Annual Financial Statements at 31 December 2014

RDM GROUP

Reno De Medici

Reno De Medici

REPORTS AND FINANCIAL STATEMENTS

FOR THE 86TH FISCAL YEAR

ENDED DECEMBER 31, 2014

ORDINARY SHAREHOLDERS' MEETING

APRIL 29, 2015 FIRST CALL

APRIL 30, 2015 SECOND CALL

RENO DE MEDICI S.P.A.

VIALE ISONZO 25, MILAN

SHARE CAPITAL €185,122,487.06

TAX CODE AND VAT NUMBER: 00883670150


RENO DE MEDICI

NOTICE OF ORDINARY SHAREHOLDERS' MEETING

The holders of right voting of Reno De Medici S.p.A. (hereafter also RDM and/or the Company) are called to an Ordinary General Meeting at 10.30 a.m. on April 29, 2015 at the Company's registered office in Viale Isonzo n. 25, Milan in first call and, if necessary, at 11.00 a.m. on April 30, 2015 at Civita, Piazza Venezia, 11, Rome, in second call to discuss and adopt resolutions on the following

Agenda

1. Annual financial statements for the year ended December 31, 2014: related resolutions.
   1.1. Approval of the annual financial statements for the year ended December 31, 2014. Reports of the Board of Directors with the proposal of results, the Board of Statutory Auditors and the Independent Auditors.
   1.2. Presentation of the consolidated financial statements for the year ended December 31, 2014.

2. Appointment of the Statutory Auditors for the years 2015-2016-2017: related resolutions.
   2.1. Appointment of three Statutory Auditors and two Deputy Auditors.
   2.2. Appointment of the Chairman of the Board of Statutory Auditors.
   2.3. Determination of the annual remuneration due to the members of the Board of Statutory Auditors.

3. Report on Remuneration pursuant to Article 123-ter of Legislative Decree 58/98 as subsequently amended and supplemented ("CFA"): resolutions consequence and resulting subsequent.

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INFORMATION RELATING TO THE SHARE CAPITAL AND SHARES WITH VOTING RIGHTS

It is stated that:

a) the share capital at the date of publication of this notice is EUR 185,122,487.06, divided into 377,800,994 shares, subdivided as follows:

   1) 377,512,370 ordinary shares;

   2) 288,624 savings shares convertible into ordinary shares which, pursuant to Article 6 of the By-Laws, do not carry the right to vote at ordinary or extraordinary shareholders' meetings;

b) each ordinary share gives the right to vote at Shareholders' Meetings;

c) the Company does not hold any treasury shares.

ADDITIONS TO THE AGENDA

Pursuant to Article 126-*bis* of Legislative Decree 58/98, shareholders who, including jointly, represent at least one-fortieth of the share capital represented by shares with voting rights may request, within ten days from the date of publication of this notice, the addition of items to the agenda for discussion, indicating in the request the additional items proposed by them, or they may present proposals for deliberation on items already on the agenda. Questions should be submitted, in writing, by Shareholders proposing them by registered mail at the Company's registered office at Viale Isonzo n. 25, Milan, or by certificated email to address renodemedici@pec.rdmgroup.com with supporting documentation attesting to their entitlement. Within the aforesaid period of ten days and in the same manner, the proposing Shareholders must present a report on the matters proposed for consideration, or on the proposals for deliberation. No addition will be accepted in relation to matters on which the Shareholders' Meeting resolves, in accordance with the law, on the proposal of the directors or on the basis of a plan or report prepared by them. Any supplemented list of matters to be considered at the Shareholders' Meeting will be published at least fifteen days prior to the date set for the meeting, with the same publication procedures as this notice. Simultaneously with the publication of the notice of addition, the Company will make available to the public, in the same forms, the report prepared by the requesting shareholders, accompanied by any assessments of the Board of Directors.

ENTITLEMENT TO PARTICIPATE AND PARTICIPATION PROCEDURES

Pursuant to Article 83-*sexies* of the CFA and Articles 8 and 9 of the By-Laws, entitlement to participate in the Meeting and exercise voting rights is certified by a communication to the Company, made by an qualified intermediary under the applicable rules, in conformity with its accounting records, in favour of the person holding the voting right, at the end of the seventh trading day preceding the date of the Meeting at first call (i.e. April 20, 2015).

Persons who become holders of shares after April 20, 2015 will therefore not be entitled to participate and vote at the Meeting.

Holders of any shares not yet dematerialized must deliver them in advance to a qualified intermediary for their inclusion in the centralized dematerializing management system pursuant to Article 17 of the Consob/Banca d'Italia Joint Communication of October 22, 2013, and request the transmission of the aforesaid communication.

Persons entitled to participate in the Meeting are requested to attend ahead of the time set for the meeting in order to facilitate registration operations, which will begin at 10.00 a.m.

Persons entitled to vote at the Meeting may be represented by another person on the basis of a proxy drawn up in writing or conferred electronically, pursuant to the legislation in force. The proxy form available from the registered office and from the Company's website www.renodemedici.it can be used for this purpose.

The proxy can be sent recorded delivery to the Company's registered office at Viale Isonzo n. 25, 20135 Milan, marked for the attention of the Legal Department or it can be sent electronically to the certified email address: renodemedici@pec.rdmgroup.com.

If the representative delivers or sends a copy of the proxy to the Company, he/she must declare on his/her own responsibility the proxy's conformity with the original and the identity of the delegating party.

The proxy can be conferred, with voting instructions for some or all of the resolutions of the items on the agenda, to Computershare S.p.A, with its registered office in via Lorenzo Mascheroni n. 19, 20145 Milan, the Company's designated representative pursuant to Article 135-*undecies* of Legislative Decree 58/1998. The special proxy form, prepared by the designated representative, in accordance with the Company, available on the website www.renodemedici.it (Governance/Shareholders' Meetings section) must be used for this purpose. The original proxy for the designated representative, with the voting instructions, should reach the offices of Computershare S.p.A. at via Lorenzo Mascheroni n. 19, 20145 Milan, possibly with a copy of the declaration of conformity to the original by fax to 02.46776850, or by attaching it to an email to be sent to: ufficiomilano@pecserviziotitoli.it, by the end of the second day the market is open for trading prior to the date set for the Shareholders' Meeting, including at second call (i.e. by April 27, 2015 or April 28, 2015). The proxy, conferred in this way is only effective for proposals in relation to which voting instructions have been issued. The proxy and voting instructions may be revoked within the same period as above.

The proxy form, with instructions for completion and transmission, are available at the registered office and on the Company's website www.renodemedici.it (Governance/Shareholders' Meetings section).

Any prior notification does not relieve the proxy during accreditation of access to the meetings from the obligation to prove the conformity of the notified copy to the original and the identity of the delegator.

The communication made to the Company by the intermediary certifying the entitlement to participate at the Meeting is necessary even in the event that the proxy is conferred upon the Company's designated representative. Consequently, the proxy must be regarded as invalid in the absence of the said communication.

Right to pose questions on the Agenda items

Holders of voting rights are informed that pursuant to Article 127-*ter* of the CFA, questions may be posed in relation to matters placed on the agenda by delivering such questions by recorded-delivery letter to the Company's registered office or by sending a message to the certified e-mail address renodemedici@pec.rdmgroup.com, by the third day preceding the date set for the Meeting at first call. The answers will be provided during the Meeting and the Company will be entitled to replay together to the same questions.

Appointment of the Statutory Auditors

The Board of Statutory Auditors shall be appointed in accordance with Article 19 of the By-laws.

The Board of Statutory Auditors is appointed on the basis of lists presented by shareholders by the method specified below, under which candidates are assigned a sequential number.

The lists presented by shareholders and signed by the people presenting them must be lodged at the Company's registered office in Viale Isonzo n. 25, Milan, or sent to the certified e-mail address renodemedici@pec.rdmgroup.com at least twenty five days prior to the date established for the Shareholders' Meeting in first call and will be publicised by the other means provided by prevailing laws and regulations. The lists will be made available to anyone making a request.

Shareholders in general, shareholders who are party to significant shareholders' agreements within the meaning of Article 122 of Legislative Decree no. 58/1998, the controlling party, subsidiaries and parties under common control within the meaning of Article 93 of Legislative Decree no. 58/1998 may not present, or take part in the presentation of, including through intermediaries or trust companies, more than one single list, nor may they vote for different lists, and no candidate may be included in more than one list, failing which he or she will become ineligible. Names listed or votes cast in breach of this prohibition will not be allocated to any list.

Only shareholders who on their own or together with other presenting shareholders hold in total shares representing at least 2.5% of share capital with voting rights in an ordinary Shareholders' Meeting are entitled to present lists, together with the necessary information in order to identify the person who transmits the lists. The ownership of the number of shares required for submission of lists by the Shareholders shall be communicated through a notice issued by an intermediary enabled pursuant to the applicable laws, proving the ownership of the number of shares represented, determined by taking into account the shares recorded in the name of the Shareholders as of the date on which the lists are filed with the Company.

The candidates to the office of statutory auditor must have the professional qualification and integrity requirements indicated in the decree of the Ministry of Justice No. 162 of March 30, 2000. In addition, candidates must have the independence requirements set forth under the applicable law.

Anyone exceeding the limits to the number of offices held pursuant to the laws and regulations in force shall not be appointed as statutory auditor.

The lists shall be divided in two sections: one for candidates to the office of statutory auditor and the other one for candidates to the office of deputy auditor. In any event, there shall be no more than three names of candidates for the section regarding statutory auditors and two for the section regarding deputy auditors. The first of the candidates of each section must be entered in the register of auditors of accounts and must have exercised the activity of legal audit of accounts for no less than three years.

Statements shall be filed together with such list, whereby the single candidates accept their nomination and certify, under their own responsibility, the non-existence of any reasons for ineligibility and incompatibility, as well as the existence of the independency, integrity and professional qualification requirements set out by the applicable laws.

A curriculum vitae of the candidates shall be filed with the company registered office together with the lists, containing (i) exhaustive information on the personal and professional characteristics of each of them, as well as (ii) the list of the management and supervising assignments held by each of them in other companies as at the date of submission of the list. Candidates are recommended to notify any changes in their assignments up to the date on which the meeting is actually held.

In the event that by April 4, 2015 only one list is submitted, or only lists submitted by shareholders that are affiliated with each other in the meaning of Art. 144-*quinquies* of the Regolamento Emittenti, lists may be submitted up to the third day following such date. Considering that this later date is a public holiday, any list anticipated by telefax (0039 02 89966200) will be valid as it files by April 7, 2015. In such hypothesis, the thresholds for the submission of lists shall be reduced by one half, and therefore to 1.25% of the share capital. If a single list is filed or submitted to the Shareholders' meeting, the entire Board of Statutory Auditors will be appointed by the presented list. The lists made of three or more candidates have to include in any sections people of booth genders. The Shareholders should analyse the Consob's Communication number DEM/9017893 dated February 26, 2009.

Documentation

It is hereby noted that at the same time as this notice was published the Report of the Board of Directors on the matters included in the agenda was put at the public's disposal by being lodged at the Company's registered office in Viale Isonzo n. 25, Milan and by being posted on the Company's website and on storage system Nis-Storage, with the possibility of obtaining a copy.

The Company's Annual Report, consisting of the draft Annual Financial Statements, the Consolidated Financial Statements, the Report of the Board of Directors, the Corporate Governance Report with the information pursuant to art. 123-bis of Legislative Decree n. 58/98, the Attestation of the Manager Responsible for the Preparation of Company Accounting Documents and of the delegated body, the Report of the Board of Statutory Auditors, the Report of the Independent Auditors and the Remuneration Report pursuant to Article 123-*ter* of Legislative Decree n. 58/98 will be put at the public's disposal within the terms of law at the Company's registered office in Viale Isonzo n. 25, Milan and will be available for consultation on the Company's website www.renodemedici.it. The documentation will be available on the centralised data storage system authorised by Consob, known as "NIS-Storage", www.emarketstorage.com.

