Reno De Medici

RDM GROUP

Half-year financial report

First half 2009

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

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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
Riccardo Ciardullo	Director
Robert Hall	Director
Sergio Garribba	Director
Laurent Lemarie	Director
Mirko Leo	Director
Vincenzo Nicastro	Director
Carlo Peretti	Director
Emanuele Rossini	Director

Board of Statutory Auditors

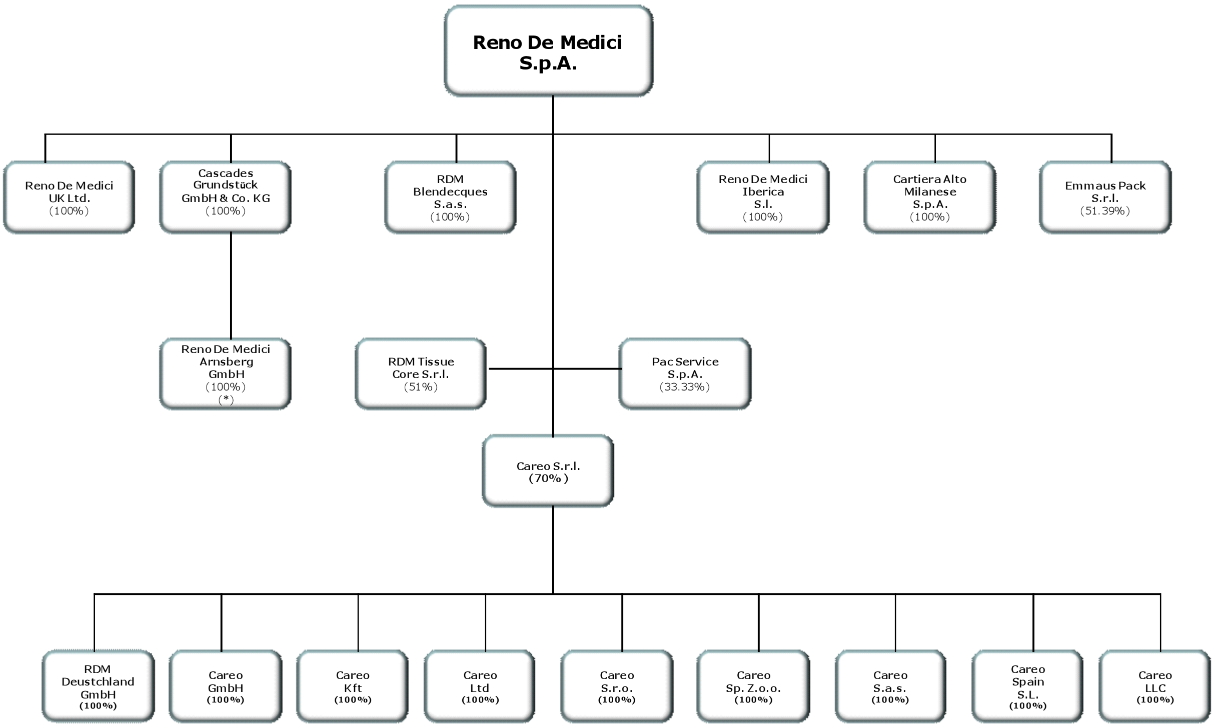
Sergio Pivato	Chairman
Giovanni Maria Conti	Standing auditor
Carlo Tavormina	Standing auditor
Domenico Maisano	Substitute auditor
Myrta de' Mozzi	Substitute auditor

Independent Auditors

PricewaterhouseCoopers S.p.A.

2. Operating companies of the Reno De Medici Group at 30 June 2009

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 to 6%

3. Half-year financial report of the Reno De Medici Group

Introduction

The demand trend in the second quarter of 2009 confirmed the moderate recovery already noticed in the first quarter after the contraction recorded in late 2008. Order volumes in terms of tons has been substantially in line with the previous quarter, which was influenced by the need of final customers to restock inventories; as a result, the real trend shows a slight improvement. Nevertheless, the reduction compared with the same period in the previous year (approximately -10%) has been considerable.

With regard to costs, the prices of pulp raw materials and of energy remained substantially in line with those of the first quarter, with a slight additional fall that emphasised the positive differential compared with the first half of the previous year, which showed substantially higher prices with a rising trend.

The Group's six-month production was 422 thousand tons, compared with 447 thousand tons in the same period of 2008. However, the two figures refer to different operational scenarios due to : i) the consolidation of the ex-Cascades companies starting from March 2008, so that the production of the first-half of 2008 does not include the volumes produced in January and February by such companies; ii) the closing of a production line in the Blendecques (France) plant at the end of 2008, with the consequent reduction of the volumes produced in 2009; iii) the current standstill at the Marzabotto (Italy) plant for the whole first-half of 2009, and the stand-stills in all the plants at the beginning of 2009 . The structural and contingent steps taken to adjust production capacity to demand allowed a more efficient production at the plants.

In terms of volumes sold, approximately 429 thousand tons were shipped in the first half of 2009, compared with 454 thousand tons in the first half of 2008.

Therefore, the trend in the first half of 2009 shows an improvement of the profitability compared with the same period of 2008; however, the above-mentioned different operational scenario must be taken into account. The fall in revenues, attributable to price pressures as well as to the standstills (both permanent and temporary) of some production lines aiming to protect production efficiency, was more than compensated by higher efficiency and by the fall in the prices of raw materials and energy. EBITDA was Euro 18.0 million compared with Euro 16.9 million in the same period of 2008, that does not include Euro 21.2 million of badwill.

It should be reminded that 2009 revenues reflect the negative impact of the extraordinary January standstills in all the plants, whilst the 2008 profitability did not include the positive effect of the first two months of the ex-Cascades companies.

As regards the evolution of Net Financial Position, that in the six-month period rose from Euro 128.5 million at 31 December 2008 to Euro 135.6 million at 30 June 2009 (Euro 7.1 million), the contribution of ordinary production and commercial activities was positive (Euro 8.9 million) in spite of the higher cash requirements generated by the working capital dynamics. This contribution was completely absorbed by capital expenditures (Euro 7.7 million), and by the outflows related to discontinued operations, to financial expenses for an amount of Euro 3.5 million and to Euro 2.7 million of tax payments, mainly relevant to the German affiliate Reno De Medici Arnsberg Gmbh.

At the geographic level, the Group revenues distribution substantially confirms the same pattern recorded for the same period of the previous year notwithstanding the above-mentioned different operational scenarios.

Results of the first half of 2009

The following table sets out the highlights of the profit and loss accounts for the six months ended on 30 of June 2009 e 2008:

	30 June 2009	30 June 2008 (*)
(thousands of Euros)		
Revenues from sales	**214,066**	**239,789**
EBITDA before badwill *(1)*	**18,035**	**16,924**
Badwill	-	*21,178*
EBITDA *(2)*	**18,035**	**38,102**
EBIT before badwill *(3)*	**4,750**	**5,928**
Badwill	-	*21,178*
EBIT *(4)*	**4,750**	**27,106**
Result of operating activities before taxes *(5)*	**393**	**19,720**
Current and deferred taxes	*(1,119)*	*(2,462)*
Profit (loss) for the period	**(726)**	**17,258**

(1) Cfr. Consolidated profit and loss account of RDM Group, "Gross Operating Profit" - "Badwill"
(2) Cfr. Consolidated profit and loss account of RDM Group, "Gross Operating Profit"
(3) Cfr. Consolidated profit and loss account of RDM Group, "Operating Profit " - " Badwill"
(4) Cfr. Consolidated profit and loss account of RDM Group, "Operating Profit "
(5) Cfr. Consolidated profit and loss account of RDM Group, "Profit (loss) for the period" - "Taxation"

(*) Comparative figures have been “revised” to take account of the final figures used in accounting for the business combination

The RDM Group in the first half of 2009 achieved net revenues of Euro 214.1 million, compared to Euro 239.8 million in the corresponding period of the previous year.

Consolidated EBITDA in the first half of 2009 reached Euro 18.0 million compared to Euro 38.1 million in the corresponding period in 2008.
At 30 June 2008, EBITDA included a non-operational profit of approximately Euro 21.2 million (for more detail see the Notes "4. Badwill"), and did not include the positive EBITDA generated in the first two months of the year by the ex-Cascades companies.

Operating profit (EBIT) for the six months ended 30 June 2009 amounted to Euro 4.7 million , versus Euro 5.9 million for the corresponding period of 2008 (without including Euro 21.2 million of Badwill).

Pre-tax current profit is positive to Euro 0.4 million, compared to Euro 19.7 million for the corresponding period of 2008.

The loss at June 30, 2009 amounts to Euro 0.7 million.

The Group during the six months ended June 30, 2009 made capital expenditure of Euro 7.4 million, compared to Euro 4.7 million on 30 June 2008.

The consolidated net financial indebtedness at June 30, 2009 amounted to Euro 135.6 million, compared to 128.5 million at December 31, 2008.

More specifically, the gross financial indebtedness at June 30, 2009, measured at amortized cost amounted to 137.1 (compared to Euro 133.6 million at December 2008) and consisted of the non-current portion of long-term loans for Euro 60.8 million (before the reclassification according to IAS 1, see further ahead), the current position of long term loans for about Euro 11.2 million and bank credit facilities and other financial liabilities of about Euro 64.7, 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 1.7 million.

At June 30, 2009, cash and financial receivables with maturity within 12 months equaled Euro 3.2 million (compared with Euro 6.0 million in December 2008).

