Q4

Reno De Medici

RDM GROUP

Interim Report
12.31.2012

NET REVENUES: €466.3 MILLION
(COMPARED TO €507.1 MILLION AS OF DECEMBER 31, 2011)

GROSS OPERATING PROFIT (EBITDA) EXCLUDING THE COSTS GENERATED BY SUSPENDED/SHUT DOWN ACTIVITIES: €32.9 MILLION
(COMPARED TO €34.1 MILLION AS OF DECEMBER 31, 2011)

GROSS OPERATING PROFIT (EBITDA): €27.0 MILLION
(COMPARED TO €30 MILLION AS OF DECEMBER 31, 2011)

OPERATING PROFIT (EBIT): LOSS OF €1.5 MILLION
(COMPARED TO A PROFIT OF €2.1 MILLION AS OF DECEMBER 31, 2011)

NET PROFIT (LOSS) FOR THE PERIOD: LOSS OF €12.2 MILLION
(COMPARED TO A LOSS OF €2.2 MILLION AS OF DECEMBER 31, 2011)

NET FINANCIAL DEBT: €86.3 MILLION
(€86.6 MILLION AS OF DECEMBER 31, 2011)

Reno De Medici S.p.A.
Via Durini, 16/18, Milan
Share capital €185,122,487.06
Tax code and VAT number: 00883670150

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BOARD OF DIRECTORS AND AUDITORS

Board of directors

Robert Hall	Chairman
Giuseppe Garofano	Deputy Chairman
Ignazio Capuano	CEO
Giulio Antonello	Director
Sergio Garribba	Director
Laurent Lemaire	Director
Vincenzo Nicastro	Director
Carlo Peretti	Director

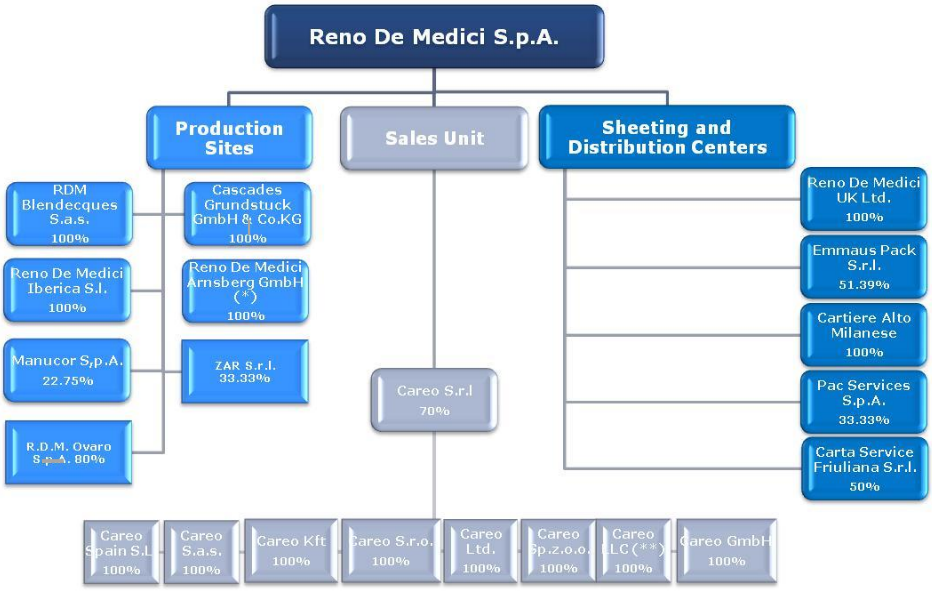
Board of statutory auditors

Carlo Tavormina	Chairman
Giovanni Maria Conti	Acting statutory auditor
Laura Guazzoni	Acting statutory auditor
Domenico Maisano	Deputy statutory auditor
Tiziana Masolini	Deputy statutory auditor

Independent auditors

Deloitte & Touche S.p.A.

GROUP OPERATING COMPANIES AS OF DECEMBER 31, 2012



(*) Company owned 94% by Reno De Medici S.p.A. and 6% by Cascades GrundstÜck GmbH & Co.KG.