Milan, March 18, 2015

On behalf of the Board of Directors
The Chairman
Robert Hall

SUMMARY DATA AND GENERAL INFORMATION

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Robert Hall	Chairman
Ignazio Capuano	Chief Executive Officer
Enrico Giliberti	Director
Laura Guazzoni	Director
Laurent Lemaire	Director

Board of Statutory Auditors

Carlo Tavormina	Chairman
Giovanni Maria Conti	Statutory Auditor
Tiziana Masolini	Statutory Auditor
Domenico Maisano	Deputy Statutory Auditor

Independent Auditors

Deloitte & Touche S.p.A.

MAIN FIGURES FROM THE INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION OF THE GROUP AND RENO DE MEDICI S.P.A.

Below are the main economic and capital figures as at December 31, 2014 compared with those for the previous financial year, relating to the Reno De Medici Group (the "Group" or "RDM Group").

GRUPPO RDM	12.31.2014	12.31.2013 (*)
(Euro millions)		
INCOME STATEMENT (1)		
Revenues from sales	426	428
Gross Operating Profit (EBITDA)	41	39
Depreciation, amortization and write-downs	(23)	(28)
Operating Profit (EBIT)	18	11
Profit (loss) for the period before discontinued operations	10	5
Discontinued operations	5	3
Profit (loss) for the year	5	2
Group's share of profit (loss) for the year	**5**	**2**
BALANCE SHEET		
- Non-current assets (2)	215	223
- Assets held for sale	10	
- Non-current liabilities, employee benefits and other provisions (3)	(46)	(48)
- Current assets (liabilities) (4)	(8)	(2)
- Working capital (5)	42	40
Liabilities held for sale	(8)	
Net invested capital (NIC) (6)	205	213
Net financial debt (7)	63	73
Shareholders' equity	142	140
RATIOS		
Gross operating margin / Revenues from sales	9.6%	9.1%
Operating profit / NIC	8.8%	5.2%
Debt ratio (net financial debt /NIC)	30.7%	34.3%

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period between the discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

(1) See RDM Group consolidated financial statements.

(2) See RDM Group consolidated financial statements – total for item "Non-current assets" net of "Trade receivables".

(3) See RDM Group consolidated financial statements- sum of the following items of “Non-current liabilities”: “Other payables,” Deferred taxes,” “Employee benefits” and “Long-term provisions for risks and charges.”

(4) See RDM Group consolidated financial statements – sum of the following items “Other payables” net of €249,000 relating to an entry of a financial nature classified under the item “Current assets”, net of the following items “Other payables”, “Current taxes” and “Employee benefits”, classified under the item “Current liabilities”.

(5) See RDM Group consolidated financial statements – sum of the items “Inventories”, “Trade receivables” and “Receivables from associates and joint ventures” classified under the item “Current assets” and the item “Trade receivables” classified under the item “Non-current assets”, net of the item “Trade payables” and “Payables to associates and joint ventures” classified under the item “Current liabilities”.

(6) Sum of the items listed above.

(7) See RDM Group consolidated financial statements – sum of the following items: “Cash and cash equivalents”, “Other receivables from associates and joint ventures”, classified under “Current assets” to which the €249,000 is added relating to an entry of a financial nature included under the item “Other receivables”, net of the following items “Payables to banks and other lenders” and “Derivative instruments”, classified under “Non-current liabilities” and “Payables to banks and other lenders”, “Derivative instruments” and “Other payables to associates and joint ventures”, classified under “Current liabilities”.

The main economic and capital figures as at December 31, 2014 are given below, compared with those for the previous financial year, relating to the financial statements of the Parent Company.

RDM	12.31.2014	12.31.2013
(Euro millions)		
INCOME STATEMENT (8)		
Revenues from sales	209	216
Gross Operating Profit (EBITDA)	25	24
Depreciation, amortization and write-downs	(12)	(17)
Operating Profit (EBIT)	12	7
Profit (loss) for the year	3	1
BALANCE SHEET		
- Non-current assets (9)	206	209
- Assets held for sale	*2*	
- Non-current liabilities, employee benefits and other provisions (10)	(12)	(15)
- Current assets (liabilities) (11)	(3)	1
- Working capital (12)	20	21
Net invested capital (NIC) (13)	213	216
Net financial debt (14)	(64)	70
Shareholders’ equity	149	146
RATIOS		
Gross operating margin / Revenues from sales	12%	11%
Operating profit / NIC	5.6%	3.3%
Debt ratio (net financial debt /NIC)	30%	33%

(8) See RDM Group financial statements.

(9) See RDM’s financial statements – total of item “Non-current assets”.

(10) See RDM Group financial statements - sum of the following items of “Non-current liabilities”: “Other payables,” Deferred taxes,” “Employee benefits” and “Long-term provisions for risks and charges.”

(11) See RDM ‘s financial statements – sum of the following items “Other receivables” net of €249,000 relating to an entry of a financial nature classified under the item “Current assets”, net of the following items “Other payables”, “Current taxes” and “Employee benefits”, classified under “Current liabilities”.

(12) See RDM’s financial statements – sum of the items “Inventories”, “Trade receivables”, “Receivables from Group companies” classified under the item “Current assets”, net of the item “Trade payables”, “Payables to Group companies”, classified under the item “Current liabilities”.

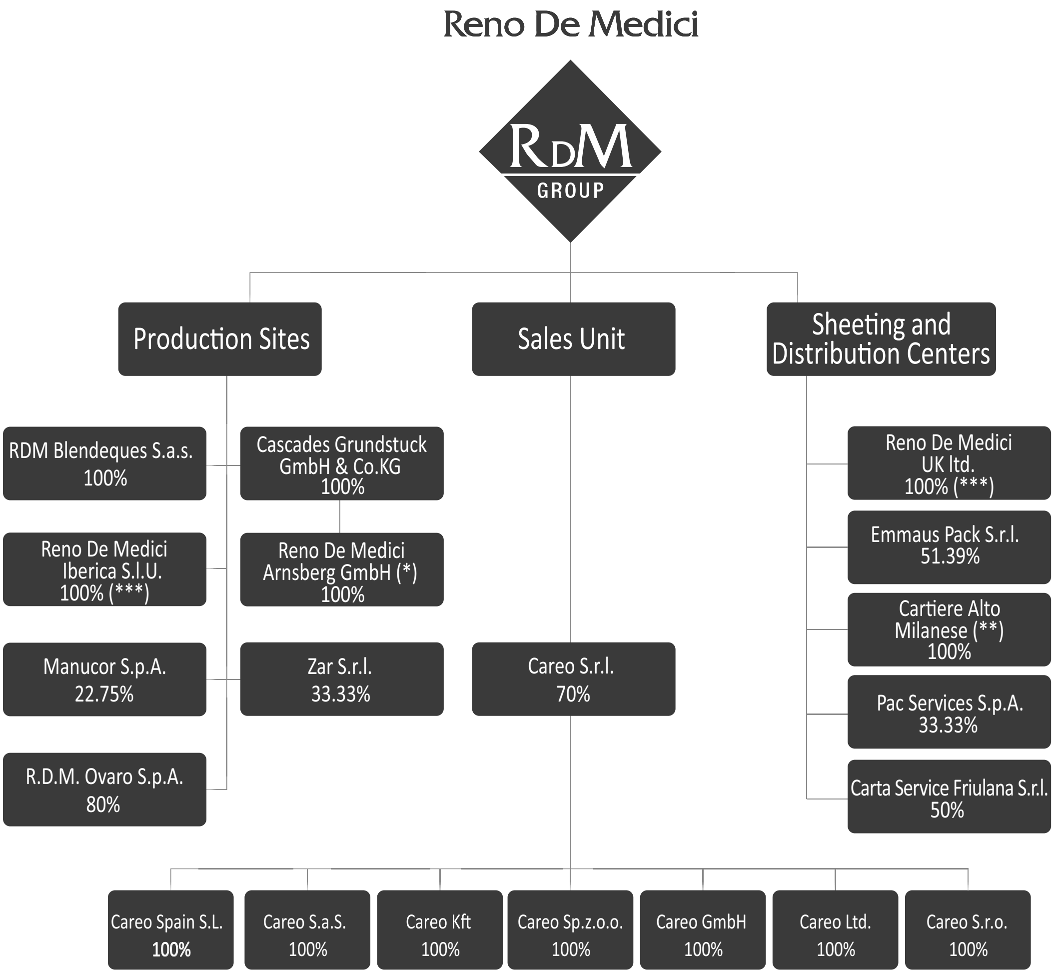
(13) Sum of the items listed above.

(14) See RDM’s financial statements – sum of the following items:: “Cash and cash equivalents” and “Other receivables from Group companies”, classified under “Current assets”, to which €249,000 is to be added relating to an entry of a financial nature included under the item “Other receivables”, net of the following items “Payables to banks and other

lenders", "Derivative instruments" and "Other payables to Group companies", classified under "Non-current liabilities" and "Payables to banks and other lenders", "Derivative instruments" and "Other payables to Group companies", classified under "Current liabilities".

GROUP OPERATING COMPANIES AS AT 31 DECEMBER 2014

The graph below include the Reno De Medici (“RDM Group” or the “Group) companies.



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

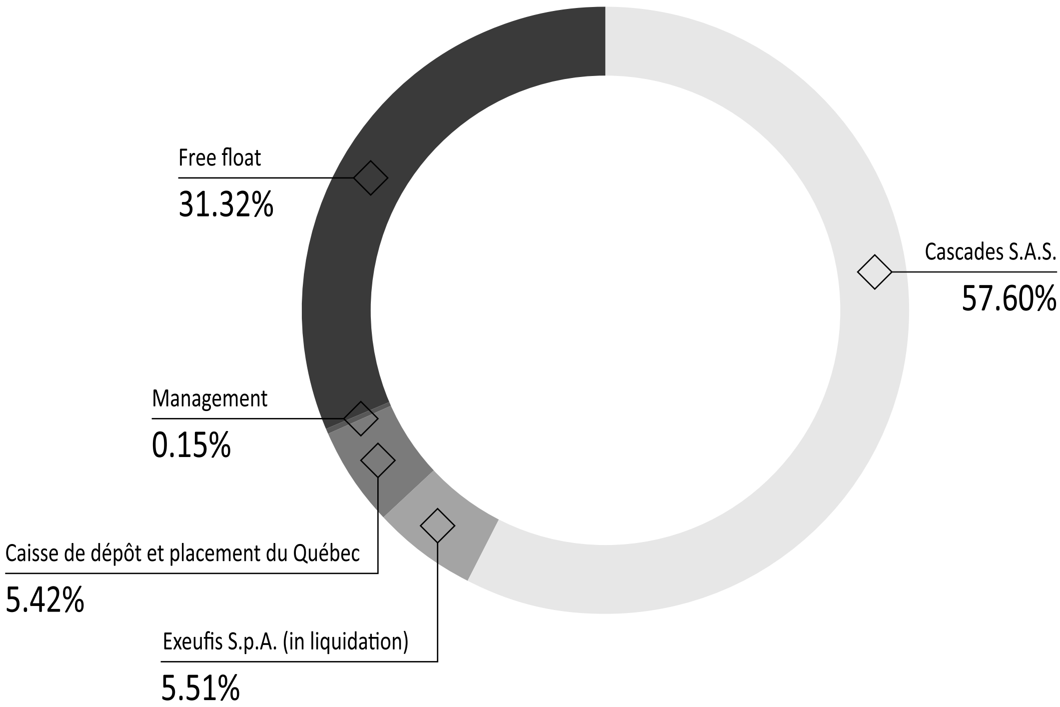
(**) Company in liquidation

(***) Companies presented as required by IFRS 5

SHAREHOLDERS

Below is the situation regarding RDM's share ownership as at March 20, 2015, in accordance with information from the Shareholder Register plus the communications received pursuant to Article 120 and Article 152-octies, paragraph 7 of the Consolidated Finance Act as well as the information disclosed by Consob.