Related parties and infragroup transactions

Transactions between group companies, including those with the Parent Company, are executed at arm's lenght conditions and have not been qualified as atypical nor unusual, falling under the normal course of Group operations. Disclosure on related-party transactions, including those required pursuant to the CONSOB Communication of 28 July 2006, is given in note 4.7 of the consolidated condensed interim financial statements at 30 June 2009.

Significant events

On August 3, 2009, in accordance with the positive resolutions by IntesaSanpaolo and Unicredit, was signed the Term Sheet relevant to the redefinition of the Euro 60.0 million financing agreement stipulated in April 2006. Same terms and conditions, duly amended, will be applied to the Euro 14.7 million loan agreement with IntesaSanpaolo, undersigned in December 2006. The terms provided by the document will be included in the contractual documentation that will be subsequently subscribed.

It is reminded that the loans amounted originally to Euro 74.7 million, of which Euro 68.4 million were actually drawn-down. As a result of reimbursements, the amount at 30 June 2009 has been reduced to Euro 48.6 million, with a non-current portion of Euro 44.4 million (before the reclassification described just below).

The redefinition of the terms of the loans, that was originally generated by the fact that the Group did not meet at December 31, 2008 certain financial parameters and contractual obligations provided by the mentioned loans, evolved into a more articulated proposal that was presented to the Banks during the month of March, aiming at rebalancing the financial exposure.

The Agent Bank IntesaSanpaolo has finalized the internal authorization procedure and issued the relevant resolution. Such resolution was subject to an equivalent resolution by the other bank Unicredit, issued on August 3, 2009.

The new terms provide, inter alia, the following:

a) the waiver by the Lending Banks to the mandatory advance payments relevant to the Extraordinary Financial Transactions carried out by the RDM Group up to and including 31 December 2008 and to the assumption of a loan by a Subsidiary, guaranteed by the Company;

b) the re-modulation of debt service, that provides for a grace period of two years for the reimbursement of the principal installments, based on the capital expenditures of the Reno De Medici Group (see just below), that will be subsequently reimbursed on a straight line basis, maintaining the original maturity date (2016);

c) the suspension of the verification of the contractual financial covenants at 30 June 2009 and modification of the covenants for the subsequent periods based on new parameters;

d) the postponement for two years, and the modification of the exercise procedures, of the call options granted to Reno De Medici (from 2010 to 2012), and of the put options granted to Cascades S.A.S. (from 2011 to 2013) provided by the Combination Agreement signed in 2007 by the parties and relevant to the acquisition by Reno De Medici of two plants currently owned by Cascades S.A.S., located in France and Sweden, that producing cartonboard based on virgin fibre.

It has to be specified that Item d) above has been the object of a specific agreement that modifies the original Combination Agreement subscribed by Reno De Medici, Cascades S.A.S. and Cascades International Paperboard, Inc.. The coming in to force of such agreement is subordinated to the subscription by December 31, 2009, of the above mentioned documentation that modifies the Loan Agreements, that shall include specific clauses in this regard.

Such terms are particularly important for the Group's strategic positioning and revenue prospects, as it enables the Group:

- to meet the financial commitments generated by RDM's capital expenditures that in the period 2009-2011 exceed the normal levels of investment (for a total amount of approximately Euro 15 million), that are necessary in order to continue the optimisation of the production activities;
- to balance the allocation of RDM's financial debt between short-term and medium/long-term sources.

Nevertheless, since the agreement with the Banks has been signed after June 30, the data of the closing of the accounts in application of the provisions of IAS 1, the reclassification to short-term of Euro 44.4 million (corresponding to the residual non-current portion of the above-mentioned loans) was maintained also at 30 June 2009. It has to be remembered that, in consequence of the non compliance of some financial parameters and contractual obligations provided by the above-mentioned 2006 financial agreements, such reclassification had been made in the 2008 financial statement for an amount of Euro 45.9 million, and it was maintained in the quarterly report at 31 March 2009.

Risk factors and business outlook

The market trend in July confirmed the scenario of the previous months.

The trend for the rest of the year remains uncertain, being directly linked to the overall macroeconomic situation.

This uncertainty refers more to volumes than selling prices, which should remain at current levels.

With regard to costs, a slight upward trend in raw material prices can be anticipated, generated mainly by reduced pulp production in Europe and in the United States and by increased imports by Far East operators.

On the other hand, no major variation of critical situations in energy costs are expected, due to both the expected evolution of price levels and to the benefits expected from the new contract for the supply of methane to the Italian and French plants, that should generated further savings compared with current levels.

With regard to financial situations, the liquidity risk is covered – vis-à-vis the cash flow requirements that can be reasonably expected – by the currently available credit lines and also by lines that are being arranged.

The exposure to interest rate risks is related to the portion of medium-long term credit lines that are not covered by IRS (Euro 18.5 million), and to the short-term credit lines (utilised at 30 June for an amount of approximately Euro 64.7 million). However, we do not anticipate any material rise of interest rates in the remaining part of the year.

In summary, the business outlook we can expects for the rest of the year, in a scenario of persisting global uncertainty, seems in line with the situation recorded in the first-half, apart from the normal seasonal variations and in particular the customary standstills in summer and at year-end.

Reno De Medici Group

Consolidated Condensed Interim Financial Statements

30 June 2009

4. Consolidated condensed interim financial statements at 30 June 2009

4.1 Consolidated income statement

	Note	30 June 2009	30 June 2008 (*)
(thousands of Euros)			
Revenues from sales	1	214,066	239,789
Other revenues	2	9,283	2,361
Changes in stocks of finished goods		46	2,964
Cost of raw materials and services	3	(164,925)	(188,560)
Staff costs		(38,067)	(37,179)
Other operating costs		(2,368)	(2,451)
Badwill	4	-	21,178
Gross Operating Profit		**18,035**	**38,102**
Depreciation and amortisation	5	(12,802)	(9,300)
Recovery of value and write-downs of assets	6	(483)	(1,696)
Operating Profit		**4,750**	**27,106**
Financial expense		*(4,807)*	*(5,190)*
Exchange differences		*393*	*(307)*
Financial income		*57*	*233*
Financial income (expense), net		(4,357)	(5,264)
Income from investments		-	(2,122)
- of which non recurring		*-*	*(994)*
Taxation	7	(1,119)	(2,462)
Profit (loss) for the period		**(726)**	**17,258**
Attributable to:			
Profit (loss) for the period pertaining to the Group		(862)	17,109
Profit (loss) for the period pertaining to minority interests		136	149
Earnings (loss) per ordinary share (Euros)		(0.002)	0.05
Earnings (loss) per ordinary share diluted (Euros)		(0.002)	0.05

(*) Comparative figures have been "revised" to take account of the final figures used in accounting for the business combination

4.2 Statement of consolidated comprehensive income

	30 June 2009	30 June 2008 (*)
(thousands of Euros)		
Profit (loss) for the period	**(726)**	**17,258**
Cash Flow Hedge	*(233)*	*465*
Fair value gains on available-for-sale financial assets	*31*	*(41)*
Current translation differences	*165*	*-*
Total comprehensive profit (loss)	**(763)**	**17,682**
Total comprehensive profit (loss) attributable to:		
- Owners of the company	(899)	17,533
- Minority interest	136	149

(*) Comparative figures have been "revised" to take account of the final figures used in accounting for the business combination

4.3 Statement of consolidated financial position

	Note	30 June 2009	31 December 2008
(thousands of Euros)			
ASSETS			
Non-current assets			
Tangible fixed assets	8	258,358	264,400
Goodwill		63	63
Other intangible assets		6,113	5,629
Investments and financial transactions currently		1,684	1,628
Deferred tax assets		1,520	1,488
Derivative financial instruments	9	5	11
Financial assets held for sale		335	309
Trade receivables		285	234
Other receivables		707	899
Total non-current assets		**269,070**	**274,661**
Current assets			
Stocks		77,021	82,073
Trade receivables		115,083	113,212
Group trade receivables		2,972	1,264
Other receivables		4,167	6,121
Other Group trade receivables	9	1,918	1,855
Derivative financial instruments	9	233	-
Liquid funds	9	1,427	4,314
Total current assets		**202,821**	**208,839**
TOTAL ASSETS		**471,891**	**483,500**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity attributable to the group		159,767	160,666
Minority interests		459	566
Shareholders' equity		**160,226**	**161,232**
Non-current liabilities			
Bank loans and other financial liabilities	9	16,438	19,935
Derivative financial instruments	9	943	916
Other payables		1,193	2,292
Other Group payables		1,204	1,153
Deferred tax liabilities		28,933	29,921
Employees' leaving entitlement	10	23,905	23,455
Non-current provisions for contingencies and charges	11	3,600	4,678
Total non-current liabilities		**76,216**	**82,350**
Current liabilities			
Bank loans and other financial liabilities	9	120,705	113,658
Derivative financial instruments	9	1,010	68
Trade payables		91,816	106,132
Group trade payables	12	5,679	2,695
Other payables		13,788	13,186
Other Group payables	9	130	129
Current taxation		32	-
Current provisions for contingencies and charges	13	2,289	4,050
Total current liabilities		**235,449**	**239,918**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**471,891**	**483,500**

