of the business, but is also connected with the increase in the purchase prices of raw materials and energy and the deferral of certain payments.

The item “Associated companies and joint ventures trade payables” amounting to Euro 7.5 million (Euro 4.2 million at 31 December 2010) relate to balances of a trading nature with Careo S.r.l. and Careo S.a.s..

14. Non-recurring transactions

The effects of non-recurring transactions, as defined by Consob communication no. DEM/6064293, are shown in the consolidated income statement and in the relative notes.

With the exception of the matters referred to above the Group’s financial position and results have not been affected by any other non-recurring transactions, meaning transaction or events which do not occur frequently as part of normal operations.

15. Contingent liabilities and commitments and other guarantees given to third parties

Reference should be made to the section 4.8 of this report for a discussion of the principal disputes in which the Company is involved.

Commitments and guarantees to third parties include the following:

- sureties of Euro 1.3 million provided in favour of the Province of Belluno regarding the landfill located at the Santa Giustina (BL) facility and Santa Giustina Bellunese for Euro 100 thousand;
- surety of Euro 421 thousand provided in favour of Lazio Region;
- a surety of Euro 3.6 million provided to the Comieco consortium;
- sureties of Euro 69 thousand provided in favour of the customs authorities;
- a surety of Euro 90 thousand provided in favour of the Lombardy Region;
- a surety of Euro 109 thousand given in connection with the leasing of property;
- sureties of Euro 1.8 million provided in favour of Terna S.p.A.;
- a surety of Euro 750 thousand provided in favour of Valli S.p.A.;
- a surety of Euro 120 thousand provided in favour of Stogit S.p.A.;
- sureties of Euro 124 thousand provided in favour of Tax Office for RDM Tissue Core S.r.l..

Furthermore, within the combination agreement Reno De Medici S.p.A. and Cascades S.A. have retained, respectively, a call option to be exercised in 2012 and a put option to be exercised in 2013, on the European operations of Cascades SA in the virgin fiber carton board sector, presently located in the mills of La Rochette in France, and of Djupafors in Sweden. The value of such option is based on a specific non-financial variable relevant to the above mentioned operations.

Reference should be made in the consolidated financial statements at December 31, 2010 regarding to the relations with Manucor’s shareholders.

4.7 Related party transactions

It is important to mention that there were no operations with related parties of an atypical and unusual nature, differing from the Company's normal operations or operations which may prejudice the Group's economic, equity and cash flow position. The "Procedure for Related-Party Transactions", took effect on 1 January 2011, was formally approved by the Board of Directors on 8 November 2010, in conformity to the Rules adopted by Consob with resolution no. 17221 of 12 March 2010, as subsequently modified and supplemented.

In the consolidated condensed interim financial statements the transactions with related parties had been concerned:

- a) Subsidiaries not consolidated line by line;
- b) Associated companies;
- c) Joint venture;
- d) Other related companies.

Transactions between Reno De Medici S.p.A. and its consolidated subsidiaries have been eliminated in the preparations of the consolidated condensed interim financial statements and are not disclosed in this note.

The operations engaged in with the related parties form part of the company's normal operations in the framework of the typical business activities of each party involved, and are disciplined by normal market terms and conditions.

The foregoing operations include the following:

- Relations of a commercial nature with the shareholder Cascades S.A. regarding the purchase of virgin fibre cartonboard produced in the factory at La Rochette (F) and transactions resulting from the acquisition finalized during the 2008;
- Relations of a commercial nature with Cascades Asia Ltd, a trading company belonging to the Cascades Group and operating mainly on the Asian market, relating to the sale of cartonboard;
- Commercial relations with Pac Service S.p.A., 33% owned by RDM, related to the sale of cartonboard;
- Supply of business consulting services to Careo Group's subsidiaries;
- Supply of administrative and cash pooling services by Reno De Medici S.p.A. and its Subsidiaries to companies in the Careo Group, and by Reno De Medici S.p.A. to RDM Tissue Core S.r.l..