(**) Company in liquidation

DIRECTORS' REPORT ON OPERATIONS

In the fourth quarter of 2012, the overall negative macroeconomic scenario of previous quarters continued with a deterioration of several significant macroeconomic indicators such as the slight drop in GDP in both the US and Germany.
Thus, a difficult year has ended with lower demand and the weakness of the manufacturing industry, especially in Europe.
The Eurozone remains in fact the most fragile with a decline in 2012 GDP that ended at 0.4%, mainly driven by the negative performances in Italy (-2.1%) and Spain (-1.4% with a collapse in the fourth quarter).
Growth in the US was just above 2%, and even China, with growth limited to 7.8%, had a difficult and complex year since it was not able to reach the critical threshold of 8%.
In summary, the macroeconomic environment in which the Company operates remains weak, and in particular, demand for consumer and semi-durable goods continues to be weak with a direct impact on the demand for packaging materials.

However, the global crisis seems to have bottomed out. For the moment the downward trend seems to have stopped: confidence indicators are recovering from the lows in October.
Although still very volatile, the outlook is better than the first half of 2012. It is not unreasonable to expect a modest recovery in the second half of 2013 in the European market accompanied by the good start to 2013 in the US, China and Germany after the disappointing fourth quarter of 2012.

With specific reference to the market for white lined chipboard for packaging, in the fourth quarter of 2012 overall demand in Europe was still weak, but was up slightly (+1.4%) over the fourth quarter of 2011. This increase was due to significant growth in France and Eastern Europe which was counterbalanced by a decline in Italy and the UK.
However, in this environment it is worth noting that the flow of orders during the quarter allowed all major operators to maintain production at full capacity, while in the fourth quarter of 2011 numerous stand stills were disposed in order to maintain production efficiency.
Total annual European demand was down slightly -1.6% in 2012 mainly due to reduced demand in Italy (-6.4%) and the UK (-8.4%) which was only partially offset by growth in Eastern Europe.

In 2012, revenues of the Reno De Medici Group totaled €466 million, which was down from the €507 million generated in 2011 due largely to lower sales volumes: 834,000 tons were sold in 2012, a decrease of 44,000 from the 878,000 tons sold in the previous year. However, this decrease was due entirely to the interruption on the paper-making activity at the Magenta plant that resulted in a reduction of 77,000 tons sold. In fact, a comparison of the fourth quarter of 2012 with the same quarter of the previous year, which already reflected the interruption, shows that revenues were up from €112 to €118 million, and tons sold also rose from 193,000 to 214,000 confirming the upward

trend. The different growth rates in revenues and quantities sold are a reflection of a decrease in average sales prices, which followed the reduction in the cost of raw materials.
With regard to the trend of key factors of production, in the fourth quarter of 2012 prices for recycled fibers continued their slight downward trend that started in August, due primarily to a slowdown in purchases of fibers from China caused by the slowdown in the economy and seasonal factors. Thus, the price rise that was previously projected did not materialize.
Based on a year-on-year comparison, 2012 saw a sharp decrease in average prices from 2011, but average prices were still high compared to previous years.

With regard to the cost of energy, and especially of natural gas, which is the Group's main energy source, in the fourth quarter there was a slight decline in market prices compared to the previous quarter, but prices remained in Italy much higher than the EU average.
The high cost of natural gas is the cost component with the greatest negative impact on the operating performance of the Reno De Medici Group in both the fourth quarter and the year. The Italian market is particularly penalized, as the price of natural gas in Italy is substantially higher than in other European countries with resulting intolerable penalization for domestic production.

In 2012 labor costs remained substantially unchanged compared to the previous year, dropping from €72.7 million to €72.4 million in 2012. However, there were significant changes in the components of this measure due mainly to Italian operations. The decrease in costs due to the reduction in staff and hours worked, mainly as a result of the suspension of the paper-making operations of the Magenta plant, was partially offset by the provisions needed to cover the costs of future staff layoffs. This was in addition to annual contract increases for the entire Group.