4.4 Statement of changes in shareholders' equity

(thousands of Euros)	Share capital	Legal reserve	Reserve for own shares	Other reserves	Retained earnings (losses) brought forwards	Profit (loss) for the period	Fair value reserve	Hedging reserve	Own shares	Shareholders' equity attributable to group	Minority interest	Total shareholders' equity (*)
Shareholders' equity at 31.12.2007	**132,160**	**-**	**4,872**	**-**	**(18,267)**	**576**	**(258)**	**559**	**(4,872)**	**114,770**	**546**	**115,316**
Increase in share capital	52,962	-	(4,872)	1,150	-	-	-	-	4,872	54,112	-	54,112
Distribution of dividends	-	-	-	-	-	-	-	-	-	-	(238)	(238)
Appropriation of net income	-	5	-	-	571	(576)	-	-	-	-	-	-
Profit (loss) for the period	-	-	-	-	-	17,109	-	-	-	17,109	149	17,258
Total comprehensive profit (loss)	-	-	-	-	-	-	(41)	465	-	424	-	424
Shareholders' equity at 30.06.2008	**185,122**	**5**	**-**	**1,150**	**(17,696)**	**17,109**	**(299)**	**1,024**	**-**	**186,415**	**457**	**186,872**

(thousands of Euros)	Share capital	Legal reserve	Reserve for own shares	Other reserves	Retained earnings (losses) brought forwards	Profit (loss) for the period	Fair value reserve	Hedging reserve	Own shares	Shareholders' equity attributable to group	Minority interest	Total shareholders' equity
Shareholders' equity at 31.12.2008	**185,122**	**5**	**-**	**797**	**(17,696)**	**(6,449)**	**(398)**	**(715)**	**-**	**160,666**	**566**	**161,232**
Increase in share capital	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	-	-	-	(243)	(243)
Appropriation of net income	-	-	-	-	(6,449)	6,449	-	-	-	-	-	-
Profit (loss) for the period	-	-	-	-	-	(862)	-	-	-	(862)	136	(726)
Total comprehensive profit (loss)	-	-	-	165	-	-	31	(233)	-	(37)	-	(37)
Shareholders' equity at 30.06.2009	**185,122**	**5**	**-**	**962**	**(24,145)**	**(862)**	**(367)**	**(948)**	**-**	**159,767**	**459**	**160,226**

(*) Comparative figures have been "revised" to take account of the final figures used in accounting for the business combination

4.5 Consolidated cash flow statement

	30 June 2009	30 June 2008 (*)
(thousands of Euros)		
Profit (loss) for the period before taxation	393	19,720
Badwill	-	(21,178)
Depreciation, amortisation, recovery of value and write-downs of assets	13,285	10,996
Gains (losses) from investments	-	2,122
Financial (income) expense	4,357	5,264
Change in the employees' leaving entitlement, other provision fund including provision for bad and doubtful debts	(395)	(1,340)
Change in stocks	5,052	(3,776)
Change in trade receivables	(2,049)	3,880
Change in trade payables	(11,722)	(6,706)
Change in total working capital	(8,719)	(6,602)
Gross cash flows	**8,920**	**8,982**
Interest paid in the period	(3,499)	(4,661)
Taxes paid in the period	(2,673)	(4)
Cash flows from operating activities	**2,748**	**4,317**
Investments	(7,728)	(4,846)
Business combination	(114)	(2,690)
Investment in joint venture	(51)	-
Dividends received	-	1,200
Cash flows from discontinued operations	(1,761)	2,651
Cash flows from investing activities	**(9,654)**	**(3,685)**
Draw-down (repayment) of short-term bank borrowings and long-term loans	3,853	(870)
Cash flows from financing activities	**3,853**	**(870)**
Exchange difference from convertion	**165**	**-**
Change in restricted liquid funds	**-**	**(1,520)**
Change in unrestricted liquid funds	**(2,887)**	**3,002**
Unrestricted liquid funds at beginning of period	**4,314**	**3,248**
Unrestricted liquid funds at end of period	**1,427**	**6,250**
Liquid funds at end of period		
Unrestricted liquid funds	1,427	6,250
Restricted liquid funds	-	3,480
Total liquid funds at end of period	**1,427**	**9,730**

(*) Comparative figures have been "revised" to take account of the final figures used in accounting for the business combination

4.6 Illustrative notes

RDM 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 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 2009 which approved them for publication.

4.6.1 Accounting principles and policies

This half year financial report as at 30 June 2009 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 2009 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 2008, with the exception of the following:

- starting in financial year 2009, the Group has applied IFRS 8 "Operating Segments," which replaces IAS 14 "Segment Reporting." The new standard requires reporting of sector information based on the elements used by management to make its operating decisions, with reference to the definition of operating segments and with reference to balance sheet items examined. The adoption of this Standard has produced no effect with regard to the presentation of data and to the valuation of items allocated to the various sectors;
- starting in financial year 2009, the Group has applied the revised version of IAS 1 "Presentation of Financial Statements," this new version of the principle requires

companies to disclose in a statement of changes in shareholders' equity all of the changes generated by transactions with shareholders. All transactions generated with third parties (comprehensive income) must be disclosed either in a single statement of comprehensive income or in two statements (income statement and statement of comprehensive income). The Group chose the option of disclosing transactions with third parties in two statements that analyze operating performance during the period, entitled income statement and statement of comprehensive income, respectively. The Group revised the presentation of the statement of changes in shareholders' equity accordingly. The adoption of this principle had no impact on the valuation of the items listed in the financial statements;

- starting in financial year 2009 the Group has applied the revised version of the standard removes the option previously available of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale (qualifying assets). As part of its 2008 annual improvements project the IASB also published an amendment to IAS 23 (Revised) in order to revise the definition of the borrowing costs to be capitalised. No significant accounting effects arose in the first half of 2009 from adopting the revised standard.

The following accounting principles, amendments, and interpretations, reviewed following the 2008 Annual Improvement process by the IASB, were applicable for the first time starting on 1 January 2009 but are not significant for the Group:

- Amendment to IFRS 2 – Vesting Conditions and Cancellations;
- Amendment to IAS 32 – Financial Instruments: Presentation, and to IAS 1 – Presentation of Financial Statements – Financial Instruments;
- IFRIC 13 – Customer Loyalty Programmes;
- IFRIC 15 – Agreements for the Construction of Real Estate;
- IFRIC 16 – Hedges of an Net Investment in a Foreign Operation;
- Improvement to IAS 39 – Financial Instruments: recognition and measurement.

The Reno De Medici S.p.A. 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 condensed semi-annual report 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 cash flow statement is presented using the indirect method;

• the statement of changes in shareholders' equity is presented by showing separately the profit or loss for the year and any gains and losses recognised directly in equity and not in profit or loss, in accordance with any specific IFRS requirements;

• the statement of consolidated comprehensive income is presented separately from consolidated income statement and each figures are exposed net of fiscal effect.

Preparation of the semi-annual 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 Statement at 31 December 2008.

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.

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

ACCOUNTING PRINCIPLES AND POLICIES

Consolidation principles

The financial and economic position of the RDM Group comprises the financial and economic position of Reno De Medici S.p.A. and those enterprises over which it has the right to exercise control. The definition of control is not based solely on the concept of legal ownership. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain the related benefits. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The equity and result attributable to minority interests are shown separately in the consolidated financial position and income statement respectively.

Subsidiaries in liquidation and insignificant enterprises are not consolidated on a line-by-line basis. Their effect on the Group's total assets, total liabilities, financial position and result is immaterial, being overall less than 2%.

Subsidiaries which are excluded from the scope of consolidation are accounted for using the equity method and are included in the item "Investments and financial transactions currently".

The more significant consolidation policies adopted are as follows:

• the carrying amount of investments consolidated on a line-by-line basis is eliminated against the related equity, with the assets, liabilities, income and expense of the subsidiary being added together with those of the parent, regardless of the size of the investment.
• The acquisition of subsidiaries is accounted for using the purchase method as required by IFRS 3 (see "Business Combination");
• all balances and significant transactions between Group companies are eliminated, as are any profits and losses (unless losses indicate an impairment of the sold asset requiring recognition) arising from commercial or financial intragroup transactions not yet realised with third parties;

• the share of the investee's equity held by minorities is determined on the basis of the current values of assets and liabilities at the date on which control is obtained, excluding any related goodwill;

• any increases or decreases in a subsidiary's equity arising from its post-acquisition results are recorded on consolidation in an equity reserve denoted "Retained earnings (losses) brought forward";

• dividends distributed by Group companies are eliminated from the profit and loss account on consolidation.

Consolidation of foreign entities

The separate financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (the functional currency). For the 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 financial statements are presented.

The assets and liabilities of foreign operations which form part of the scope of consolidation and which are stated in a currency other than the euro are translated at the closing rate at the balance sheet date (the closing rate method). Income and expenses are translated at the average rate for the year. The exchange differences resulting from the use of this approach are recognised as a separate component of equity until the disposal of the investment.

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 table.

Currency	Weight-exchange 2009 (*)	End-exchange 30.06.2009 (**)
Sterling Great Britain	0.893912	0.8521

(*) UCI (Italian exchange office) January - June 2009

(**) UCI (Italian exchange office) 30 June2009

Investments accounted for under the equity method

This item includes investments in unconsolidated subsidiaries and associates which are accounted for under the equity method. Losses in excess of equity are accounted for to the extent to which the investor has a commitment to the investee to abide by legal or constructive requirements or in any other way to cover its losses.

Associates refer to those companies in which the Group exercises a significant influence over the company, but does not hold control or joint control over its financial and operating policies. The consolidated condensed interim financial statements include the share pertaining to the Group of the results of associates, accounted for under the equity method, from the date that significant control commences until the date that it ceases. The Group's share of intragroup profits as yet unrealised with third parties is eliminated. The Group's share of unrealised losses is eliminated only to the extent that they do not represent an actual lower value of the asset sold.