A table summarising the relations described above is reported, pursuant to Consob resolution No. 15519 dated 27th July 2006:

	Current assets			Current liabilities			Non-current liabilities
	Trade receivables	Associated companies and joint ventures trade receivables	Other associated companies and joint ventures trade receivables	Trade payables	Associated companies and joint ventures trade payables	Other associated companies and joint ventures trade payables	Other payables
(thousands of Euros)							
Careo Gmbh							575
Careo Ltd		27					
Careo S.a.s.		96			54		
Careo Spain S.L.		364					
Careo S.r.l.		762	1,867		7,482		
Careo Asia Ltd	581						
Careo Canada Inc				19			
Careo Djupafors A.B.	126			350			
Cascades Groupe Produits				1			
Cascades Inc.				4			
Cascades S.A.S.	81			1,545			1,204
Pac Service S.p.A.		74					
RDM Tissue core S.r.l.		649					
Renologica S.r.l.			393				
Total	788	1,972	2,260	1,919	7,536	575	1,204
Incidence on the total of the item	0.7 %	100 %	100 %	1.4 %	100 %	100 %	75.5 %

	Revenues from sales	Other revenues	Financial income
(thousands of Euros)			
Careo GmbH		8	
Careo Ltd		100	
Careo S.a.s.	448	28	
Careo Spain S.L.		71	
Careo S.r.l.		323	3
Cascades Asia Ltd	2,231		
Cascades Djupafors A.B.		132	
Cascades S.A.S.	35	121	
Pac Service S.p.A.	1,465		
RDM Tissue Core S.r.l.	640	9	
Total	4,819	792	3
Incidence on the total	1.7 %	10.2 %	0.2 %

	Raw material and services costs	Financial charges
(thousands of Euros)		
Careo GmbH		13
Careo S.a.s.	16	
Careo S.r.l.	6,985	2
Cascades Canada Inc	27	
Cascades Djupafors A.B.	685	
Cascades Inc.	10	
Cascades S.A.S.	2,526	
Red. Imm. S.r.l.	20	
Total	10,269	15
Incidence on the total	4.4 %	0.3 %

Cash flow related parties	30.06.2011
(thousands of Euros)	
Revenues and income	5,611
Cost and charge	(10,269)
Financial income	3
Financial expenses	(15)
Change in trade receivables	(339)
Change in trade payables	1,409
Change in total working capital	1,070
Cash flows from operating activities	(3,600)
Change in other financial assets and liabilities, and short term borrowings	(2,601)
Cash flows from financing activities	(2,601)
Cash flows for the period	(6,201)

The remunerations of the period of members of the Board of directors and members of the Board of Statutory Auditors of the Company amounts, respectively, to Euro 435 thousands and Euro 90 thousands. The Managing Director has received a compensation of Euro 250 thousands, already booked in the previous financial reports. The Managing Director has also received a remunerations of Euro 111 thousands as General Manager.

4.8 Legal and arbitration proceedings

Current risks and litigation.

There are no changes compared the current risks and litigation compared to December 31, 2010

4.9 Subsequent events

There are no subsequent events to be reported.

5. List of investments in subsidiary companies and associates

Investments at 30 June 2011 in unlisted share capital companies or companies with limited liabilities and exceeding 10% of capital are as follows (pursuant to article 126 of Consob Regulation no. 11971 of 14 May 1999 and subsequent supplements and amendments).

LIST OF SUBSIDIARY COMPANIES CONSOLIDATED ON A LINE BY LINE BASIS

Cartonboard sector

Cartiera Alto Milanese S.p.A.
Milan – Italy
Direct ownership 100%

Emmaus Pack S.r.l.
Milan – Italy
Direct ownership 51.39%

RDM Blendecques S.a.s
Blendecques – France
Direct ownership 100%

Reno De Medici Arnsberg GmbH
Arnsberg – Germany
Direct ownership 94%
Indirect ownership 6% (through Cascades Grundstück GmbH & Co.KG)

Reno De Medici Iberica S.L.
Prat de Llobregat – Barcelona - Spain
Direct ownership 100%

Reno De Medici UK Ltd
Wednesbury, – Great Britain
Direct ownership 100%

Service sector

Cascades Grundstück GmbH & Co.KG
Arnsberg – Germany
Direct ownership 100%

LIST OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Cartonboard sector

Manucor S.p.A.
Caserta – Italy
Direct ownership 22.75%

Pac Service S.p.A.
Vigonza – Padova – Italy
Direct ownership 33,33%

RDM Tissue Core S.r.l.
Milan – Italy
Direct ownership 51%

ZAR S.r.l.
Silea – Italy
Direct ownership 33.33%

Service sector

Reno Logistica S.r.l. in liquidation
Milan – Italy
Direct ownership 100%

Careo S.r.l.
Milan – Italy
Direct ownership 70%

Careo Gmbh
Krefeld – Germany
Indirect ownership 70% (through Careo S.r.l.)