To summarize, although operating in a highly uncertain environment, in 2012 the Reno De Medici Group still managed to improve the spread (the difference between unit sales prices and unit costs of recycled fibers), but the benefit from this improvement was largely eliminated by the increase in the total cost of natural gas, which rose in Italy by about €8 million over 2011 solely due to the price effect.

In 2012 EBITDA, without considering the costs generated by the shut down and suspended activities, totaled €32.9 million, which was down from the figure of €34.1 million reported in 2011.

Operating performance continued to be affected by the continuing costs generated by the Marzabotto and Magenta plants whose paper-making operations were respectively shut down and suspended. In 2012 these costs amounted to €5.9 million (€4.1 million in 2011).

Thus, in December 2012 total EBITDA dropped to €27.0 million from €30.0 million in the previous year.

It should be stressed that the above data show that without the price increase in natural gas in 2012 in Italy, EBITDA would have been higher than the figure reported in 2011 at a level of about €35 million. Thus, it seems obvious that if gas prices in Italy were in line with those in the Group's other European plants, a level of profitability that is more in line with the company's operating activities would be restored.

Below EBITDA, charges resulting from the write-down of fixed assets and the adjustment to equity of the value of investments totaled about €4.8 million.
The write-down of fixed assets (€1.9 million) was due to the write-down of paper production equipment of the Magenta plant. The value of this equipment was adjusted to fair value less costs to sell (current market value), based on the assessment of an independent expert.
Investments showed a loss of €2.9 million, of which €2.3 million relevant to the adjustment to equity of the investment in Manucor S.p.A. The negative operating performance of Manucor was due to the drop in demand, due in part to destocking by customers, and to the increase in propylene and energy costs (once again, the greatest negative impact was from the price of natural gas in Italy as compared to European competitors).
The equity evaluation of Careo S.r.l. also resulted in a loss for €630 thousand.

EBIT recorded a consolidated loss of €1.5 million, compared to a profit of €2.1 million reported in 2011.

As of December 31, 2012, net financial expense totaled €7.0 million which was largely in line with the previous year.

Loss before taxes amounted to €11.5 million, compared to a loss of €5.5 million reported in the previous year.

In 2012 the RDM Group’s capital expenditures totaled €17.8 million (€23.7 million in 2011).

The consolidated net financial indebtedness as of December 31, 2012 was €86.3 million which was in line with the €86.6 million figure as of December 31, 2011. The decrease in trade working capital, which was mainly due to greater use of receivable factoring, did not translate into a reduction in debt as a result of financial expenses and taxes outflows.

Consolidated results

The following table summarizes key income statement indicators as of December 31, 2012 and 2011.

(thousands of euros)	12.31.2012	12.31.2011 (*)
Revenues from Sales	**466,319**	**507,051**
GROSS OPERATING PROFIT (EBITDA) EXCLUDING COSTS GENERATED BY SHUT DOWN/ SUSPENDED ACTIVITIES	**32,923**	**34,115**
OPERATING PROFIT (EBITDA)	**27,015**	**30,010**
EBIT (1)	**(1,483)**	**2,131**
Pre-tax income (2)	**(11,464)**	**(5,480)**
Current and deferred taxes	*(723)*	*3,793*
After-tax income before discontinued operations (3)	**(12,187)**	**(1,687)**
Discontinued Operations		(536)
Profit (loss) for the period	**(12,187)**	**(2,223)**

(*) Figures as of December 31, 2011 were reclassified to make them comparable to those for the reporting period following the Group's early adoption of IAS 19.

1) See "Operating profit" in the Consolidated Financial Statements for the RDM Group.
2) See "Profit (loss) for the period before discontinued operations" - "Taxes" in the Consolidated Financial Statements for the RDM Group.
3) See "Profit (loss) for the period before discontinued operations" in the Consolidated Financial Statements for the RDM Group.