Ordinary shares	n.	377,512,370
Convertible savings shares	n.	288,624
Total shares	n.	**377,800,994**



DIRECTORS’ REPORT

DIRECTORS' REPORT ON OPERATIONS

Reno De Medici closes 2014 recording an EBITDA of €41.2 million, a growth of €2.3 million compared the €38.9 million of previous year. Net Profit before discontinued operations rises to €10.2 million, substantial improvement vs. €5.2 million recorded in 2013, while net profit raises to € 5.4 million from € 2.0 million one year ago.

The global macroeconomic scenario shows that the European recovery continues in a scattered way and, however at a slower pace than envisaged at the beginning of the year. The world economy grew in 2014 +3.3%, similar to the rate of the previous two years, but with a different mix between the contribution of Advanced Economies and Emerging Countries. Furthermore, the growth expectations for 2015 were revised downward.

Emerging Countries have still driven the growth, but at a slower pace compared to previous year (+4.4% vs +4.7% in 2013), in a scenario very diversified among them. China is slowing down and seems more focused on reducing the vulnerability arising from recent rapid credit and investment growth; Russia is now much weaker due to the combination of several factors (very low oil price and increased geopolitical tensions); many Emerging Countries suffer from persisting structural problems, and commodity exporters are also penalized by low prices.

Advanced Economies grew +1.8%, a visible improvement compared to +1.3% in 2013. However, the growth was driven mainly by the United States, the only major economy where crisis seems to be definitively over. The Euro Area turned positive in 2014, with a growth of 0.8%, vs.-0,5% in 2013. Among largest European economies, only Italy remained on the negative side, with a contraction of -0,4%, however, a substantial improvement compared to-1.9% of previous year.

The IMF, that in October already revised downward the growth expectations for 2015 and 2016, further lowered them in January 2015 in every major area except the United States.

In the Euro Area, a limited growth of +1.2% is predicted for 2015, and economic activity should accelerate only in 2016.

However, the dramatic fall of oil prices recorded since September, the depreciation of the Euro recorded since June, the net easing on credit standards on loans and low interest rates, and finally

the "Expanded Asset Purchase Program" announced In January 2015 by the ECB, should boost growth by lifting the purchasing power of households, and increasing both internal demand and international trade. These factors should turn into an expanded demand for packaging material that are traditionally highly correlated to GDP.

In the 'White Lined Chipboard" sector, in which the Reno De Medici Group operates, the evolution of demand follows the general trend of the economy. Overall, in 2014 European demand resulted to be substantially aligned to the 2013 levels, but with a differentiated trend within the quarters: a positive start in Q1 was followed by a contraction in Q2 and Q3, and finally the comparison with 2013 turned to be positive again in Q4, mainly driven by East Europe, UK and Spain. Only UK and Spain in 2014 were consistently above previous year. In the Italian market, in 2014 demand decreased-1.8% compared to 2013, but in Q4 it increased +2.1% compared to the same period of previous year.

As regards Reno De Medici, the order inflow has remained satisfactory throughout the year, and the mill operated at full production capacity, with the exception of the Santa Giustina mill in Q3, due to the long commissioning time required by the new equipment installed at the end of the Summer.

Tons-sold by in 2014 by the Reno De Medici Group were 805 thousand (without Reno De Medici Ibérica S.l.u.), substantially in line with the 807 thousand of previous year, notwithstanding the above mentioned lower production at the Santa Giustina mill.

The representation of the 2014 economic results of the Reno De Medici Group reflects the reclassification of the Spanish operation, Reno De Medici Ibérica S.l.u., among discontinued operations. In Q4 the operation has been made held for sale, as also commented in the 'Key events' section further ahead.

Revenues from sales were €426.1 million, substantially in line with the €428.4 million of previous year.

As regards the main factors of production, prices of recycled fibers have been firm since September 2013 to date, in line with the evolution of global economy, and the decrease of exports to China.

As regards the cost of energy, oil prices, after the temporary peaks recorded at the end of the Summer due to the geopolitical tensions in Ukraine and the Middle East, since September have declined about 55%, to the effect of weak demand and stable supply, as OPEC countries decided not to reduce the current production levels.

The cost of natural gas (the main source of energy for the Reno De Medici Group), that constantly decreased until the month of August as a result from subdued economic activity and low demand, rebounded in the last months of the year due to normal seasonality. The average price in 2014 was in any case lower than in 2013. As regards specifically Reno De Medici, the contracts signed in Summer, mainly based on fixed prices, protected the Group from the price rebounds in the second part of the year.

The price of coal, the main source of energy for the Arnsberg's mill, remained firm at relatively low levels, and should remain stable also in the near future, apart from the possible variations associated to the fluctuations of the US dollar exchange rate.

Personnel costs amounted in 2014 to €65.7 million, compared to 67.5 million recorded in 2013.

The slight decrease by-1.8 million Euro is mainly due to the Mother Company Reno De Medici S.p.A., and arises from the reduction of average headcount, and the lower provisions posted to cover redundancy costs (mainly at the Magenta mill) following the revision of the agreement with the Unions.

These factors more than compensated the contractual salary raises that were granted.

EBITDA maintained its steadily positive trend and reached €41.2 million, compared to €38.9 million recorded in 2013, and €24.9 million in 2012 (net of Reno De Medici Ibérica S.l.u.). The improvement results from lower costs of energy, lower fixed production costs, and the award of EEC – Energy Efficiency Certificates (relevant to the projects implemented at Italian Mills aimed at improving the energy efficiency of the production facilities).

Consolidated Operating Profit amounted to €18.4 million, a substantial improvement compared to the €11.5 million recorded in 2013, even taking into account that 2013 was penalized by assets write-downs for €3.6 million.

Net Financial Expenses were €4.6 million and decreased compared to €6.3 million of 2013, mainly due to lower Net Financial Indebtedness (€65.9 million at December 31, 2014 vs. €73.5 million at December 31, 2013), and higher income from exchange differences, for the revaluation of the US dollar.

Consolidated Result before Discontinued Operations was positive by € 10.2 million, vs. € 5.2 million of previous year.

Loss from Discontinued Operations amounts to €4.8 million.

The loss is mainly associated, for an amount of €5.0 million, to Reno De Medici Ibérica. Such amount is composed of both the negative result of the year of the Company, and the write-down of the operation, that has been made held for sales, in order to adjust its carrying value to the fair value less cost to sell.

The other items included in Discontinued Operations are:

- a profit of €500 thousand for the reversal of the excess of the provision that was posted to cover the estimated costs of the dispute with some employees of the French subsidiary RDM Blendecques S.a.s., that were terminated in 2008. The dispute arose within the complex restructuring of the mill, that at the time was treated in accordance with IFRS 5, and was finally ruled by the Court in 2014;

- a loss of €277 thousand, being the costs of RDM UK, that ceased the production activities on February 28, 2014. As a result, as required by IFRS 5, the result for the period was recorded as Discontinued Operations.

The Capital Expenditures made in the period by the Reno De Medici Group amounted to €19.7 million (€15.2 million in 2013).

The Consolidated Net Financial Indebtedness at December 31th, 2014 was €65.9 million (including Reno De Medici Ibérica S.l.u.), a decrease of-€7.6 million compared to €73.5 million at December 31st, 2013.

The contribution of the positive economic performance of operations more than offset the negative impact on indebtedness that resulted from the down sizing of factoring programs, due to the termination of the program in Germany, where short collection terms applied in that market and the consequent complex administrative management reduced the advantages and effectiveness of factoring.

From the financial point of view, 2014 was characterized by the restructuration of the long-term debt the Group, in order to extend its tenor, as a substantial portion of pre-existing debt will come due in the first half of 2016.

Although the restructuration is still in progress, some important results have already been achieved, as two new loans, for a total amount of €15 million, were obtained in Summer.

These new loans require the approval of some pre-existing lenders, that was duly and timely filed. The relevant waiver is still pending, as the renegotiation of pre-existing loans is still in progress.

As a consequence, in accordance with IAS 1, the long-term portion of such pre-existing loans, for an amount of €3.4 million, was reclassified as short-term debt. It must be specifically remarked that the obtainment of the pending waiver does not have any critical implication.

KEY EVENTS

On February 28, 2014, RDM UK ceased production activities. As a result, as required by IFRS 5, the result for the period was reclassified as *Discontinued Operations*.

At the end of May the agreement was signed with the Italian Union, with the approval of the Lombardia Regional Agency for Education, Training and Labor, that finalized the 'mobility' procedure relevant to the redundancies at the Magenta mill. As a consequence and in application of such agreement, in the month of June, at the end of the CIGS period, the concerned employees have been collectively laid off.

In November 2014, the national mobility procedure for the management of the redundancies at the remaining plants affected by the wage guarantee fund was concluded in a Trade Union Agreement. The Company therefore continued with the dismissals in December 2014.

As the reassessment of the Group's asset portfolio, started in previous year, evidenced the need to focus efforts and resources on the more efficient production facilities with a higher growth potential, the Board of Directors of Reno De Medici confirmed the decision that the Spanish operation of Reno De Medici Ibérica S.l.u. is no longer a strategic asset for the Group.

Such evaluation mainly reflects the consideration that the Spanish facility operates primarily in a niche market consisting of many domestic converters; despite the mill has generated positive free cash flow for many years, its reference market presents limited potential growth opportunities. Furthermore, its disposal will free financial resources to devote to development in the best mills. Within this ambit, contacts with perspective buyers of the Reno De Medici Ibérica S.l.u. operations had already been initiated in the course of 2014. In view of the progress of the negotiations, in the last quarter of 2014 at December 31, 2014 the sale of the subsidiary was deemed as "highly probable", as it was subsequently confirmed by the purchase offers received, and it can be predicted that the sale be finalized in the course of the current year 2015.

Reno De Medici Ibérica S.l.u. in the Financial Reports at December 31, 2014 has thus been represented as held for sale, according to IFRS 5; for this reason, the related economic results, being the Iberic market a geographic segment relevant for the Group, have been recorded as Discontinued Operations.

The value of the asset has been written-down based on the above mentioned purchase offers received from third parties.


ANDRITZ
Pulp & Paper

MAIN RISKS AND UNCERTAINTIES TO WHICH RENO DE MEDICI S.p.A. AND THE GROUP ARE EXPOSED

Risks associated with the general economic conditions

The Company and the Group are exposed, like all industrial operators, to the risks of the continuing global economic crisis.

Most prominently, this situation generates a risk related to sales volume, and although this cannot be eliminated, it can be contained through measures the Group can take to adjust production levels to actual demand. The crisis also involves the risk of a fall in sale prices, even if they are particularly related to variations in the prices of pulp raw materials (see next paragraph).

In this context, other risk factors related to the overall economic situation are associated with credit (see below) and energy prices, the latter being exposed to critical events that can occur in countries that play a key role in the production and distribution of energy resources (North Africa and Ukraine): the situation is constantly and closely monitored by the appropriate Corporate Functions.

Another risk factor is tied to movements in prices for pulp raw materials which are mainly linked to the volume of exports to China, which in turn is dependent upon that country's economic growth rate. However, this risk is relatively limited since changes in prices for pulp raw materials are normally translated into a corresponding change in sales prices for chipboard for packaging. In addition, the fall in imports by China, linked to the slow-down in the Chinese economy, the increased domestic generation capacity, and the rationalization of buying policies, reduced the price fluctuations recorded in previous years.

Risks related to the Group's results

It should be stated that there are no specific risks associated with the structure and/or the nature of the RDM Group.

Risks related to requirements of financial resources

The Group currently has sufficient financial resources available to meet reasonably foreseeable requirements for 2015, as a result of the improvement in both the Group's financial position and the credit market conditions.