Careo S.a.s
La Fayette – France
Indirect ownership 70% (through Careo S.r.l.)

Careo Spain S.L.
Prat de Llobregat – Barcelona – Spain
Indirect ownership 70% (through Careo S.r.l.)

Careo Ltd
Wednesbury – Great Britain
Indirect ownership 70% (through Careo S.r.l.)

Careo S.r.o.
Praga – Czech Republic
Indirect ownership 70% (through Careo S.r.l.)

Careo KFT
Budapest - Hungary
Indirect ownership 70% (through Careo S.r.l.)

Careo SP z.o.o.
Warsaw - Poland
Indirect ownership 70% (through Careo S.r.l.)

Careo LLC
Russia
Indirect ownership 70% (through Careo S.r.l.)

CERTIFICATION

OF CONDENSED INTERIM FINANCIAL STATEMENTS FOR PURPOSES OF ART. 81-TER OF CONSOB RULE NO. 11971 OF 14 MAY 1999 AS MODIFIED AND SUPPLEMENTED

1. The undersigned Ignazio Capuano, in his capacity as “Managing Director,” and Stefano Moccagatta, in his capacity as “Manager responsible for drawing up corporate accounting documents,” of Reno De Medici S.p.A., hereby certify, pursuant to the requirements of Art. 154-bis, paragraphs 3 and 4, of Italian Decree Law no. 58 of 24 February 1998:

- a) the adequacy, in relation to the company’s characteristics, and
- b) the bona fide application,

of administrative and accounting procedures for the drawing up of the condensed interim financial statements in the period from 1 January 2011 to 30 June 2011.

2. No significant aspects have come to light with regard thereto.

3. It is also hereby certified that:

3.1. the condensed interim financial statements as at 30 June 2011:

- a) has been drawn up in conformity to applicable international accounting standards recognised by the European Union for purposes of EC Rule no. 1606/2002 of the European Parliament and Council dated 19 July 2002;
- b) corresponds to the results of the company’s accounting books and records;
- c) truthfully and correctly presents the statement of assets and liabilities and the economic and financial status of the issuer and of the group of companies included in the consolidation area.

3.2. The interim report includes a reliable analysis of significant events in the first six months of the financial year and of their influence on the condensed interim financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year. The interim report also includes a reliable analysis of information regarding significant transactions with related parties.

Milan, 3 August 2011

Managing Director

Ignazio Capuano

Signed

Manager responsible
for drawing up corporate accounting
documents

Stefano Moccagatta

Signed



AUDITORS' REPORT ON THE REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

To the Shareholders of
Reno De Medici SpA

- 1 We have reviewed the consolidated condensed interim financial statements of Reno De Medici SpA and subsidiaries (Reno De Medici Group) as at 30 June 2011, which comprise the statement of consolidated financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow and related illustrative notes. Reno De Medici SpA's Directors are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard (IAS 34), applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

- 2 Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution n° 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the data contained in the above mentioned consolidated financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express a professional audit opinion on the consolidated condensed interim financial statements.

Regarding the amounts of the consolidated financial statements of the prior year and the consolidated condensed interim financial statements of the prior year presented for comparative purposes, reference should be made to our reports dated 4 April 2011 and dated 5 August 2010, respectively.

PricewaterhouseCoopers SpA

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- 3 Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Reno De Medici Group as at 30 June 2011 have not been prepared, in all material respects, in accordance with the international accounting standard (IAS 34), applicable to interim financial reporting, as adopted by the European Union.

Milan, 4 August 2011

PricewaterhouseCoopers SpA

Signed by

Andrea Brivio
(Partner)

**This report has been translated into the English language from the original which was issued in Italian, solely for the convenience of international readers.
We have not examined the translation of the consolidated condensed interim financial statements referred to in this report.**