The following table provides a breakdown of net revenues from the sale of cartonboard by geographical area of customers:

(thousands of euros)	12.31.2012	% of total	12.31.2011	% of total
Italy	162,373	34.8 %	170,645	33.7 %
EU	226,227	48.5 %	250,221	49.3 %
Non-EU	77,719	16.7 %	86,185	17 %
Revenues from Sales	**466,319**	**100 %**	**507,051**	**100 %**

Key events

On December 13, 2012, the extraordinary shareholders' meeting of Manucor S.p.A., which was called pursuant to article 2446 of the Italian Civil Code, resolved to defer the adoption of the appropriate measures, within the terms provided by law.

With regard to the associated company Careo S.r.l., the shareholders are assessing the proper measures that will be taken when the 2012 financial statements of the Company are approved.

Outlook

The trend recorded at the beginning of 2013 is substantially in line with the final months of 2012, in a very uncertain scenario, especially with regard to the first half of the year.
Although the orders flow is satisfactory, risks remain for the limited visibility on the future outlook, as complained particularly by the customers.
With regard to the trends in the costs of major factors of production, we are expecting an increase in the cost of recycled fibers, based on the expectation that the Chinese production will increase as a result of an higher domestic demand, thus triggering an increase in the import of recycled fibers. However, for the time being this increase has not materialized yet.
The evolution of energy costs is also uncertain. Despite the high supply of natural gas, speculative tensions could result in an upward spike in prices. In any event, the Company believes that the new agreements it has just entered into will make it possible to achieve a reduction in unit cost compared to last year. Prices of other energy factors (electricity and coal) show a downward trend due to the continuing recession.
In the second half of 2013, a slight recovery is expected, in a still extremely volatile global scenario.

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2012

Consolidated Income Statement	12.31.2012	12.31.2011 (*)
(thousands of euros)		
Revenues from sales	466,319	507,051
Other revenues and income	12,052	14,235
Change in inventories of finished goods	4,260	(4,675)
Cost of raw materials and services	(378,312)	(409,442)
Personnel costs	(72,437)	(72,660)
Other operating costs	(4,867)	(4,499)
Gross operating profit	**27,015**	**30,010**
Depreciation and amortization	(26,279)	(27,496)
Write-downs	(2,219)	(383)
Operating profit	**(1,483)**	**2,131**
Financial expense	*(7,286)*	*(7,466)*
Gains (losses) on foreign exchange	*98*	*452*
Financial income	153	73
Net financial income/(expense)	(7,035)	(6,941)
Gains (losses) from investments	(2,946)	(670)
Taxes	(723)	3,793
Profit (loss) for the period before discontinued operations	**(12,187)**	**(1,687)**
Discontinued operations		(536)
Profit (loss) for the period	**(12,187)**	**(2,223)**
attributable to:		
Group's share of profit (loss) for the period	(12,334)	(2,512)
Minority interest in profit (loss) for the period	147	289

(*) Figures as of December 31, 2011 were reclassified in order to make them comparable to those for the reporting period following the Group's early adoption of IAS 19.

Statement of Financial Position - ASSETS	12.31.2012	12.31.2011
(thousands of euros)		
Non-current assets		
Tangible fixed assets	228,929	239,831
Goodwill	63	63
Other intangible assets	6,263	6,066
Equity investments	2,788	5,810
Deferred tax assets	1,312	399
Available-for-sale financial assets	191	195
Trade receivables	41	82
Other receivables	693	328
Total non-current assets	**240,280**	**252,774**
Current assets		
Inventories	78,929	77,982
Trade receivables	86,343	93,836
Other receivables	6,480	6,584
Cash and cash equivalents	3,137	2,564
Total current assets	**174,889**	**180,966**
Non-current assets held for sale		**1,290**
TOTAL ASSETS	**415,169**	**435,030**

Statement of Financial Position - LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2012	12.31.2011
(thousands of euros)		
Shareholders' equity		
Shareholders' equity attributable to the Group	136,162	152,575
Minority interests	560	713
Total shareholders' equity	**136,722**	**153,288**
Non-current liabilities		
Payables to banks and other lenders	37,042	45,934
Derivative instruments	765	1,022
Other payables	1,490	1,543
Deferred taxes	15,487	18,399
Employee benefits	29,181	24,363
Non-current provisions for risks and charges	5,800	6,716
Total non-current liabilities	**89,765**	**97,977**
Current liabilities		
Payables to banks and other lenders	49,275	42,764
Derivative instruments	637	601
Trade payables	123,398	123,879
Other payables	15,223	15,899
Current taxes	124	358
Employee benefits	25	264
Total current liabilities	**188,682**	**183,765**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**415,169**	**435,030**