Risks related to interest rates

The exposure to the risk related to interest rates involves both medium/long-term lines of credit and short-term lines of credit. The debt related to medium/long-term loans stands at €43.9 million as at December 31, 2014 (net of Reno De Medici Ibérica S.l.u. whose medium/long-term loan is equal to €1 million). Of this amount, €31.1 million is at variable rate not protected by hedging. The short-term lines of credit, utilized at December 31, 2014 for an amount equal to €19.2 million (net of Reno De Medici Ibérica S.l.u. whose short-term lines of credit are equal to €2.9 million) are all at variable rate.

The development planned for 2015 expects interest rates which have been at very reasonable levels to remain essentially stable.

Liquidity Risk

Liquidity risk is defined as the risk of not managing to fulfill obligations associated with liabilities.

Prudent management of liquidity risk entails maintaining adequate cash and cash equivalents and the ability to access the loans needed to support operations.

To deal with this risk, the Group’s treasury unit ensures the flexibility of the supply of funds through access to diversified sources of credit.

As of December 31, 2014, the net debt financial position of the RDM Group was equal to €65.9 million, with wide margins to satisfy all reasonable financial requirements.

Credit risk

As stated at the beginning of this section, credit risk consists of the exposure of the Company and Group to the insolvency of its customers especially in those countries, such as Italy, that are suffering most from the current crisis.

In order to manage this risk effectively, the Reno De Medici Group utilizes man instruments: insurance agreements were entered into with a leading credit insurance company; various agreements were entered into for the non-recourse sale of receivables.

Any uninsured and/or uninsurable positions are monitored continually by the appropriate company units, including with the support of external sources of information and monitoring for the Italian customer base.

The Group applies a policy involving vigilant and prompt controls of risky positions to contain this risk.

Although the policies adopted to date have enabled credit losses to be contained, the risk cannot be eliminated as it is mainly connected with the ongoing general economic crisis; it actually appears to have increased in 2014, particularly in Italy, linked specifically to the continuing crisis.

Foreign exchange risk

This foreign exchange risk is related to the exposure of the Company and the Group to fluctuations in exchange rate costs and revenues denominated in currencies other than the Euro. As far as the Group is concerned, this exposure is particularly related to fluctuations of the US dollar, a currency in which a significant part of revenues from overseas markets is denominated and, as far as costs are concerned, purchases of certain raw materials and certain energy factors. Given the expected volumes of costs and revenues denominated in dollars, it is felt that the net exposure is not significant in relation to the overall size of the business.

Capital risk

It is felt that the Company is adequately capitalized in relation to the reference market and its size.

Conclusions

For a more detailed analysis as well as the comparison between 2014 and 2013, please refer to the chapters dealing with financial instruments and risk management of the RDM Group and Parent Company.

THE RDM GROUP'S OPERATING, BALANCE SHEET AND FINANCIAL PERFORMANCE

The operating results of the RDM Group, the main items of the statement of financial position and the breakdown of the net financial position are given below.

Operating results

RDM GROUP	12.31.2014	%	12.31.2013 (*)	%
(thousands of Euros)				
Revenues from sales	426,134	100.00%	428,419	100.00%
Operating costs (15)	(395,800)		(407,660)	
Other operating income (expenses) (16)	10,858		18,120	
Gross Operating Profit (EBITDA)	**41,192**	**9.67%**	**38,879**	**9.07%**
Depreciation, amortization and write-downs	(22,764)		(27,390)	
Operating Profit (EBIT)	**18,428**	**4.32%**	**11,489**	**2.68%**
Net financial income (expense)	(4,648)		(6,326)	
Gains (losses) from investments	280		(1,120)	
Taxes	(3,887)		1,117	
Profit (loss) for the period before discontinued operations	**10,173**	**2.39%**	**5,160**	**1.20%**
Discontinued operations	(4,755)		(3,130)	
Profit (loss) for the year	**5,418**	**1.27%**	**2,030**	**0.47%**
Group's share of profit (loss) for the period	**5,479**	**1.29%**	**1,775**	**0.41%**

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under the discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

(15) See RDM Group consolidated financial statements. The amount is calculated by adding together the following items from the income statement: "Cost of raw materials and services", "Cost of personnel" and "Other operating costs".

(16) See RDM Group consolidated financial statements. The amount is calculated by adding together the following items from the income statement: "Other revenues" and "Change in inventories of finished goods".

The table below contains the breakdown of sales revenues by geographic area:

RDM GROUP	12.31.2014	%	12.31.2013 (*)	%
(thousands of Euros)				
Areas				
Italy	162,074	38%	169,180	39%
EU	194,330	46%	192,477	45%
Non-EU	69,730	16%	66,762	16%
Total revenues from sales	426,134	100%	428,419	100%

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under the discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

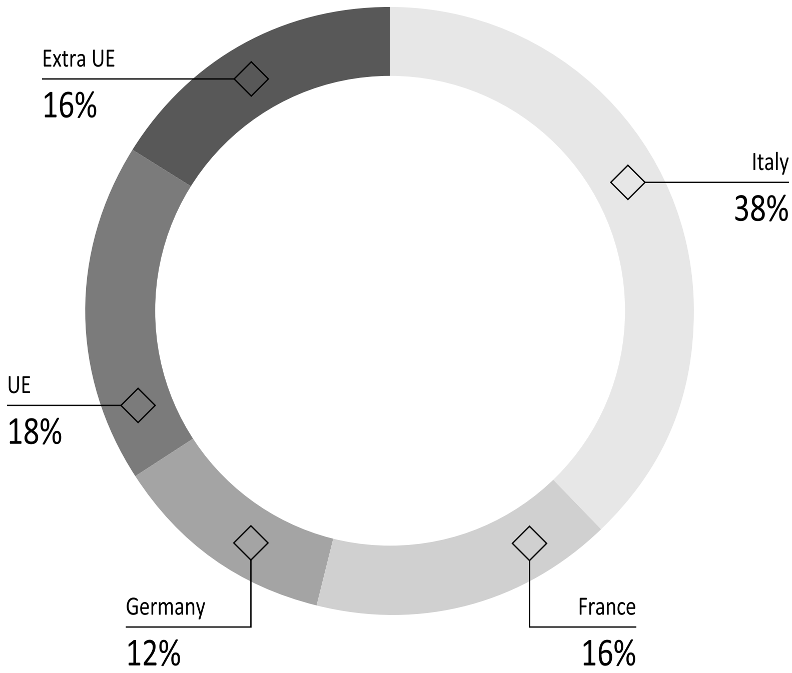


Fig. 2.: "Revenues by Geographic Area"

In 2014 revenues for the Reno De Medici Group totaled €426.1 million, which was in line with revenues for 2013 (€428.4 million).

EBITDA rose from €38.9 million in 2013 to €41.2 million in 2014.

EBIT recorded a consolidated gain of €18.4 million, compared to a profit of €11.5 million reported in 2013.

RDM GROUP	12.31.2014	12.31.2013 (*)
(thousands of Euros)		
Net financial expense	(4,648)	(6,326)
Gains (losses) from investments	280	(1,120)
Total	**(4,368)**	**(7,446)**

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under the discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

Net financial expense amounted to €4.6 million as of December 31, 2014, compared with €6.3 million during the same period of the previous year thanks to lower net financial debt.

The item "Gains (Losses) from investments" recorded a net profit of €280,000 from valuing the investment in Pac Service S.p.A. (€207,000) and Careo S.r.l. (€73,000) at equity.

Profit before taxes amounted to €14.1 million, compared to a profit of €4 million reported in the previous year.

The net result at the end of 2014 was a positive figure of €5.4 million compared with a profit of €2 million recorded in 2013.

The Group's portion of profit was €5.5 million compared with a profit of €1.8 million in 2013.

Statement of Financial Position

The table below contains the main statement of financial position items.

RDM GROUP	12.31.2014	12.31.2013
(thousands of Euros)		
Trade receivables (17)	59,642	67,603
Inventories	70,595	77,944
Payables to suppliers (18)	(88,531)	(105,894)
Trade working capital	**41,706**	**39,653**
Other current assets (19)	8,313	14,380
Other current liabilities (20)	(16,238)	(16,169)
Non-current assets (21)	214,568	223,599
Assets held for sale	10,425	-
Liabilities held for sale	(8,315)	-
Non-current liabilities (22)	(10,771)	(13,585)
Invested capital	**239,688**	**247,878**
Employee benefits and other provisions (23)	(35,454)	(34,464)
Net invested capital	204,234	213,414
Net financial position (24) (*)	62,674	73,470
Shareholders' equity	141,560	139,944
Sources total	**204,234**	**213,414**

(*) The net financial position is represented excluding Reno De Medici Ibérica S.l.u. The Group financial position including Reno De Medici Ibérica S.l.u. stands at €65,894.

(17) See RDM Group consolidated financial statements – sum of the following items "Trade receivables" and "Receivables from associates and joint ventures", classified under the item "Current assets".

(18) See RDM Group consolidated financial statements – sum of the following items "Trade payables" and "Payables to associates and joint ventures", classified under the item "Current liabilities".

(19) See RDM Group consolidated financial statements- the item "Other receivables" net of €249,000 relating to an entry of a financial nature.

(20) See RDM Group consolidated financial statements – sum of the following items "Other payables", "Employee benefits" and "Current taxes", classified under the item "Current liabilities".

(21) See the RDM Group's financial statements – total of item "Non-current assets".

(22) See RDM Group consolidated financial statements- sum of the following items of "Non-current liabilities": "Other payables" and "Deferred tax liabilities."

(23) See RDM Group consolidated financial statements- sum of the following items of "Non-current liabilities": "Employee benefits" and "Long-term provisions for risks and charges."

(24) See RDM Group consolidated financial statements – sum of the following items "Derivative instruments" classified under "Non-current assets", "Cash and cash equivalents" and "Other receivables from associates and joint ventures", classified under "Current assets" to which to add the €249,000 relating to an entry of a financial nature included under the item "Other receivables", net of the following items: "Payables to banks and other lenders" and "Derivative

instruments" classified under "Non-current liabilities", and "Payables to banks and other lenders", "Derivative instruments" and "Other payables to associates and joint ventures", classified under "Current liabilities".

Trade working capital at the end of 2014 stood at €41.7 million, an increase of €2.1 million compared with 2013. This change is mainly due to the increase in receivables following the downsizing of the non-recourse factoring programs (+€8 million) partly offset by the reclassification of Reno De Medici Ibérica S.l.u. under "Assets held for sale" (-€5.1 million).

The reduction in the item "Other current assets" of €6.1 million is due to the reduction in receivables from the allocation of Energy Efficiency Certificates and the reduction in receivables for the German subsidiary with regard to a factoring company following the extinguishing of the agreement with the latter.

The decrease in "Non-current assets" was largely due to the decrease in the value of tangible assets of about €8.4 million (of which €4 million was due to the reclassification of Reno De Medici Ibérica S.l.u. under "Assets held for sale) and to the reduction in deferred tax assets of €0.6 million.

"Assets and Liabilities held for sale": the assets and liabilities of Reno De Medici Ibérica S.l.u. were reclassified under these items. For more information see the section "Key events".

The decrease in the item "Non-current liabilities" is due to the turnaround of the deferred tax effect calculated on the difference between the fair value at the purchase date of the fixed asset (mainly tangible fixed assets and intangible assets of Reno De Medici Arnserg GMBH) and the related fiscal value.

Net financial position

Consolidated Net Financial Debt at December 31, 2014 was €65.9 million (including the debt of Reno De Medici Ibérica S.l.u.), a reduction of €7.6 million over December 31, 2013.

The contribution of the positive earnings more than offset the increase in debt generated by the downsizing of the credit factoring programs, following the sale of the program in Germany where reduced collection periods and the resulting complexity in the administrative management of the program significantly reduced the utility and effectiveness.