Joint ventures or joint controlled companies

Joint ventures or jointly controlled companies are those companies for which the Group's power to govern the financial and operating decisions requires the unanimous consent of the parties sharing control. Joint ventures and jointly-controlled companies are consolidated according to the equity method, and by using the same Group's accounting principles.

Business combinations

Business combinations are accounted for using the "purchase method", in accordance with IFRS 3 Business Combinations. This standard requires the cost of a business combination to be allocated to the identifiable assets, liabilities and contingent liabilities of the purchased entity measured at their respective fair values. Any difference arising in this way between the cost of a business combination and the acquiring entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is accounted for as goodwill if positive and classified as a non-current asset, while if the difference is negative (badwill) it is immediately recognised in profit or loss. The cost of a business combination consists of the total sum of the fair values, at the acquisition date, of the assets transferred, the liabilities incurred or assumed and the equity instruments issued by the acquiring entity in exchange for the control of the entity acquired, and in addition any costs directly attributable to the business combination.

Tangible fixed assets

Tangible fixed assets are stated at their original cost of purchase, production or contribution, including those direct accessory purchase costs required to bring an asset into a condition for use. Cost is reduced by accumulated depreciation and any write-downs in value.

Borrowing costs relating to investments in assets are fully recognised in the profit and loss account in the year in which they are incurred.

Ordinary maintenance and repair costs are charged to profit and loss in the year in which they are incurred; these costs are capitalised if they increase the value or economic life of the asset to which they relate. Assets acquired under finance leases, which assign to the Group substantially all the risks and rewards of ownership, are recognised as tangible assets at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as financial debt.

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets, determined on the basis of the period during which the asset will be used by the Group. Land is not depreciated, even if acquired together with buildings.

The annual depreciation rates used are as follows:

Category		Rate %
Buildings		
	Factory buildings	2,5 - 3%
	Small constructions	5%
Plant and machinery		
	General plant and machinery	4% - 20%
	Specific plant and machinery	4% - 20%
Industrial and commercial equipments		
	Sundry equipment	20% - 25%
Other assets		
	Furniture and ordinary office machinery	8% - 12%
	Electronic office machinery	16,67% - 20%
	Internal vehicles	20%
	Motor vehicles	16,67% - 25%

The Group reviews, at least annually, if there is any indication that tangible assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss, as described in the paragraph “Impairment” below.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

An impairment loss is recognised when the recoverable amount is lower than the carrying amount. Even if the causes of the previous write-down are ceased, the goods are recovered at the less value amongst fair value and book value, putting the adjustment to profit and loss.

Non-current assets held for sale

Non-current assets held for sale consist of non-current assets whose carrying value will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are stated at the lower of their carrying amount and their fair value less costs to sell and are not depreciated.

Goodwill

Goodwill is not amortised but is subject to impairment testing carried out at each balance sheet date or alternatively at more frequent intervals if there is any indication that an asset may be impaired, in accordance with IAS 36 as described in the paragraph “Impairment” below.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Other intangible assets

Other intangible assets consist of identifiable assets not having physical substance, controlled by the Group and from which future economic benefits are expected.

Intangible assets are recognized when the cost of an asset can be measured reliably, in accordance with IAS 38 - Intangible Assets.

Other intangible assets having a finite life are measured at cost and amortized on a straight-line basis over their useful lives, estimated on the basis of the period during which the asset will be used by the Group.

The annual amortization rates used are as follows:

Category		Rate %
Concessions, licences, trade marks and similar rights		
	Software licences	20%
Other intangible assets		
	Non-competition agreement	20%
	Market share	20%
	Sundry deferred charges	8% - 20%

Intangible assets with an indefinite useful life are not amortized, but are tested for impairment annually, as explained in the following paragraph "Impairment". An intangible asset is regarded to have an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Impairment

At each balance sheet date the Group reviews the carrying amount of its tangible and intangible assets to assess whether there is any indication that these assets may be impaired (the impairment test). If any such indication exists, the Group makes an estimate of the recoverable amount of such assets to determine any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset the Group makes an estimate of the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In calculating value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the estimated recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The resulting impairment loss is recognised in the profit and loss account.

When there is no longer any reason for an impairment loss to be recognised, the carrying amount of an asset (or cash-generating unit) is increased to a new carrying amount based on its estimated recoverable value, which may not exceed the net carrying amount that would have been determined had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised in the profit and loss account.

Intangible assets with an indefinite useful life are tested for impairment on an annual basis, or more frequently if there is any indication that an asset may be impaired.

Derivative financial instruments

Derivative financial instruments consist of assets and liabilities measured at fair value.
In accordance with IAS 39, derivative financial instruments only qualify for hedge accounting if all of the following apply:

- at the inception of the hedge, there is formal designation and documentation of the hedging relationship;
- the hedge is expected to be highly effective throughout the financial reporting periods for which it is designated;
- effectiveness can be reliably measured.

When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:

- where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of the hedged item (a fair value hedge; an example is the hedging of the fair value of assets or liabilities yielding or bearing a fixed rate), the instrument is measured at fair value and any gain or loss on re-measurement is recognised in the profit and loss account. In a consistent manner, any gain or loss on the hedged item attributable to the hedged risk adjusts the carrying value of the hedged item;

• where a derivative financial instrument is designated as a hedge of the exposure to variability in the cash flows of the hedged item (a cash flow hedge; an example is the variation in cash flows of assets or liabilities due to variations in exchange rates), the changes in fair value of the instrument are initially recognised in equity and are subsequently recognised in the profit and loss account in a manner consistent with the recognition in the profit and loss account of the effects of the hedged transaction;

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the profit and loss account.

Own shares

Own shares are measured at cost and shown as a reduction in equity.
Profits or losses arising from the negotiations of own shares, if any, are recorded in a specific net equity reserve.

Available-for-sale financial assets

Financial fixed assets held for sale consist of investments in other companies and other non-current financial assets, which are measured at fair value; changes in the measurement of fair value are recognised in equity. When there is objective evidence that a financial asset is impaired, the impairment loss is recognised in income despite the fact it has not been sold. When fair value cannot be reliably measured, investments are measured at cost as adjusted for any impairment losses.

Financial assets held for sale shown as current assets consist of securities with short-term maturities or marketable securities which represent a temporary investment of liquid funds.

Trade receivables and other receivables

Trade receivables and other receivables are measured at cost, represented by the initial fair value of the amount received in exchange. Subsequent adjustments are made to account for any write-downs. Non-current trade receivables and other receivables are subsequently measured at amortised cost, based on the asset's original effective interest rate.

Stocks

Stocks are measured at the lower of purchase or production cost, including ancillary costs, determined on a weighted average basis, and estimated realisable value, determined from market trends.

In the case of raw materials, market value means replacement cost; for finished goods and semi-finished goods, market value means net realisable value, representing the amount that the Group would expect to obtain from the sale of these goods in its normal activities.

Liquid funds and cash equivalent

Liquid funds consist of available cash on hand and bank deposits, shares in liquid funds and other highly liquid investments which can be readily converted into cash and which are subject to an insignificant risk of changes in value.

Employee benefits

The benefits subsequent to the termination of the relation between employer and employee are based on planes that, based on their features, can be defines as “defined contributions plans” or “defined benefits plans”.

In the “defined contributions plans”, such as the Italian TFR (Italian leave indemnity) accrued after the coming into force of the 2007 Italian “Finance Law”, the obligation of the company, limited to the payment of a contribution to the Public Social Security System, or to an asset or to a specific juridical entity (so called ‘fund’), is determined based on the due contributions, after deducting the already paid amounts.

The “defined benefits plans”, such as the Italian TFR before the coming into force of the 2007 Italian “Finance law”, are plans such that the benefits subsequent to the termination of the relation between employer and employees are a future obligation, for which the Company bears the relevant actuarial and investment risks. The indemnity leave fund is determined based on the actuarial value of the liability of the Company, according to the current legislation, the collective wage agreements, and the company’s integration agreements The actuarial evaluation, based on demographic, financial and turnover assumptions, is entrusted to independent actuarians. The profit and losses deriving from the actuarial calculations are charged to the profit and loss account as costs or revenues.

Provisions for contingencies and charges

The Group records provisions when it has an obligation, legal or constructive, arising from a past event, for which it is probable that a cost will be incurred to satisfy that obligation and when a reliable estimate of the amount can be made. Provisions are measured at the best estimate of the amount that at the balance sheet date the Group would rationally pay to settle the obligation or transfer it to a third party.

Whenever the expectations of the employment of resources extend beyond the following fiscal year, the liability is recorded based on their actuarial value, as determined through the actualization of the expected cash flows, discounted at a rate that also takes into account the cost of funding and the risk of the liability.
The amount provided for the agents' termination liability is determined on the basis of actuarial techniques used by independent actuaries.

Changes in estimates are recognised in the profit and loss account of the period in which the change occurs.

The cost that the company expects to sustain to carry out the restructuration plans are recorded in the fiscal year in which the Group has formally defined such plans, and in which the concerned subjects have formed the valid expectation that the restructuration will take place.
The risks that might generate a possible liability are recorded in the specific section "Contingent liabilities and commitments and other guarantees granted to third parties", but no cost provisions are recorded.

Bank loans and other financial liabilities

This item consists of financial liabilities made up of bank loans, debenture loans and financial amounts due to others, including amounts due to lessors in respect of finance leases. Bank loans and other financial liabilities are measured at amortised cost.