Net Financial Position	12.31.2012	12.31.2011	Change
(thousands of euros)			
Cash, cash equivalents and short-term financial receivables	3,582	3,756	(174)
Short-term financial debt	(51,396)	(42,764)	(8,632)
Valuation of current portion of derivatives	(637)	(601)	(36)
Short-term net financial position	**(48,451)**	**(39,609)**	**(8,842)**
Medium-term financial debt	(37,042)	(45,934)	8,892
Valuation of non-current portion of derivatives	(765)	(1,022)	257
Net Financial Position	**(86,258)**	**(86,565)**	**307**

NOTES

The Interim Report of the RDM Group as of December 31, 2012 was prepared on the basis of article 82, first paragraph, of the Issuers' Regulations adopted by Consob Resolution no. 11971 of May 14, 1999, as subsequently revised and amended.
Thus, compliance with the requirement described in article 154-*ter* of the Consolidated Finance Law is achieved with this report.

This Interim Report was not audited by the independent auditor.

ACCOUNTING PRINCIPLES

The operating, balance sheet and financial information was prepared in accordance with recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to the procedure set forth in art. 6 of EC Regulation no. 1606/2002 of July 19, 2002 of the European Parliament.
The recognition and measurement criteria used to prepare the financial statements for the fourth quarter remain unchanged from those used to prepare the consolidated financial statements as of December 31, 2011. For a description of these criteria, see those financial statements.

With respect to the Interim Report as of December 31, 2011, RDM applied the same accounting principles with the exception of the classification of actuarial gains/losses from the calculation of employee benefits. These actuarial gains/losses are now recorded under "Other Components of the Statement of Comprehensive Income" in accordance with the new IAS 19, due to the early adoption of IAS 19.

The current scope of consolidation includes a company that uses a currency of account other than the euro (Reno De Medici UK Ltd, which uses the GBP).
For the purposes of translating the quarterly financial statements of Reno De Medici UK Ltd into a foreign currency, the euro was selected as the functional currency (the same currency used by the parent company) based on the fact that the company's operations are closely integrated with those of the parent company (IAS 21).
As of December 31, 2012, all assets and liabilities were converted using the exchange rate in effect on the balance sheet reporting date (GBP 0.8161/EUR). Income and costs were converted at the average exchange rate for the period concerned (GBP 0.8109/EUR).

The exchange differences resulting from the use of this approach are classified as an equity reserve until the disposal of the investment.

Preparing the Interim Report in accordance with IFRS requires the use of estimates and assumptions including through the use of operating data that have an impact on reported asset and liability amounts and on the disclosure of contingent assets and liabilities at the reporting date. Final results may differ from the estimates made. Estimates are used to measure the contribution of discontinued operations, provisions for doubtful receivables, inventory obsolescence, depreciation and amortization, asset write-downs, employee benefits, restructuring funds, taxes, other provisions and funds, and the valuation of derivative instruments. Estimates and assumptions are reviewed periodically, and the impact of any change is reflected immediately in the income statement with the exception of derivatives.

The balance sheet, income statement and financial situation are presented in thousands of euros.

WORK FORCE

As of December 31, 2012, the RDM Group's staff consisted of 1,432 employees compared to 1,502 employees as of December 31, 2011.

STATEMENT OF EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ART. 154-BIS, PARA. 2, OF LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCIAL LAW)

Stefano Moccagatta, the executive responsible for the preparation of the company's financial reports, hereby states that pursuant to paragraph 2 of article 154-*bis* of the Consolidated Finance Law the accounting information contained in the Interim Report as of December 31, 2012 of Reno De Medici S.p.A. corresponds to information contained in documents, ledgers and accounting entries.

Milan, February 12, 2013

Signed
Stefano Moccagatta