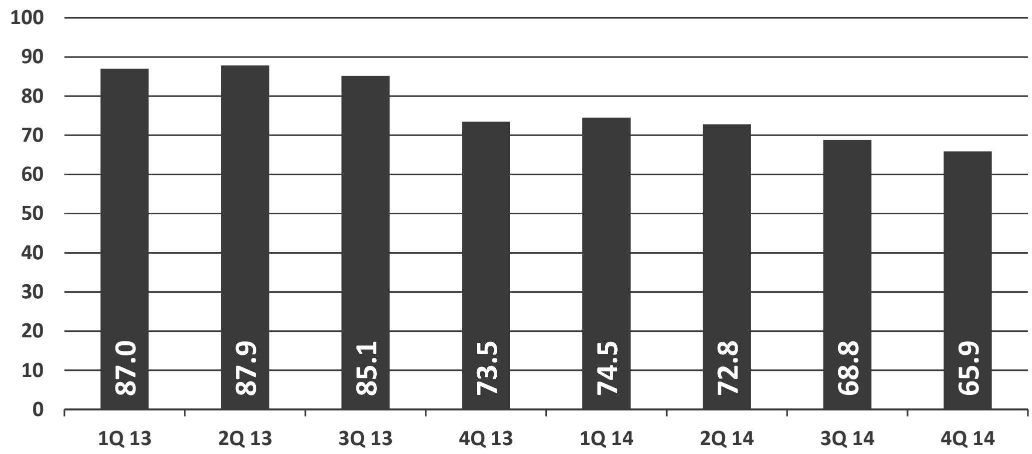


Fig. 3: 2013-2014 Net Financial Position- Quarterly Trend

Below is a table summarizing the changes recorded compared with the previous year:

RDM GROUP	12.31.2014 Continuing	12.31.2014 Assets held for sale	12.31.2014 Total	12.31.2013 Total	Change
(thousands of Euros)					
Cash, cash equivalents and short-term financial receivables (25)	2,996	702	3,698	2,922	776
Short-term financial payables (26)	(38,641)	(3,066)	(41,707)	(43,343)	1,636
Valuation of current portion of derivatives (27)	(286)		(286)	(430)	144
Short-term net financial position	**(35,931)**	**(2,364)**	**(38,295)**	**(40,851)**	**2,556**
Medium-term financial payables (28)	(26,725)	(856)	(27,581)	(32,322)	4,741
Valuation of non-current portion of derivatives (29)	(18)		(18)	(297)	279
Net financial position	**(62,674)**	**(3,220)**	**(65,894)**	**(73,470)**	**7,576**

(25) See RDM Group consolidated financial statements- Sum of “Cash and cash equivalents” and “Other receivables from associates and joint ventures” classified under “Current assets, to which to add the €249,000 relating to an entry of a financial nature included under the item “Other receivables”.

(26) See RDM Group consolidated financial statements – Sum of the item “Payables to banks and other lenders” and “Other payables to associates and joint ventures” classified under “Current liabilities”.

(27) See RDM Group consolidated financial statements, the item “Derivative instruments” classified under “Current assets” net of the item “Derivative instruments”, classified under “Current liabilities”.

(28) See RDM Group consolidated financial statements – the item “Payables to banks and other lenders” classified under “Non-current liabilities”.

(29) See RDM Group consolidated financial statements, the item “Derivative instruments” classified under “Current assets” net of the item “Derivative instruments”, classified under “Current liabilities”.

Research and development activities

During the course of 2014 the Group continuously conducted research and development activities aimed at the constant technological upgrading of production processes, as well as constant research into the better use of materials in order to improve the quality of the product or the process. The activity directed at developing new business areas and the creation of new products should also not be forgotten.

With food packaging being a significant part of the RDM Group's production, we continued our research activities aimed at continual product improvement.

We asked one of Italy's leading universities to carry out scientific studies aimed at further validating the Group's food-related products. Specifically, the project assigned to the Department of Management and Technologies at La Sapienza University of Rome to create a system for qualifying and certifying the production cycle and the final product which can be applied to recycled paper and cartonboard used for the production of food packaging.

Investments

In 2014, the RDM Group's capital expenditures totaled €19.7 million (€15.2 million in 2013).

The goal of these investments was to reduce variable costs, increase production capacity, improve safety and quality. The main projects were:

- Santa Giustina mill: an important rebuilding of the board machine, with the cylinders replaced with a Fourdrinier paper machine and a new belt-type rolling press installed. This investment was aimed at increasing production capacity, reducing energy and pulp costs, and improving quality.

- Ovaro mill: improvement and modernization operations involving facilities and machinery. Specifically, further interventions involving the safety system in order to obtain OHSAS 18001 certification;

- Villa Santa Lucia mill: improvement and modernization operations involving facilities and machinery. Specifically interventions for adapting the storm water collection system.

- Arnsberg mill (Germany): modernization of the production line, specifically with reference to the packaging line.

Human resources

The RDM Group believes that human resources are vital for success and it feels that attention should be focused on training.

Targeted training sessions are offered depending on the specific role in the company.

RDM keeps records on all the training initiatives organized for its staff.

Education and training sessions are delivered by experts in the particular field and are documented by the staff responsible for their execution.

In 2014 the Company accessed the wage guarantee fund (Cassa Integrazione Guadagni Straordinaria) pursuant to Article 1(3) of Law 223/91 due to the corporate restructuring for all the company's mills and sites in accordance with the program presented to the Ministry of Employment. The restructuring plan and the resulting operations will make it possible to implement the strategic industrial plan aimed at the technological upgrading of certain plants.

As at December 31, 2014 the Group headcount stood at 1,169 people.

Compared with the previous year, the total number of Group employees fell by 133 people (1,302 as at December 31, 2013, excluding employees of RDM Ibérica S.l.u.).

As at December 31, 2014, the Group headcount included 15 executives, 317 white-collars and 837 blue-collars.

OPERATING, BALANCE SHEET AND FINANCIAL PERFORMANCE OF RENO DE MEDICI S.P.A.

Operating results

Below are the main economic figures at Wednesday, December 31, 2014, compared with those of the previous year.

RDM	12.31.2014	12.31.2013
(thousands of Euros)		
Revenues from sales	208,812	215,899
Operating costs (30)	(198,961)	(212,506)
Other operating income (expenses) (31)	14,791	20,454
Gross Operating Profit (EBITDA)	**24,642**	**23,847**
Depreciation, amortization and write-downs	(12,468)	(16,816)
Operating Profit (EBIT)	**12,174**	**7,031**
Net financial income (expense)	(3,920)	(4,932)
Gains (losses) from investments	(3,684)	(4,266)
Taxes	(1,146)	2,843
Profit (loss) for the year	**3,425**	**676**

(30) See RDM financial statements. The amount is calculated by adding together the following items from the income statement: “Cost of raw materials and services”, “Cost of personnel” and “Other operating costs”.

(31) See RDM financial statements. The amount is calculated by adding together the following items from the income statement: “Other revenues and income” and “Change in inventories of finished goods”.

Revenues in 2014 fell by 3.3% compared with 2013. This decrease was due to the temporary slow-down in production in the Santa Giustina mill, due to the goodwill period required by the important rebuilding of the board machine at the end of summer 2014.

The following table provides a geographical breakdown of sales revenues:

RDM	12.31.2014	%	12.31.2013	%
(thousands of Euros)				
Areas				
Italy	120,348	58%	127,440	59%
EU	49,863	24%	46,280	21%
Non-EU	38,601	18%	42,179	20%
Total revenues from sales	**208,812**	**100%**	**215,899**	**100%**

As far as the performance of the main production factors is concerned, in 2014 prices of recycled fibers were largely stable compared with the fall that took place in 2013. The impact of these costs on the value of production ("Revenues from sales" plus the "Change in inventories of finished goods") increased slightly during the year in question, going from 45.1% in 2013 to 45.9% in 2014, in spite of the fall in consumption partly offset by the start up period of the Santa Giustina mill.

Energy costs fell by €4.4 million (-13.82%): the decrease is largely due to the fall in gas prices (-7.2%) which represents the Company's main energy source. Electricity costs, on the other hand, were essentially stable.

The cost of labor fell compared with the previous year by around €2.7 million (8.7% in percentage terms) due to the reduction in the number of employees and the lower provisions for the personnel redundancy fund following the revision of the agreements with the Trade Union Organizations. These factors more than offset the contractual salary increases.

The company reported a net profit of €3.4 million, after depreciation, amortization and write-downs of approximately €12.5 million, net financial expenses of €3.9 million and investment expenses of €3.7 million. Taxes were negative by €1.1 million.

Statement of Financial Position

The table below contains the main statement of financial position items.

RDM	12.31.2014	12.31.2013
(thousands of Euros)		
Trade receivables (32)	36,778	45,005
Inventories	36,882	38,692
Trade payables (33)	(53,497)	(62,671)
Trade working capital	**20,163**	**21,026**
Other current assets (34)	4,341	7,956
Other current liabilities (35)	(6,443)	(6,987)
Non-current assets (36)	206,311	209,143
Non-current liabilities (37)	(182)	(234)
Assets held for sale	1,838	
Invested capital	**226,028**	**230,904**
Employee benefits and other provisions (38)	(12,676)	(14,274)
Net invested capital	**213,352**	**216,630**
Net financial position (39)	63,990	70,243
Shareholders' equity	149,362	146,387
Sources total	**213,352**	**216,630**

(32) See RDM financial statements – sum of the following items "Trade receivables" and "Receivables from Group companies", classified under the item "Current assets".

(33) See RDM financial statements – sum of the following items "Trade payables" and "Payables to Group companies", classified under the item "Current liabilities".

(34) See RDM's financial statements – sum of the following items: "Other receivables, net of €249,000 of financial receivables."

(35) See RDM financial statements – sum of the following items "Other payables" and "Current taxes", classified under the item "Current liabilities".

(36) See RDM's financial statements – total of item "Non-current assets".

(37) See RDM Group financial statements- sum of the following items of "Non-current liabilities": "Other payables" and "Deferred tax liabilities."

(38) See RDM Group financial statements- sum of the following items of "Non-current liabilities": "Employee benefits" and "Long-term provisions for risks and charges and "Current liabilities: Employee benefits."

(39) See RMD's financial statements – sum of the following items "Cash and cash equivalents" and "Other receivables from Group companies", classified under "Current assets", to which to add the €249,000 relating to an entry of a financial nature included under the item "Other receivables", net of the following items "Payables to banks and other lenders", "Derivative instruments" and "Other payables to Group companies", classified under "Non-current liabilities" and "Payables to banks and other lenders", "Derivative instruments" and "Other payables to Group companies", classified under "Current liabilities".

Trade working capital at the end of 2014 stood at €20.2 million, a decrease of €0.8 million compared with 2013, mainly through operations. Specifically, the fall in sales revenues, caused by the temporary slow-down in production at the Santa Giustina mill mentioned above, resulted in a fall in trade receivables, which was partly offset by the reduction in non-recourse factoring (-€6.2 million). In order to offset the fall in revenues, the Company optimized the divestment of inventories of finished goods. At the same time, commercial payables fell through the reduction in production costs (raw materials and services, primarily energy).

At the end of 2014, about 30% of Net Invested Capital was funded by interest-bearing debt and approximately 70% by shareholders' equity.

Net financial position

Net financial debt for the Parent Company stands at €64 million, an improvement over the €70.2 million at December 31, 2013.

RDM	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Cash, cash equivalents and short-term financial receivables (40)	2,336	2,393	(57)
Short-term financial payables (41)	(50,900)	(52,632)	1,732
Valuation of current portion of derivatives (42)	(268)	(389)	121
Short-term net financial position	**(48,832)**	**(50,628)**	**1,796**
Medium-term financial payables (43)	(15,140)	(19,334)	4,194
Valuation of non-current portion of derivatives (44)	(18)	(281)	263
Net financial position	**(63,990)**	**(70,243)**	**6,253**

(40) See RDM financial statements- sum of the item "Cash and cash equivalents, to which to add the €249,000 relating to an entry of a financial nature included under the item "Other receivables"."

(41) See RDM financial statements – sum of the item "Other payables to Group companies" classified under "Current assets" net of "Payables to banks and other lenders" and "Other payables to Group companies" classified under "Current liabilities".