Financial liabilities are initially recognised at cost, represented by the fair value of the amount received net of accessory costs attributable to the acquisition of a loan. After initial recognition loans are measured at amortised cost, determined using the effective interest method. Amortised cost is calculated taking into account issue costs and any discount or premium envisaged at the time of settlement.

Trade payables and other payables

This item consists of trade payables and other liabilities, excluding financial liabilities shown under bank loans and other financial liabilities. These liabilities are initially measured at the fair value of the amount to be paid. Subsequent measurement is at amortised cost using the effective interest method.

Revenues and costs

Revenues are recognized to the extent that the benefits associated to the sale of goods or services are likely to be attained by the company, and the relevant amount can be determined in a reliable way.
The revenues are recorder at the fair value of the consideration received or expected, taking into account the possible commercial discounts or volume premiums.
As regards the sale of goods, the revenues are recognized when the Company has transferred to the purchaser the main risks and benefits associated to the property of the good itself.
As regards the supply of services, the revenues are recognized at the time the services are rendered, net of returns, discounts, allowances and premiums.

Taxation

Current income taxes are determined on the basis of an estimate of taxable income for the period. Income tax liabilities are recognised in “Current taxation” in the balance sheet, net of the corresponding amounts paid on account and withholding taxes.

Current tax assets and liabilities are determined using tax rates and tax laws and regulations in force at the balance sheet date.

Deferred tax assets and liabilities reflect the effect of temporary differences between the accounting value and tax basis of assets and liabilities.

The item “Deferred tax liabilities” represents liabilities to taxation arising from temporary differences which give rise to taxation in future periods in accordance with prevailing tax legislation.

The item “Deferred tax assets” represents taxation which, although relating to the accounting income or expense of future periods, refers for fiscal purposes to the current period, and are recognised when it is believed probable that sufficient taxable income will be generated in future periods for their recovery.

Income taxes are recorded in the profit and loss account, with the exception of the taxes relevant to items directly debited or credited to the net equity, the tax effect of which is recognized directly in the equity.

Prepaid taxes on matured tax losses are recorded only if future taxable income is likely to be obtained, for an amount sufficient to cover the carried forward losses.

Discontinued operations

Discontinued operations consist of important autonomous lines of activity – in terms of business or geographical area or which form part of a single, co-ordinated disposal programmed – that have either been disposed of or are held for sale, and subsidiary companies acquired exclusively for resale.

The results of discontinued operations, which are represented by the profits or losses of these operations and any gains or losses on disposal, are presented separately in the profit and loss account, net of any related tax effects, in a single line item. The profits or losses of these activities in prior years are reclassified in this way for comparative purposes.

Exchange differences

Transaction in foreign currencies are recorded at the exchange rate prevailing at the rate of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into

Euros at the Balance Sheet date at the exchange rate prevailing that date, classified into profit and loss account.

Dividends

Dividends are recognised at the date on which their distribution is approved by shareholders.

Use of estimates

The preparation of financial statements and related disclosures that conform to International Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Estimates are used in accounting for bad debts provisions for accounts receivable, stock obsolescence, depreciation, asset impairment, employee benefits, restructuring provisions, taxation and other accruals and provisions and in measuring derivative financial instruments. Estimates and assumptions are reviewed regularly and the effects of any changes are recognised immediately in the profit and loss account.

Earnings per share

The base earning per share is defined as the ratio between the result of the Group attributable to the shares, and the weighted number of shares that circulated in the fiscal year.
The diluted earnings per share is calculated by taking into account the effect of all the potential common shares with dilutive effect. Similarly, it is equal to the base earning per share.

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 Management

Just like all industrial corporations, the Group is exposed to risks linked to the economic crisis, especially with regard to sales volumes, in a picture that remains extremely uncertain.

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

As part of its activities RDM is exposed to various market risks and in particular the risk of fluctuations in foreign exchange rates, interest rates and the price of commodities, liquidity risk and customer credit risk.
In order to minimise part of these market risks, RDM enters arrangements to hedge specific operations (such as those affected by interest rate fluctuations) and to hedge the overall exposure (for example to foreign exchange rate fluctuations) using financial instruments offered by primary national or international banks. RDM does not enter hedging arrangements for obviously speculative reasons, as defined in the current policy and duly approved by the Board of Directors.

Exchange rates

The RDM Group generates a part of its revenues in currencies other than the euro, principally the US dollar and the British pound, thereby taking a long position in these currencies. In order to reduce the exchange rate risk arising from this situation, RDM, during the period, enters forward currency sales contracts. These arrangements are always set up with the notional amount and maturity date equal to those of the expected cash flows (if the amounts are significant), in order that every change in the cash flows resulting from the forward sales due to the rise or fall in the value of the euro compared to other currencies is substantially balanced by a corresponding change in the cash flows expected from the underlying business operations. The current hedging policy defines the maximum exposure levels, which differ according to the various currencies, and excludes recourse to complex profile derivative transactions.

Interest rates

The RDM Group uses a variety of debt instruments as a function of the nature of its borrowing needs. In particular, it uses short-term debt to finance its working capital needs and medium-long term debt to cover the investments made which are linked to its core business.

The technical instruments mostly used consist of the following:
- advances for the short-term segment;
- loans for the medium-long term segment. The majority of these instruments, for which agreements are entered into with leading banks, are indexed to floating rates which are revised on a three/six monthly basis.

RDM's present Risk Management policy is aimed at reducing its exposure to the variable element of its debt interest and the related effect on the profit and loss account. Its objectives in managing risk are accordingly to stabilise the cash flows associated with its debt servicing costs in line with the estimates made in preparing the Group's budget.

RDM pursues this objective from an operative point of view by acquiring Interest Rate Swap (IRS) derivatives.

The RDM Group has decided to hedge its exposure through the use of cash flow hedging, consistent with the characteristics of the operations it carries out and its risk management objectives. This form of hedging has the purpose of reducing volatility in cash flows that are linked to interest expense on short- and long-term debt.

Hedging relations are set up to convert floating rate interest loans to fixed rate loans. This is carried out through Interest Rate Swap (IRS) transactions by which RDM receives cash inflows from its counterparty bank based on floating rates reflecting those incurred on its debt, with cash outflows for payments based on a fixed interest rate. As a result, the combined position (debt + IRS) takes the form of fixed rate debt, for which the amount of the interest borne is certain (being the objective of a cash flow hedge).

RDM's policy is to maintain the level of medium/long-term, fixed-rate indebtedness between a 50% minimum and 75% maximum threshold and the short-term, fixed interest rate level of indebtedness at a 50% maximum, in relation to the foreseen market trend.

The current hedging policy excludes recourse to complex profile derivative transactions.

Supplies

As a result of the structure and type of its costs, RDM is mainly exposed to fluctuations in energy prices (natural gas and electricity), fluctuations in the price of certain chemical products, including those that are petroleum-based (such as latex) and changes in the price of fibrous raw materials.

RDM's management policies require that annual supply agreements for natural gas and electricity contain clauses under which prices are determined on the basis of moving averages of market prices or indices that are revised on a quarterly basis and linked to a basket of fossil fuels or their derivatives or on fixed-price annual agreements. Furthermore, the possibility of engaging in hedging transactions to stabilise the cost of particular energy sources is foreseen.

For the purchase of chemical products and fibrous raw materials, RDM aims at having the widest possible range of suppliers and supply markets with the dual purpose of being able to monitor the various purchase terms on a constant basis and to encourage competition between suppliers. It is not practicable to formalise framework supply agreements for these types of purchases.

The current hedging policy excludes recourse to complex profile derivative transactions, after having established the issues associated with their management. Therefore, it has been deemed appropriate to adopt technical forms of hedging negotiated on a bilateral basis with primary banking counterparties.

Liquidity Risk

The liquidity risk is defined as the risk not to be able to meet the obligations associated to the financial liabilities.

Under RDM's management policies liquidity risk is monitored on a continuous basis. The Company's objective is to mitigate this risk both by holding sufficient liquid funds or short-term deposits with primary institutions and by employing short-term credit facilities backed by the trade receivables of Italian and foreign customers.

The risks on the financial exposure are essentially linked to the negotiations in progress with the Financing Banks, relevant to two medium term loans contracted in 2006.

For a full description of this matter, see "Net Financial Position" below.

Trade receivables

As a general rule, the policy followed for the management of commercial risk provides for the insurance of this risk through insurance companies specialised in receivables from foreign customers, while any uninsured or only partially insured balances require the specific authorisation of RDM's management, depending on the amount. There are specific credit control procedures for Italian customers, again depending on the amount, under which approval must be obtained from the various levels of management. Under RDM's management policies, Italian and foreign trade receivables are monitored on a continuous basis and the appropriate recovery procedures are put into action in the event of non-payment.

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	Shareholding			
				30.06.2009		31.12.2008	
				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 L.t.d.	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 Pac 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 controller companies are accounted for the consolidated condensed interim financial statements using the equity method:

Company name	Registered office	Activity	Share capital	Shareholding			
				30.06.2009		31.12.2008	
				Direct	Indirect	Direct	Indirect
Careo S.r.l.	Milan (I)	Sales	100	70.00%	-	70.00%	-
Pac Service S.p.A.	Vigonza (PD)	Manufacturing	1,000	33.33%	-	33.33%	-
RDM Tissue Core S.r.l.	Milan (I)	Manufacturing	100	51.00%	-	-	-

The changes in the scope of consolidation in 2009 regard the entry of "RDM Tissue Core S.r.l.", a company in which the Group has a 51% holding; on the basis of the corporate governance regulations defined in its bylaws this company is considered to be a joint venture and is valued for using the equity method. The company's operations consist of the sale in Italy and Europe of a specific product line developed by one of the Group's Italian factories.