(42) See RDM Group financial statements, the item "Derivative instruments" classified under "Current assets" net of the item "Derivative instruments", classified under "Current liabilities".

(43) See RDM financial statements – sum of the item "Payables to banks and other lenders" and "Other payables to Group companies" classified under "Non-current liabilities".

(44) See RDM Group financial statements, the item "Derivative instruments" classified under "Current assets" net of the item "Derivative instruments", classified under "Current liabilities".

The decrease in the item (€-6.3 million) is mainly attributable to the positive operations and actions undertaken for containing working capital, which more than offset the lesser recourse to non-recourse factoring.

Research and development activities

Please refer to the report on the consolidated figures.

Investments

Capital expenditure in 2014 amounted to €17.2 million (€7.9 million in 2013).

The goal of these investments was to reduce variable costs, increase production capacity, improve safety and quality. The main projects were:

- Santa Giustina mill: important rebuilding of the board machine, replacing the cylinders with a Fourdrinier paper machine and a new belt-type rolling press. This investment is aimed at increasing production capacity, reducing energy and pulp costs and improving quality;

- Villa Santa Lucia mill: improvement and modernization operations involving facilities and machinery. Specifically interventions for adapting the storm water collection system.

Human resources

The headcount of RDM as at December 31, 2014 stood at 496 people.

Compared with the previous year, the total number of employees fell by 112 people (608 as at Wednesday, December 31, 2014).

In 2014 the Company accessed the wage guarantee fund (Cassa Integrazione Guadagni Straordinaria) pursuant to Article 1(3) of Law 223/91 due to the corporate restructuring for all the company's mills and sites in accordance with the program presented to the Ministry of Employment. The restructuring plan and the resulting operations will make it possible to implement the strategic industrial plan aimed at the technological upgrading of certain plants.

As at December 31, 2014, the headcount included 12 executives, 146 white-collars and 338 blue-collars.

For training activities and professional development, please refer to the paragraph on the Group "Human Resources" in this Report.

RECONCILIATION BETWEEN THE RESULT FOR THE PERIOD AND SHAREHOLDERS' EQUITY OF THE GROUP WITH THE PARENT COMPANY RENO DE MEDICI S.P.A.

	2014 Shareholders' equity	2014 Result
(thousands of Euros)		
Reno De Medici S.p.A.	149,362	3,425
Difference between the carrying value and the corresponding shares of equity of associates and subsidiaries	*(2,230)*	*8,665*
Dividends collected by subsidiaries		*(3,425)*
Capital gain reversal on sales to Group companies	*(1,078)*	*479*
Reversal of merger deficit allocation	*(3,513)*	*219*
Other consolidation adjustments	*(1,343)*	*(3,944)*
Consolidated financial statements	141,198	5,418

RECONCILIATION BETWEEN NET FINANCIAL POSITION OF THE GROUP WITH THE PARENT COMPANY RENO DE MEDICI S.P.A.

	NET FINANCIAL POSITION 12.31.2014	NET FINANCIAL POSITION 12.31.2013
(thousands of Euros)		
Net financial position- Reno De Medici S.p.A.	(63,990)	(70,243)
Cash and cash equivalents and other short-term financial receivables from subsidiaries	990	437
Short-term financial payables from subsidiaries	(7,269)	(8,030)
Medium-long-term financial payables from subsidiaries	(12,388)	(13,722)
Elimination of short-term financial payables from subsidiaries	23,620	20,819
Elimination of medium-long-term financial payables from subsidiaries		714
Elimination of short-term financial receivables from Group companies	(6,857)	(3,445)
Net Financial Position – RDM Group	(65,894)	(73,470)
Net Financial Position Discontinued operations	3,220	
Net financial position Continuing	(62,674)	(73,470)

OTHER INFORMATION

Existing disputes and risks

As far as the dispute which began in 2008 with some employees from the French subsidiary RDM Blendecques S.a.s. relating to the complex restructuring process involving the French company is concerned, it should be noted that the court of first instance issued an initial ruling on February 6, 2012, ordering the company to pay compensation. The Company appealed against this verdict and on June 27, 2014 the Court issued a second judgment confirming the initial ruling and ordering the Company to pay compensation. The Company paid the compensation according to the requirements of the judgment.

Tax disputes and risks

In regard to the tax audit covering the period 2005 – 2009, which concluded in 2011, the Company agreed to a tax settlement for the years 2005 to 2008, for which the related notices of assessment have already been received. Note that the findings of the Guardia di Finanza (Finance Guard – Italian law enforcement agency under the authority of the Minister of Economy and Finance) were concentrated on commercial relations with suppliers residing in black list countries (mainly Switzerland) for which the Company received special questionnaires from the Revenue Service for all the years indicated, and filed the clarifications requested.

In 2015 the Company received a notice of assessment for 2009 for which the tax settlement process is being completed during March 2015.

Also note that in 2014 the Company received a liquidation and adjustment notice for greater registration tax regarding the sale of the business unit to RDM Ovaro S.p.A. which took place in July 2012, against which Reno De Medici S.p.A. and RDM Ovaro S.p.A. filed an appeal with a petition for suspension. On March 10, 2015, there was a hearing for dealing with the suspension application submitted by the Company: the tax commission received the request suspending the execution of the act. A hearing date to deal with the matter was set for May 19, 2015

Environment and safety

During the course of the year RDM's commitment to achieving and maintaining adequate environmental, safety and quality standards, consistent with the principles pursued, was carried out through the following significant measures:

- continuing the process of the integration of corporate management systems for quality, environment and safety, by promoting synergies between these various aspects;
- the periodic updating of the Risk Assessment Documents;
- the examination and evaluation of the technical and professional integrity and reliability of contractors;

- the constant updating of the Interference Risk Assessment Documents;
- the regular training of personnel on the subject of health and safety in the workplace and making them aware of protecting and safeguarding the environment when carrying out their various tasks, including on the basis of provisions of the State-Regional Agreement.

The Company has maintained ISO 14000 certification, and in 2014 obtained OHSAS 18001:2008 certification for the RDM Ovaro mill. This certification process continues with the certification project for the remaining production plants in Italy.

In 2014 the Blendecques mill gained 50001 "Energy management system" certification, while the necessary activities were launched to obtain this certification for the other Italian production plants as well.

Reno De Medici S.p.A. has not been subject to a verdict with legal force (res judicata) for injury (straightforward, serious and/or extremely serious) and/or death following accidents in the workplace.

Treasury Shares

As at 31 December 201, the Company did not hold treasury shares nor did the Board have a mandate to purchase any.

Shares held by Directors and Statutory Auditors

In compliance with the provisions of Consob Regulation 11971 and later amendments and additions, the information regarding shares held by RDM Directors and Statutory Auditors in RDM and its subsidiaries as at Wednesday, December 31, 2014 is given below:

Name and Surname	Investee company	Number of shares as at December 31, 2013	Number of shares purchased	Number of shares sold	Number of shares as at December 31, 2014
Ignazio Capuano	Reno De Medici S.p.A.	550,000			550,000

Note that Giuseppe Garofono has not held the post of director since April 29, 2014 and at that date he owned 275,000 shares.

Information on relations with subsidiaries, associates and joint ventures

Transactions between the Parent Company and its subsidiaries, associates and joint ventures are part of normal business management in the context of the ordinary operations conducted by each party concerned and are regulated and concluded at market conditions.

RDM's transactions with its subsidiaries and associates refer mainly to:

- sales promotion and marketing services with Careo S.r.l. (Careo);
- sales of cartonboard to Cartiera Alto Milanese S.p.A. in liquidation (CAM), to Emmaus Pack S.r.l. (Emmaus), to RDM Ovaro S.p.A. to RDM Ibérica S.l.u.;
- provision of general services to Careo, Emmaus, CAM, RDM Ovaro S.p.A., RDM Ibérica S.l.u., RDM Blendecques S.A.S. and Reno De Medici Arnsberg Gmbh;
- purchases of offcuts from Emmaus and finished products from Blendecques;
- interest income or expense on cash-pooling and loan agreements with Careo, CAM, Emmaus, RDM Ibérica S.l.u., RDM Blendecques S.A.S., Reno De Medici UK Ltd, Reno De Medici Arnsberg GmbH and R.D.M. Ovaro S.p.A. and ZAR S.r.l.;
- sales of cartonboard to Pac Service S.p.A.;
- purchase of waste paper from ZAR S.r.l.;
- the tax consolidation agreement under which Reno De Medici S.p.A. is the consolidating company and CAM, Emmaus, RDM Ovaro S.p.A and Careo S.r.l. are participants.

More information on the Company's new rules on related-party transactions, which were adopted on November 8, 2010 and conform to Consob Resolution no. 17221 of March 12, 2010, as subsequently modified and supplemented, can be found in Chapter 13 of the Report on Corporate Governance.

Please refer to the "Notes" in the financial statements in this Report for a quantitative analysis of the relations undertaken in 2014 between RDM and its subsidiaries, associates and joint ventures, as well as the paragraph "Related-Party Relations" for a better explanation of the relations listed above.

Information about relations with related parties

There have been no transactions with related parties of an unusual or abnormal nature, not part of normal business management or such as to prejudice the Group's financial position, income or cash flows.

Transactions with related parties are part of normal business management in the context of the ordinary operations conducted by each party concerned.

In general, business relationships with related parties are conducted under normal market conditions, and the same applies to interest-bearing payables and receivables not regulated by specific contractual terms and conditions.

In addition to the companies with which RDM has direct and indirect equity relations, related parties include all such entities as defined by IFRS.

Related-party transactions include:

- commercial relations with Pac Service S.p.A., a company of which RDM owns 33%, in connection with sales of cartonboard. Sales made in 2014 totaled €3,785,000, while trade payables at December 31, 2014 amounted to €154,000. During the year, RDM sold the trade receivables of Pac Service S.p.A. under a new non-recourse factoring program. More information can be found in the "Notes" for this Report;

- commercial relations with ZAR s.r.l., a company of which RDM owns 33.33%, in connection with purchase of waste paper. Purchases made in 2014 totaled €4,144,000, while trade payables as at December 31, 2014 amounted to €84,000;

- As part of the sale of the Ovaro mill to R.D.M. Ovaro S.p.A., Reno De Medici S.p.A. and FRIULIA S.p.A respectively obtained a call option, exercisable between June 27, 2014 and June 27, 2017, and a put option, exercisable between June 27, 2015 and June 27, 2017, on FRIULIA S.p.A.'s stake in R.D.M. Ovaro S.p.A.

SUBSEQUENT EVENTS

There were no subsequent events reported.

OUTLOOK

After the closing of the period, the order flow has continued to be satisfactory.

As previously commented at the opening of this report, Euro Area macroeconomic indicators don't show robust growth economic activity for 2015. However, recent ECB's expansive monetary policy in conjunction with lower energy price and more favorable exchange rate should accelerate the pace of economic recovery, increase the purchasing power of households and internal demand.

On the other hand, a solid growth can't rely solely on external factors and monetary policies, and in the meantime the investments activity remain subdued, unemployment high in some countries with no perspective of rapid improvement, and industrial confidence very prudent.

In this scenario, as regards the sector in which Reno De Medici operates, the first months of 2015 do not envisage major changes of the evolution of the main commercial and production factors (sale prices, cost of raw material, cost of energy) that should remain reasonably firm, although with a slightly downward trend.