The Company has been established in 2009 and has not yet expressed its potential, thus the variation of the scope of consolidation it generates has not materially impacted the consolidated economic magnitudes.

4.6.4. Note to the consolidated financial statements for the first half year 2009

When preparing the Semi-annual Financial Report at 30 June 2008, the Group availed itself of provisional accounting (as permitted by IFRS 3) of the business combination with the Cascades Group. At 31 December 2008, this accounting, based on the greater information that allowed the Group to refine its estimate of the fair value of assets and liabilities, underwent a few changes that resulted in a corresponding change in Badwill. Based on such changes, it was decided to "revised" the consolidated income statement at 30 June 2008 and comparisons of the schedules in the half year financial report at 30 June 2009, including the final value in the item "Badwill."
Moreover, the profit and loss account, presented in the consolidated condensed interim financial statements at 30 June 2008, included the line item "Non-recurring income (expenses)". This item has been eliminated from this period's profit and loss account and the amounts included in that item in 2008 have been reclassified to the individual line items, with their non-recurring nature being highlighted. It has to be reminded that the Gross Operating Profit at June 30, 2008, amounting to Euro 38.1 million, included a Badwill for an amount of approximately Euro 21.2 million, and did not include the Gross Operating Profit generated in the first two months of the year by the ex-Cascades companies, for an amount of Euro 2.1 million. At last, as the result of the decision in 2008 to re-use certain components of the Magenta facility MC1, which had previously been classified as part of non-current assets held for sale, in accordance with IFRS 5, the impairment loss recognized in the first half of 2008, as operating cost, as part of discontinued operations has been reclassified to that line item. See note "6. Recovery of value and write-downs of assets" for more details.

Operating 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 is based on the elements utilized by the management to make the operational decisions.

A geographical format has been adopted as the means of reporting segment information, based on the location of RDM Group companies.

30 June 2009	Italy	Spain	Germany	France	Uk	Other	Eliminations	Consolidated
(thousands of Euros)								
Revenues from sales and other revenues	129,897	4,533	49,822	25,148	3,879	-	10,070	223,349
Operating cost	(116,630)	(4,274)	(43,419)	(26,879)	(4,042)	-	(10,070)	(205,314)
Badwill	-	-	-	-	-	-	-	-
Gross operating profit	13,267	259	6,403	(1,731)	(163)	-	-	18,035
Depreciation, amortisation, recovery of value and write-downs of assets								(13,285)
Operating profit								4,750
Financial income (expense), net								(4,357)
Income from investments								-
Taxation								(1,119)
Profit (loss) for the period								(726)
Investments	5,165	123	1,489	674	-	-	-	7,451

30 June 2008	Italy	Spain	Germany	France	Uk	Other	Eliminations	Consolidated (*)
(thousands of Euros)								
Revenues from sales and other revenues	163,019	3,947	38,216	27,471	4,798	-	7,663	245,114
Operating cost	(149,288)	(3,695)	(33,653)	(28,998)	(4,893)	-	(7,663)	(228,190)
Badwill	-	-	-	-	-	21,178	-	21,178
Gross operating profit	13,731	252	4,563	(1,527)	(95)	21,178	-	38,102
Depreciation, amortisation, recovery of value and write-downs of assets								(10,996)
Operating profit								27,106
Financial income (expense), net								(5,264)
Income from investments								(2,122)
Taxation								(2,462)
Profit (loss) for the period								17,258
Investments	3,675	140	544	331	-	-	-	4,690

(*) Comparative figures have been “revised” to take account of the final figures used in accounting for the business combination

1. Revenues from sales

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

Revenues by geographical areas	30 June 2009	Inc. %	30 June 2008	Inc. %
(thousands of Euros)				
Italy	82,688	38.63%	88,349	36.84%
UE	108,037	50.47%	127,947	53.36%
Extra UE	23,341	10.90%	23,493	9.80%
Total revenues from sales	**214,066**	**100%**	**239,789**	**100%**

At the geographic level, Group revenues substantially confirm the final distribution for the same period of the previous year.

2. Other revenues

Other revenues for the first half of 2009 consist principally of ordinary grants received from Comieco that relate to the use of waste paper deriving from urban waste differentiation schemes, of proceeds recognised by some energy suppliers for participation in the interruption service, proceeds from the supply of electrical energy in the first half of 2009, and from an insurance recovery relevant to an accident occurred in an Italian mill.

3. Cost of raw materials and services

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

Cost of raw material and services	30 June 2009	% Production value (*)	30 June 2008	% Production value (*)
(thousands of Euros)				
Cost of raw materials	84,290	39.4%	98,173	40.2%
Services	78,899	36.8%	89,158	36.5%
Cost for third parties goods	1,736	0.8%	1,229	0.5%
Total	**164,925**	**77.0%**	**188,560**	**77.2%**

(*) Production value = Revenues from sales plus change in stocks of finished goods

The prices of pulp raw materials and of energy remained substantially in line with those of the first quarter, with a slight additional fall that emphasised the positive differential compared with the first half of the previous year, which showed substantially higher prices with a rising trend.

4. Badwill

On 30 June 2008 the badwill consists as the excess over cost of the aggregate of the *fair value* of the assets, liabilities and contingent liabilities identified. The amount, stated as badwill, has been "revised" and is recognised at Euro 21.2 million to take into account the final accounting for the business combination at 31 December 2008; this compares with the balance of Euro 16.7 provisionally recognised for the business combination at 30 June 2008.
Such difference is due to the water rights granted in Germany and to a different valuation of same potential liabilities net of the relevant fiscal effect.

5. Depreciation and Amortization

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

Depreciation and amortisation	30 June 2009	30 June 2008	Variation
(thousands of Euros)			
Amortisation of intangible assets	94	505	(411)
Depreciation of tangible assets	12,708	8,795	3,913
Total	**12,802**	**9,300**	**3,502**

6. Recovery of value and write-downs of assets

The value at 30 June 2009 included the write-down of the MC1 deriving from alignment of its value based on actual re-utilisation of the asset on the basis of currently estimable, and the write-down related an initial calculation of the value of assets being disinvested following an accident in one of the Italian plants.
In addition, the write-down for an amount of Euro 1.7 million made in the previous period and incurred at 30 June 2008 was reclassified in discontinued operations following the decision to re-use some of the parts of the MC1 board machine from the Magenta plant, in 2008; the machine had been classified as a non-current asset held for sale, in conformity to the provisions of IFRS 5.

7. Taxation

The table below details the subdivision between current and deferred taxes at 30 June 2009:

Taxation	30 June 2009	30 June 2008	Variation
(thousands of Euros)			
Deferred taxation	996	(2,086)	3,082
Current taxation	(2,115)	(376)	(1,739)
Total	**(1,119)**	**(2,462)**	**1,343**

8. Tangible fixed assets

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

Tangible fixed assets	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in course of construction	Total
(thousands of Euros)							
Cost	27,516	91,014	613,081	13,820	14,657	1,388	761,477
Accumulated depreciation/ Write-down	-	(43,921)	(431,254)	(8,513)	(13,389)	-	(497,077)
Net book value at 31.12.08	**27,516**	**47,093**	**181,827**	**5,307**	**1,268**	**1,388**	**264,400**
Variations for the period:							
Change in consolidation scope (cost)	-	-	-	-	-	-	-
Change in consolidation scope (acc. Dep.)	-	-	-	-	-	-	-
Increases	41	216	4,664	24	338	2,168	7,451
Decreases	(166)	-	(216)	-	(334)	-	(716)
Reclassification of cost	-	9	429	-	-	(438)	-
Recovery of value and write down	-	-	-	-	-	-	-
							-
Depreciations for the period:	-	(1,546)	(10,453)	(297)	(412)	-	(12,708)
Write-down	-	-	(483)	-	-	-	(483)
Other changes (cost)	-	-	-	-	-	-	-
Other changes (acc. Dep.)	-	86	(156)	-	(5)	-	(75)
Utilisation of accumulated depreciation	-	-	156	-	334	-	490
Reclassification of accumulated depreciation	-	-	-	-	-	-	-
Value at 30.06.2009							
Cost	27,391	91,239	617,958	13,844	14,661	3,118	768,211
Accumulated depreciation/ Write-down	-	(45,381)	(442,190)	(8,810)	(13,472)	-	(509,853)
Net book value at 30.06.09	**27,391**	**45,858**	**175,768**	**5,034**	**1,189**	**3,118**	**258,358**

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 and Ovaro, Italy.

For purposes of calculating possible value losses, no impairment indicators have emerged that could change the evaluations made at 31 December 2008.

9. Net financial position

The net consolidated financial indebtedness at 30 June 2009 amounts to Euro 135.6 million, compared to Euro 128.5 million at 31 December 2008.

The breakdown for the net financial position is as follows:

Net financial position	30 June 2009	31 December 2008	Variation
(thousands of Euros)			
Cash	52	57	(5)
Funds available at banks	1,375	4,257	(2,882)
Restricted funds at banks	-	-	-
A. Cash and cash equivalent	**1,427**	**4,314**	**(2,887)**
Other current financial receivables	1,788	1,725	63
Derivatives - current financial assets	233	-	233
B. Current financial receivables	**2,021**	**1,725**	**296**
1. Bank overdraft and short term loans	*64,740*	*56,635*	*8,105*
2. Current portion of medium and long term loans	*55,569*	*56,325*	*(756)*
Bank loans and other financial liabilities (*1+2*)	120,309	112,960	7,349
Other current financial liabilities	396	696	(300)
Derivatives - current financial liabilities	1,011	68	943
C. Current financial debt	**121,716**	**113,724**	**7,992**
D. Current financial debt, net (C - A - B)	**118,268**	**107,685**	**10,583**
Derivatives - non current financial assets	5	11	(6)
E. Non-current financial receivables	**5**	**11**	**(6)**
Bank loans and other financial liabilities	16,438	19,935	(3,497)
Derivatives - non-current financial liabilities	943	916	27
F. Non-current financial payables, net	**17,381**	**20,851**	**(3,470)**
G. Non current financial debt (F - E)	**17,376**	**20,840**	**(3,464)**
H. Financial debt, net (D +G)	**135,644**	**128,525**	**7,119**

The variation in value of the derivatives is closely linked to assessment of their fair value on the reference date and to the subscription of two new instruments assessed at fair value, the first tied to financing of the German subsidiary and the second to a gas commodity stipulated by Reno De Medici S.p.A..

The current item "Bank loans and other financial liabilities" refers to the use of commercial type lines of credit associated with the divestment of trade receivables and to the current part of medium and long term investments represented by the quotas becoming due in the following 12 months (measured in accordance with the amortised cost method). As described follows, according to IAS 1, the non-current portion of the loans, for an amount of Euro 44.4 million, has been reclassified as a short-term loan.

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 normal value, are detailed below:

Loans	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 13 February 2016	132	580	324	1,036
M.I.C.A. - due on 16 October 2013	142	599	-	741
San Paolo Imi - due on 15 June 2011	2,182	2,297	-	4,479
San Paolo Imi - due to 15 December 2011	3,160	5,023	-	8,183
San Paolo Imi - due on 6 April 2016 (*)	8,410	-	-	8,410
San Paolo Imi fin.pool - tranche A - due on 6 April 2016 (*)	31,500	-	-	31,500
San Paolo Imi fin.pool - tranche B - due on 6 April 2011 (*)	10,000	-	-	10,000
Banca Pop.Emilia Romagna - due on 15 May 2016	620	2,480	1,240	4,340
UNICREDIT - due on 1 June 2009	-	-	-	-
UNICREDIT - due on 2 November 2009	75	-	-	75
DRESDNER BANK - due on December 2015	714	2,856	1,073	4,643
Total payables at nominal value	**56,935**	**13,835**	**2,637**	**73,407**
Effect of amortized cost (*)	**(1,366)**	**(27)**	**(6)**	**(1,399)**
Total payables valued with amortized cost	**55,569**	**13,808**	**2,631**	**72,008**

(*) The amounts due within one year include Euro 44.4 million of non-current portion reclassified to short-term

On August 3, 2009, in accordance with the positive resolutions by IntesaSanpaolo and Unicredit, was signed the Term Sheet relevant to the redefinition of the Euro 60.0 million financing agreement stipulated in April 2006. Same terms and conditions, duly amended, will be applied to the Euro 14.7 million loan agreement with IntesaSanpaolo, undersigned in December 2006. The terms provided by the document will be included in the contractual documentation that will be subsequently subscribed.

It is reminded that the loans amounted originally to Euro 74.7 million, of which Euro 68.4 million were actually drawn-down. As a result of reimbursements, the amount at 30 June 2009 has been reduced to Euro 48.6 million, with a non-current portion of Euro 44.4 million (before the reclassification described just below).

The redefinition of the terms of the loans, that was originally generated by the fact that the Group did not meet at December 31, 2008 certain financial parameters and contractual obligations

provided by the mentioned loans, evolved into a more articulated proposal that was presented to the Banks during the month of March, aiming at rebalancing the financial exposure.
The Agent Bank IntesaSanpaolo has finalized the internal authorization procedure and issued the relevant resolution. Such resolution was subject to an equivalent resolution by the other bank Unicredit, issued on August 3, 2009.

The new terms provide, inter alia, the following:

a) the waiver by the Lending Banks to the mandatory advance payments relevant to the Extraordinary Financial Transactions carried out by the RDM Group up to and including 31 December 2008 and to the assumption of a loan by a Subsidiary, guaranteed by the Company;
b) the re-modulation of debt service, that provides for a grace period of two years for the reimbursement of the principal installments, based on the capital expenditures of the Reno De Medici Group (see just below), that will be subsequently reimbursed on a straight line basis, maintaining the original maturity date (2016);
c) the suspension of the verification of the contractual financial covenants at 30 June 2009 and modification of the covenants for the subsequent periods based on new parameters;
d) the postponement for two years, and the modification of the exercise procedures, of the call options granted to Reno De Medici (from 2010 to 2012), and of the put options granted to Cascades S.A.S. (from 2011 to 2013) provided by the Combination Agreement signed in 2007 by the parties and relevant to the acquisition by Reno De Medici of two plants currently owned by Cascades S.A.S., located in France and Sweden, that producing cartonboard based on virgin fibre.

It has to be specified that Item d) above has been the object of a specific agreement that modifies the original Combination Agreement subscribed by Reno De Medici, Cascades S.A.S. and Cascades International Paperboard, Inc.. The coming in to force of such agreement is subordinated to the subscription by December 31, 2009, of the above mentioned documentation that modifies the Loan Agreements, that shall include specific clauses in this regard.

Such terms are particularly important for the Group's strategic positioning and revenue prospects, as it enables the Group:

- to meet the financial commitments generated by RDM's capital expenditures that in the period 2009-2011 exceed the normal levels of investment (for a total amount of approximately Euro 15 million), that are necessary in order to continue the optimisation of the production activities;

- to balance the allocation of RDM's financial debt between short-term and medium/long-term sources.

Nevertheless, since the agreement with the Banks has been signed after June 30, the data of the closing of the accounts in application of the provisions of IAS 1, the reclassification to short-term of Euro 44.4 million (corresponding to the residual non-current portion of the above-mentioned loans) was maintained also at 30 June 2009. It has to be remembered that, in consequence of the non compliance of some financial parameters and contractual obligations provided by the above-mentioned 2006 financial agreements, such reclassification had been made in the 2008 financial statement for an amount of Euro 45.9 million, and it was maintained in the quarterly report at 31 March 2009.

Lastly, we report that German subsidiary Reno De Medici Arnsberg GmbH respected the financial parameters at 30 June 2009 required by the financing agreement stipulated with a German bank for a total original amount of Euro 5 million.

The following table sets out the main features of the derivative financial instruments at 30 June 2009, analysed between interest rate swap agreements and commodities agreements. It should be noted that as at 30 June 2009, the current agreement with Banca Intesa San Paolo for Euro 4,340 thousand, although stipulated for hedging purposes, does not mantain the effective requisites of the IFRS for the hedge accounting and, therefore, its fair value net of tax effect was recorded in the income statement:

Company	Counterparty	Currency	Maturity	Nominal value (Euro/000)	Interest	Payement of interest	Fair value of the derivative (Euro/000)
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	06.04.2016	21,000	4.11% fixed / Euribor 6m	Six monthly	(1,068)
Reno De Medici S.p.A.	Unicredit Banca d'Impresa S.p.A.	Eur	06.04.2016	10,500	4.11% fixed / Euribor 6m	Six monthly	(534)
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	15.05.2016	4,340	4.15% fixed / Euribor 6m	Six monthly	(201)
Reno De Medici Arnsberg GmbH	Dresdner Bank AG	Eur	31.12.2015	4,642	3.59% fixed / Euribor 6m	Six monthly	(151)
				40,482			**(1,954)**

Company	Counterparty	Currency	Maturity	Quantity (cubic meters)	Price (Euro/cubic meters)	Interest variation	Fair value (€/000)
Reno De Medici S.p.A.	Banca Akros S.p.A.	Eur	30.09.2009	14,000,000	19.59 Euro/metri cubi	montly	233
				14,000,000			**233**

The Magenta, Santa Giustina, and Villa Santa Lucia facilities are covered with mortgages totalling Euro 230 million, plus liens in an equal amount on production plants, as collateral for previous financings.

10. Employees' leaving entitlement

Employees' leaving entitlement	30 June 2009	31 December 2008	Variation
(thousands of Euros)			
TFR Pension Fund	13,042	13,273	(231)
Employees' leaving entitlement	10,863	10,182	681
Total	**23,905**	**23,455**	**450**

At 30 June 2009, the item "Employees' leaving entitlement" was in line with the information presented at 31 December 2008.

At 30 June 2009 the RDM Group's workforce consisted of 1,765 employees, compared of 1,716 employees at 31 December 2008.

11. Non-current provisions for contingencies and charges

Non-current provisions for contingencies and charges	31 December 2008	Variation area	Charge	Utilisation	30 June 2009
(thousands of Euros)					
Agents' termination indemnity	226	-	9	-	235
Provision for future charges	4,294	-	13	(1,071)	3,236
Taxation	29	-	-	(29)	-
Provision for losses on investments	129	-	-	-	129
Total	**4,678**	**-**	**22**	**(1,100)**	**3,600**

With reference to the "Provision for future charges," use in the period (Euro 1.1 million) is mainly attributable to the settlement of litigation regarding former employees, to other current litigation, and to release of the provision for environmental risks regarding the French subsidiary RDM Blendecques S.a.S..

12. Group trade payables

The item "Group trade payables" mainly concerns commercial relations for the supply of services by Careo S.r.l. with Reno De Medici S.p.A. and other Group Companies.