In the first months of 2015 the order flow of the Group has remained satisfactory.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2014

CONSOLIDATED STATEMENT OF INCOME

(thousands of Euros)	Note	12.31.2014	12.31.2013 (*)
Revenues from sales	1	426,134	428,419
- of which related parties	*32*	*6,030*	*7,376*
Other revenues and income	2	14,152	15,727
- of which related parties	*32*	*664*	*851*
Change in inventories of finished goods	3	(3,294)	2,393
Cost of raw materials and services	4	(324,968)	(335,855)
- of which related parties	*32*	*(15,322)*	*(18,705)*
Personnel costs	5	(65,674)	(67,475)
Other operating costs	6	(5,158)	(4,330)
Gross operating profit		**41,192**	**38,879**
Depreciation and amortization	7	(22,557)	(23,759)
Write-downs and revaluations	8	(207)	(3,631)
Operating profit		**18,428**	**11,489**
Financial expense		*(5,364)*	*(6,308)*
Gains (losses) on foreign exchange		*628*	*(171)*
Financial income		*88*	*153*
Net financial income (expense)	9	(4,648)	(6,326)
Gains (losses) from investments	10	280	(1,120)
Taxes	11	(3,887)	1,117
Profit (loss) for the period before discontinued operations		**10,173**	**5,160**
Discontinued operations	12	(4,755)	(3,130)
Profit (loss) for the year		**5,418**	**2,030**
Total profit (loss) for the period attributable to:			
- Group		5,478	1,775
- Minority interests		(60)	255
Basic earnings (loss) per ordinary share (Euros)		0.015	0.005
Diluted earnings (loss) per ordinary share (Euros)		0.015	0.005
Basic profit (loss) per ordinary share from discontinued operations (Euros)		(0.013)	(0.008)
Diluted profit (loss) per ordinary share from discontinued operations (Euros)		(0.013)	(0.008)

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under discontinued operations, as required by

IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	12.31.2014	12.31.2013
(thousands of Euros)		
Profit (loss) for the year	5,418	2,030
Other components of comprehensive profit (loss)		
Other components that may be transferred to the income statement in subsequent financial periods:	201	301
Change in fair value of cash flow hedges	*225*	*366*
Profit (loss) on translation of financial statements of foreign investee companies	*(24)*	*(65)*
Other components that will not be transferred to the income statement in subsequent financial periods:	(3,761)	1,038
Actuarial gain (loss) on employee benefits	(3,761)	1,038
Total other components of comprehensive profit (loss)	(3,560)	1,339
Total comprehensive profit (loss)	1,858	3,369
Total comprehensive profit (loss) attributable to:		
- Group	1,922	3,114
- Minority interests	*(64)*	*255*

All the figures set out in the table are stated net of the related tax effects.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	12.31.2014	12.31.2013
(thousands of Euros)			
ASSETS			
Non-current assets			
Tangible assets	13	202,768	211,204
Goodwill	14	0	63
Intangible Assets	15	1,911	2,377
Intangible assets with an indefinite useful life	15	3,948	3,293
Equity investments	16	1,706	1,826
Deferred tax assets	17	3,245	3,837
Trade receivables	18	0	41
Other receivables	19	990	958
Total non-current assets		214,568	223,599
Current assets			
Inventories	20	70,595	77,944
Trade receivables	18	59,368	66,902
- of which related parties	*32*	*451*	*491*
Receivables from associates and joint ventures	18	274	701
Other receivables	19	8,562	14,495
Other receivables from associates and joint ventures	19	372	90
Cash and cash equivalents	21	2,376	2,716
Total current assets		141,548	162,848
Total assets held for sale	12	10,425	0
TOTAL ASSETS		366,541	386,447

	Note	12.31.2014	12.31.2013
(thousands of Euros)			
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		185,122	185,122
Other reserves		(6,159)	(2,638)
Retained earnings (losses)		(43,243)	(44,983)
Profit (loss) for the year		5,478	1,775
Shareholders' equity attributable to the Group		141,198	139,276
Minority interests		362	668
Total shareholders' equity	22	141,560	139,944
Non-current liabilities			
Payables to banks and other lenders	21	26,725	32,322
Derivative instruments	23	18	297
Other payables	24	182	234
Deferred taxes	25	10,589	13,351
Employee benefits	26	30,674	27,557
Non-current provisions for risks and charges	27	4,780	6,906
Total non-current liabilities		72,968	80,667
Current liabilities			
Payables to banks and other lenders	21	36,196	42,728
Derivative instruments	23	286	430
Trade payables	28	85,752	98,878
- of which related parties	*32*	*404*	*1,104*
Payables to associates and joint ventures	28	2,780	7,016
Other payables	24	12,919	13,936
Other payables from associates and joint ventures	24	2,445	615
Current taxes	29	2,396	1,288
Employee benefits	26	924	945
Total current liabilities		143,698	165,836
Total liabilities held for sale	12	8,315	0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		366,541	386,447

CONSOLIDATED STATEMENT OF CASH FLOWS

	31.12.2014 Continuing Operation	31.12.2014 Discontinued Operation	31.12.2013 (*) Continuing Operation	31.12.2013 (*) Discontinued Operation
(thousands of Euros)				
Profit (loss) for the year	10,173	(4,755)	5,160	(3,130)
Taxes	3,887		(1,117)	
Depreciation and amortization	22,557	557	23,758	756
Write-downs	207	4,000	3,631	1,579
Losses (gains) from investments	(280)		1,120	
Financial (income) expense	5,149	127	6,143	128
Capital losses (gains) on sale of fixed assets	(578)	438	(458)	
Net change in provisions for employee benefits and in other provisions, including the provision for bad and doubtful receivables	(1,939)	(921)	73	318
Change in inventories	2,389	1,962	31	756
Change in trade receivables	3,536	1,950	9,551	752
- of which related parties	*313*	*28*	*239*	*156*
Change in trade payables	(9,199)	(4,871)	(17,518)	(406)
- of which related parties	*(838)*	*(3,538)*	*(252)*	*(594)*
Change in total working capital	(3,274)	(959)	(7,936)	1,103
Gross cash flows	35,902	(1,513)	30,374	753
Interest paid in the year	(3,888)	(127)	(4,636)	(128)
- of which related parties				
Interest received in the period			65	
- of which related parties			*65*	
Taxes paid in the period	(3,826)		(2,752)	
Cash flow from operating activities	28,199	(1,640)	23,051	625
Sale (purchase) of available-for-sale financial assets			1	
Net investment in non-current assets	(18,945)	5	(11,242)	(167)
Disinvestment in assets destined/held for sale and spare parts			1,079	
Investment in joint ventures	30		(196)	
Dividends received	370		170	
Cash flow from investing activities	(18,545)	5	(10,188)	(167)
Dividends paid	(243)		(146)	
Change in other financial assets and liabilities and short-term payables to banks	(4,314)	2,085	(9,657)	(363)
- of which related parties	*1,549*		*(1,506)*	
Change in medium- and long-term loans	(5,189)	29	(3,380)	(129)
Cash flow from financing activities	(9,746)	2,114	(13,183)	(492)
Translation differences	(24)		(67)	
Change in unrestricted cash and cash equivalents	(116)	479	(387)	(34)
Unrestricted cash and cash equivalents at the beginning of the period	2,493	223	2,880	257
Unrestricted cash and cash equivalents at the end of the period	2,376	702	2,493	223

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under discontinued operations, as required by IFRS 5, the capital data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(thousands of Euros)	Share capital	Legal reserve	Other reserves	Retained earnings (losses)	Profit (loss) for the period	Hedging reserve	Reserve for actuarial gain (loss)	Shareholders' equity attributable to the Group	Total Shareholders' equity attributable to minority interests	Total Shareholders' Equity
Shareholders' equity at 12.31. 2012	185,122	408	1,054	(32,649)	(12,334)	(563)	(4,876)	136,162	560	136,722
Dividends distributed									(146)	(146)
Allocation of profit (loss) for the period				(12,334)	12,334					
Profit (loss) for the period					1,775			1,775	255	2,030
Other components of comprehensive profit (loss)			(65)			366	1,038	1,339		1,339
Total comprehensive profit (loss)			(65)		1,775	366	1,038	3,114	255	3,369
Shareholders' equity at 12.31. 2013	185,122	408	989	(44,983)	1,775	(197)	(3,838)	139,276	669	139,945
Dividends distributed									(243)	(243)
Allocation of profit (loss) for the period		35		1,740	(1,775)					
Profit (loss) for the period					5,478			5,478	(60)	5,418
Other components of comprehensive profit (loss)			(24)			225	(3,757)	(3,556)	(4)	(3,560)
Total comprehensive profit (loss)			(24)		5,478	225	(3,757)	1,922	(64)	1,858
Shareholders' equity at 12.31. 2014	185,122	443	965	(43,243)	5,478	28	(7,595)	141,198	362	141,560

NOTES TO THE FINANCIAL STATEMENTS

STRUCTURE AND CONTENT

RDM is a company which is established as a legal entity under Italian law. The RDM Group operates mainly in Europe. The business of the Group is the production and distribution of cartonboard made mainly from recycled fibers (recycled cartonboard). Distribution and sale operations are carried out through a network of agents under the joint venture Careo S.r.l.

RDM has its headquarter 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 financial statements of the RDM Group were approved and authorized for publication by the Board of Directors of RDM on Thursday, March 20, 2015.

The consolidated financial statements of the RDM Group are presented in Euros (rounded to the nearest thousand), as this is the prevailing currency in the countries where the Group carries out most of its activities. Subsidiaries are included in the consolidated financial statements on the basis of the principles described in the section "Accounting Principles".

The 2014 consolidated financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and homologated by the European Union, as well as based on the provisions issued to implement Article 9 of Legislative Decree 38/205. IFRS refers to all International Accounting Standards or IAS, all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those issued previously by the Standing Interpretations Committee ("SIC").

RDM applied the same accounting principles as for the Annual Financial Report at December 31, 2013.

Accounting principles, amendments and interpretations effective from January 01, 2014 specifying any impact in these consolidated financial statements for each of them:

- IFRS 10 – Consolidated Financial Statements. This principle replaces *IAS 27 – Consolidated and Separate Financial Statements, and SIC 12, Consolidation - Special purpose entity.* IFRS 10 establishes a unique basic principle for consolidating all types of entities, a principle based on control. A more solid form of control than in the past has also been introduced. The adoption of the principle did not have any effects.

- IFRS 11 – Joint Arrangements. This principle replaces IAS 31 – *Interests in Joint Ventures* and SIC-13 – *Jointly controlled entities - Non-monetary contributions by Venturers.* The new principle, without prejudice to the criteria for identifying the presence of joint control, establishes the criteria for the accounting treatment of joint arrangements based on the rights and obligations from such agreements rather than their legal status, differentiating between joint ventures and joint operations. The adoption of the principle did not have any effects.

- IFRS 12 – *Disclosure of Interests in Other Entities* which is a new and complete principle about additional information to be provided in the consolidated financial statements for every type of investment, including those in subsidiaries, joint arrangements, associates, special purpose entities and other non-consolidated special purpose vehicles. The introduction of the new principle involved the presentation of the information in paragraph 16 of this note;

- Amendments to IAS 32 *Financial Instruments - Presentation*, aimed at clarifying the application of the criteria necessary for offsetting financial assets and liabilities in the financial statements. The adoption of these amendments has not had an effect on the Group's consolidated financial statements;

- Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment entities*, which for investment companies, introduce an exception to the consolidation of subsidiaries, except for cases in which these subsidiaries provide ancillary services to the investment activities conducted by the investment companies. The adoption of these amendments has not had an effect on the Group's consolidated financial statements;

- Amendments to IAS 36 – *Impairment of assets – Recoverable amount discosures for non financial assets*; The changes aim to clarify that the additional information to be provided about the recoverable amount of assets (including goodwill) or cash-generating units subject to impairments tests, if their recoverable amount is based on the fair value less cost to sell, only involves the assets or the cash-generating units for which a loss in the reduction in value has been recognized or restored during the period. In this case, it is necessary to provide adequate information about the fair value hierarchy of the recoverable amount and the valuation techniques and assumptions used. The adoption of these amendments has not had an effect on the Group's consolidated financial statements;

- Amendments to IAS 39 – *Financial Instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting*. The changes involve the introduction of several exemptions to the hedge accounting requirements defined by IAS 39 if an existing derivative had to be replaced with a new derivative in a specific case in which this replacement is with regard to a central counterparty (CCP) following the introduction of a new law or regulation. The adoption of these amendments has not had an effect on the Group's consolidated financial statements.