13. Current provisions for contingencies and charges

"Current provisions for contingencies and charges" relate to the excess in personal resulting from the discontinuation of the Activity of business line at French Blendecques facility. The decrease of the period is only referred to the utilization of existing current provisions at 31 December 2008.

14. Non-recurring transactions

There are no recurrent transactions.

4.7 Related party transaction

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.

In the half-year financial report 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 producted in the factory at La Rochette (F) and transactions resulting from the merger carried out during the first half-year in the previous period;
- Relations of a commercial nature with Cascades Asia Ltd, a trading company belonging to the Cascades Group and operationg mainly on the Asian market, relating to the sale of cartonboard;
- Commercial relations between the sudsidiary Emmaus Pack S.r.l. and Immobiliare ANSTE S.r.l. and ANSTE Autotrasporti S.r.l., both companies are referable to the Oldani family that owns 49% of Emmaus Pack S.r.l., related to lease rentals and transport and ancillary services;
- Commercial relations with Pac Service S.p.A., 33% owned by RDM, related to the sale of cartonboard;
- Supply of business consulting services by Careo S.r.l. and its 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 descrive above is reported, pursuant to Consob resolution No. 15519 dated 27th July 2006:

Receivables and payables due to related parties	Current assets			Non-current Assets	Current Libilities			Non-current Liabilities
	Trade receivables	Group trade receivables	Other Group trade receivables	Trade receivables	Trade payables	Group trade payables	Other Group trade payables	Other Group payables
(thousands of Euros)								
Anste Autotrasporti S.r.l.	-	-	-	-	154	-	-	-
Careo GmbH	-	-	305	-	-	-	-	-
Careo S.a.s.	-	840	-	-	-	492	-	-
Careo Spain S.L.	-	-	11	-	-	-	-	-
Careo S.r.l.	-	1,075	1,602	-	-	5,187	-	-
Cascades Asia Ltd	850	-	-	-	-	-	-	-
Cascades Djupafors A.B.	90	-	-	-	291	-	-	-
Cascades Canada Inc.	-	-	-	-	8	-	-	-
Cascades Inc.	-	-	-	-	9	-	-	-
Cascades S.a.s.	102	-	-	204	1,012	-	-	1,204
Immobiliare Anste S.r.l.	-	-	-	-	67	-	-	-
Norampac Avot Vallée France	15	-	-	-	-	-	-	-
Norampac Inc.	-	-	-	-	-	-	-	-
Pac Service S.p.A.	-	923	-	-	-	-	-	-
RDM Deutschland GmbH	-	1	-	-	-	-	130	-
RDM Tissue Core S.r.L.	-	133	-	-	-	-	-	-
Total	**1,057**	**2,972**	**1,918**	**204**	**1,541**	**5,679**	**130**	**1,204**
Incidence on the total of the item	**0.9%**	**100.0%**	**100.0%**	**71.6%**	**1.7%**	**100.0%**	**100.0%**	**100.0%**

Outflows and inflows of cash due to related parties	Inflows		Outflows	
	Trade receivables	Group trade receivables	Trade payables	Group trade payables
(thousands of Euros)				
Anste Autotrasporti S.r.l.	-	-	314	-
Careo GmbH	-	674	-	415
Careo S.a.s.	-	771	-	144
Careo S.r.l.	-	16	-	5,670
Cascades Asia Ltd	256	-	-	-
Cascades Djupafors A.B.	230	-	836	-
Cascades Group Produits	-	-	16	-
Cascades Inc.	-	-	26	-
Cascades S.a.s.	217	-	1,535	-
Immobiliare Anste S.r.l.	-	-	134	-
Norampac Avot Vallée France	1	-	-	-
Norampac Inc.	4	-	-	-
Pac Service S.r.l.	-	867	-	-
RDM Tissue Core S.r.l.	-	8	-	-
Total	**708**	**2,336**	**2,861**	**6,229**

	Revenues	Financial income
(thousands of Euros)		
Careo GmbH	9	20
Careo S.a.s	503	-
Careo S.r.l.	268	16
Cascades Asia Ltd	1,029	2
Cascades Canada Inc.	-	-
Cascades Djupafors A.B.	158	-
Cascades Groupe Produits	-	-
Cascades S.a.s.	181	-
Norampac Avot Vallée France	14	-
Pac Service S.p.A.	865	-
RDM Tissue core S.r.l.	120	-
Total	**3,147**	**38**
Incidence on the total of the item	**1.5%**	**66.7%**

(thousands of Euros)	Cost of raw materials and services	Financial Charges
Anste Autotrasporti S.r.l.	261	-
Careo S.a.s.	9	-
Careo S.r.l.	5,427	-
Cascades Asia Ltd	-	4
Cascades Canada Inc.	8	-
Cascades Groupe Produits	15	1
Cascades Inc.	12	-
Cascades S.a.s.	1,329	-
Cascades Djupafors A.B.	452	-
Immobiliare Anste S.r.l.	112	-
RDM Deutschland GmbH	-	1
Total	**7,625**	**6**
Incidence on the total of the item	**4.6%**	**0.1%**

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 264 thousands and Euro 75 thousands. The Managing Director has also received a remunerations of Euro 214 thousands as General Manager.

4.8 Legal and arbitration proceedings

Current risks and litigation

The following is a brief summary of principal and significant judicial and arbitration proceedings currently under way.

Proceedings concerning transport

With regard to transport, RDM and Reno Logistica S.r.l. had only the actions brought by "Vannini S.r.l. in liquidazione." The parties definitively settled all such actions at the hearings held. The allocated reserves proved sufficient as a guarantee.

RDM – Cassino Public Prosecutor

This proceeding concerns an order for seizure of the water purification plant at the Villa Santa Lucia facility. During the first six months of the year, the Company carried out all of the middle-term instructions that the Preliminary Investigation Magistrate had issued with order dated 1 December 2007. Therefore, a petition for release from seizure was filed in early July 2009.

4.9 Subsequent events

On August 3, 2009 the Term Sheet was signed with the two Lending banks, relevant to the redefinition of the two Loan Agreements signed in 2006. For further details refer to what is reported in Note 9 "Net Financial Position" of the present First half 2009 Financial Report.
Furthermore, Reno De Medici S.p.A on July 30, 2009 subscribed an investment agreement finalized to the acquisition of a minority share of 22.75% in the capital of Manucor S.p.A., for an amount of Euro 4.5 million. The company operates in the production of plastic packagings, specifically BOPP. The acquisition is part of a broader restructuring and re-launching plan of Manucor, that provides for a recapitalization of the company.

5. List of investments in subsidiary companies and associates

Investments at 30 June 2009 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).

Cartonboard sector

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

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

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

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

Emmaus Pack S.r.l.
Milan – Italy
Direct ownership 51,39%

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

Pac Service S.p.A.

Vigonza – Padova – Italia

Direct ownership 33,33%

RDM Tissue Core S.r.l.

Milan – Italy

Direct ownership 51%

Service sector

Cascades Grundstück Gmbh & Co.KG

Arnsberg – Germany

Direct ownership 100%

Reno Logistica S.r.l. *in liquidation*

Milan – Italy

Direct ownership 100%

Careo S.r.l.

Milan – Italy

Direct ownership 70%

Careo S.a.s

La Fayette – France

Indirect ownership 70% (throught Careo S.r.l.)

Careo Gmbh

Krefeld – Germany

Indirect ownership 70% (throught Careo S.r.l.)

Careo S.r.o.

Praga – Czech Republic

Indirect ownership 70% (throught Careo S.r.l.)

Careo KFT

Budapest - Hungary

Indirect ownership 70% (throught Careo S.r.l.)

Careo Ltd

Wednesbury – Great Britain

Indirect ownership 70% (throught Careo S.r.l.)

Cartoneboard Cascades SP z.o.o.

Warsaw - Poland

Indirect ownership 70% (throught Careo S.r.l.)

Reno De Medici Deutschland Gmbh

Bad Homburg – Germany

Indirect ownership 70% (throught Careo S.r.l.)

Careo LLC

Russia

Indirect ownership 70% (throught Careo S.r.l.)

Careo Spain S.L.

Prat de Llobregat – Barcelona – Spain

Indirect ownership 70% (throught Reno De Medici Iberica S.L.)

CERTIFICATION

OF CONDESED INTERIM FINANCIAL STATEMENT 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 statement in the period from 1 January 2009 to 30 June 2009.

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

3. It is also hereby certified that:

3.1. the condensed interim financial statement as at 30 June 2009:

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 statement, 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 2009

Managing Director	Manager responsible for drawing up corporate accounting documents
Ignazio Capuano	Stefano Moccagatta
Signed	Signed

PricewaterhouseCoopers SpA

AUDITORS' REPORT ON THE REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

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 2009, which comprise the statement of consolidated financial position, the consolidated income statement, the statement of consolidated comprehensive income, the statement of changes in shareholders' equity, the consolidated cash flow statement 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, reclassified to take into account the amendments introduced by IAS 1 (2007) to the financial statements presentation, reference should be made to our reports dated 9

April 2009 and dated 28 August 2008, respectively.

In addition, as commented in the illustrative notes, the Directors have retrospectively adjusted comparative data related to the consolidated condensed interim financial statements of the prior year, to consider the effects of the completing of the initial accounting of the business combination effected during 2008. The methods used for the retrospective adjustment of the corresponding data of the prior year and the information presented in the illustrative notes to the consolidated condensed interim financial statements have been examined by us for the purpose of issuing this report.

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 2009 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, 6 August 2009

PricewaterhouseCoopers SpA

Signed by
Giorgio Greco
(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.