The accounting standards, amendments and interpretations not yet applicable and not subject to early adoption by the Group are as follows:

- IFRIC 21 – *Levies*, which provides clarifications on the time of recording a liability related to levies (other than income taxes) imposed by a government body. The principle deals with both liabilities for levies that come under the scope of the application of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets,* and those for levies where the timing and amount are known;

- *Annual Improvements to IFRSs: 2010-2012 Cycle* which includes the changes to some principles under the scope of the annual improvement process;

- *Annual Improvements to IFRSs: 2011-2013 Cycle* which includes the changes to some principles under the scope of the annual improvement process;

- IAS 19 "*Defined Benefit Plans: Employee Contributions*", which proposes to present the contributions (relating only to the service provided by the employee in the period) made by employees or third parties to benefit plans to reduce service costs during the period in which this contribution is paid.

As at the date of this Annual Financial Report, the competent bodies of the European Union had not yet completed the approval process required for the adoption of the following accounting standards and amendments:

- IFRS 14 – Regulatory Deferral Accounts;

- IFRS 11 – Joint Arrangements – Accounting for acquisitions of interests in joint operations;

- IAS 16 – Property, plant and Equipment and IAS 38 Intangible Assets – "Clarification of acceptable methods of depreciation and amortization";

- IFRS 15 – Revenue from Contracts with Customers;

- IFRS 9 – Financial Instruments;

- IAS 27 – Equity Method in Separate Financial Statements;

- IFRS 10 and IAS 28 – Sales or Contribution of Assets between an Investor and its Associate or Joint-Venture;

- Improvements to IFRSs: 2012-2014 Cycle;

- IAS 1 – Disclosure Initiative;

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

The financial statements are prepared on a historical cost basis with the exception of derivative financial instruments and financial assets held for sale, which are recognized at fair value, and financial liabilities, which are recognized at amortized cost. The carrying amount of hedged assets and liabilities which qualify for hedge accounting is adjusted to take into account changes in the fair value of the hedged risks.

The financial statements are prepared on the going-concern assumption. In this respect, despite operating in a persistently difficult economic and financial environment, the Group's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist about its ability to continue as a going concern.

Preparing the consolidated financial statements in accordance with IFRS may require the use of estimates and valuations, as well as management's reasonable judgment in applying accounting policies. More complex matters and/or those that require greater use of assumptions and estimates are discussed in the section "Estimates and Valuations".

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

- the consolidated statement of 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, non-current or held for sale;
- the consolidated income statement is presented in a vertical format with items broken down by nature, as this provides reliable and more relevant information than a classification by function;
- the consolidated statement of comprehensive income is presented separately from the consolidated income statement, and each item is shown net of the tax effect;
- the consolidated statement of cash flows is presented using the indirect method;
- the consolidated statement of changes in shareholders' equity is presented by showing separately the profit or loss for the year and any income and expense recognized directly in equity and not in the income statement, in accordance with specific IAS/IFRS requirements. It also shows separately the transactions with shareholders.

SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of all subsidiaries, from the date on which control is acquired until the date that such control ceases to exist.

The accounting period and the reporting date of the consolidated financial statements correspond to those of the Parent Company and of all the entities included in the scope of consolidation.

The following table provides a list of subsidiaries consolidated on a line-by-line basis with the respective percentage holdings:

Corporate name	Headquarter	Assets	Share capital (Eur/1000)	Control percentage 12.31.2014		12.31.2013	
				direct	indirect	direct	indirect
Reno De Medici Ibérica S.l.u.	Prat de Llobregatt (E)	Industrial	7,467	100.00%		100.00%	
Reno De Medici UK Limited	Wednesbury (GB)	Industrial	12,215	100.00%		100.00%	
Reno De Medici Arnsberg GMBH	Arnsberg (D)	Industrial	5,113	94.00%	6.00%	94.00%	6.00%
RDM Blendecques S.a.s.	Blendecques (F)	Industrial	1,037	100.00%		100.00%	
Cartiera Alto Milanese S.p.A. in liquidation	Milan (I)	Commercial	200	100.00%		100.00%	
Emmaus Pack S.r.l.	Milan (I)	Industrial	200	51.39%		51.39%	
Cascades Grundstück GmbH & Co. KG	Arnsberg (D)	Services	16	100.00%		100.00%	
Carta Service Friuliana S.r.l.	Milan (I)	Industrial	60	100.00%		50.00%	
R.D.M. Ovaro S.p.A.	Milan (I)	Industrial	12,500	80.00%		80.00%	

During 2014, the remaining 50% of shares in Carta Service Friulana were purchased and therefore this company was consolidated on a line-by-line basis.

The following table provides a list of associates and joint ventures valued at equity:

Corporate name	Headquarter	Assets	Share capital (Eur/1000)	Control percentage 12.31.2014		12.31.2013	
				direct	indirect	direct	indirect
Associates							
Pac Service S.p.A.	Vigonza (I)	Industrial	1.000	33.33%		33.33%	
Joint ventures							
Careo S.r.l.	Milan (I)	Commercial	100	70.00%		70.00%	
ZAR S.r.l.	Silea (I)	Industrial	90	33.33%		33.33%	
Manucor S.p.A.	Milan (I)	Industrial	10.000	22.75%		22.75%	

ACCOUNTING PRINCIPLES

Consolidation Principles

The financial position, results and cash flows of the RDM Group include the financial position, results and cash flows of Reno De Medici S.p.A. and of the companies over which it has the right to exercise control. The definition of control is not based solely on the concept of legal ownership. IFRS 10 introduced a more solid form of control than in the past, based on three elements: (a) power over the business purchased; (b) exposure or rights, at variable returns resulting from involvement with the latter: (c) capacity to utilize the power to influence the amount of these returns. IFRS 10 requires that in order to evaluate whether an investor has control over the company purchased, it is necessary to focus on the activities that significantly affect the returns of same and requires that, in evaluating the existence of control, only substantial rights should be considered, in other words rights that can be exercised in practice when important decisions about the company purchased need to be taken. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is acquired until the date that such control ceases to exist. The shares of shareholders' equity and profit or loss attributable to minority interests are shown separately in the consolidated statement of financial position, consolidated income statement, and consolidated statement of comprehensive income respectively.

The main consolidation principles adopted are as follows:

- the carrying amount of each investment 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 to those of the Parent Company, regardless of the size of the investment; the shares of subsidiaries' capital and reserves and of subsidiaries' profit or loss attributable to minority interests are shown separately in the consolidated statement of financial position and the consolidated income statement;

- the acquisition of subsidiaries is accounted for using the purchase method as required by IFRS 3 Revised (see "Business Combinations");

- 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 realized with third parties;

- any increases or decreases in a subsidiary's equity arising from its post-acquisition results are recorded upon elimination in the equity reserve "Retained earnings/(losses)";

- dividends distributed by Group companies are eliminated from the income statement upon consolidation.

Consolidation of Foreign Companies

The financial statements of each Group company are prepared in the currency of the economic area in which it mainly operates (the functional currency).

All non-euro assets and liabilities of foreign companies within the scope of consolidation are translated using the exchange rates as at the reporting date (the current-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 recognized in a dedicated equity reserve in "Other components of comprehensive income" until the disposal of the investment.

The exchange rates used to translate into Euros the financial statements of companies within the scope of consolidation are set out in the table below.

Currency	Start of period exchange rate	Average exchange rate	Exchange rate at period end 12.31.2014
GBP	0.8337	0.8061	0.7789

Equity investments

This item includes equity investments in associates and joint ventures, valued using the equity method and investments in other companies valued at cost.

The consolidated financial statements include the Group's share of the results of associates in which its investments are valued at equity, from the date that significant influence or joint control is acquired until the date that it ceases to exist. The Group's share of unrealized profits from transactions between Group companies is eliminated. Unrealized losses from transactions between Group companies are eliminated unless they represent actual impairment of the asset sold.

Losses in excess of equity are accounted for in the extent to which the investor has a commitment to the investee to abide by legal or constructive obligations or in any other way to cover its losses.

Associates

Associates refer to those companies in which the Group exercises a significant influence, which is assumed to exist when the investment is between 20% and 50% of the voting rights.

Joint Ventures

Joint ventures are companies which feature a joint control agreement in which the participants have a right to a portion of the net assets or the economic results arising from the agreement. Joint ventures are valued through the net equity method using the Group's accounting principles.

Business combinations

Business combinations are accounted for using the acquisition method. Under this method, the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities assumed by the Group and the equity instruments issued in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the income statement at the time they are incurred.

The identifiable assets acquired and the liabilities assumed are recognized at their fair value as at the acquisition date.

Goodwill is measured as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the income statement as a bargain purchase gain.

At the acquisition date, non-controlling interest is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice between the two methods is made on a transaction-by-transaction basis.

Any contingent consideration arrangement in the business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in the business combination in order to determine goodwill. Subsequent changes in the fair value are recognized in the income statement.

TANGIBLE ASSETS

Tangible fixed assets are stated at their original cost of purchase, production or contribution, including directly incurred accessory costs required to bring an asset into a condition for use. Cost is reduced by accumulated depreciation and any impairment.

Costs for improvements, modernization and transformation incurred after the initial recognition of the asset acquired or produced internally are ascribed to fixed assets and depreciated across their useful life provided they derive from separate analytical accounting measurements and when it is probable that the future economic benefits expected from the asset will increase.

Replacement costs of identifiable components of complex assets are ascribed to fixed assets and depreciated across their useful life. The residual value of the replaced component is ascribed to the income statement. Maintenance and repair costs are ascribed to the income statement in the year they are incurred.

Assets acquired under finance leases, which assign to the Group substantially all the risks and rewards of ownership, are recognized as tangible assets at the lower of their fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position 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 company. Land is not depreciated, even if acquired together with buildings.

The table below shows a breakdown by category of useful life for depreciation purposes:

Category		Years
Buildings	Industrial buildings	40- 33
	Small structures	20
Plant and machinery	General plant and machinery	25- 5
	Specific plant and machinery	25- 5
Industrial and commercial equipment	Miscellaneous equipment	5 – 4
Other assets	Furniture and ordinary office machines	12- 8
	Electronic office machines	6- 5
	Internal vehicles	5
	Motor vehicles	6- 4

The Group checks at least once a year 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 section “Impairment” below.

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

An impairment loss is recognized when the recoverable amount is lower than the carrying amount. If the reasons for previous write-downs no longer exist, the assets are revalued at the lower of the recoverable value and the previous book value net of depreciation that would have been recorded in the absence of a write-down, with the adjustment being made on the income statement.

ASSETS/LIABILITIES HELD FOR SALE

Assets and liabilities and groups of assets and liabilities whose carrying amount will be recovered principally through a sale transaction rather than through continuing use are presented separately from other assets and liabilities in the statement of financial position. These assets and liabilities are classified as “Assets held for sale” and are valued at the lower value between their carrying amount and their fair value less costs to sell. The post-tax gain or loss recognized on the measurement to fair value less cost to sell or on the disposal of the assets or disposal groups are disclosed as a single amount in the income statement.

Goodwill

Goodwill is not amortized but is subject to impairment testing carried out annually or alternatively at more frequent intervals if there is any indication that an asset may be impaired, in accordance with IAS 36 (see the section "Impairment" below).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible Assets

Intangible assets consist of identifiable assets without physical substance which are 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.

Intangible assets with a finite useful life are measured at cost and amortized on a straight-line basis over their useful life, i.e. the estimated period during which the asset will be used by the Group.

The table below shows a breakdown by category of useful life for depreciation purposes:

Category		Years
Concessions, licenses, trademarks and similar rights	Software licenses	5
Other intangible assets	Miscellaneous deferred charges	12- 5

Intangible assets with an indefinite useful life are not amortized but are subject to impairment testing at least once a year, as explained in the "Impairment" section below. An intangible asset is considered to have an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Group.

Impairment

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets with a finite useful life to assess whether there is an indication that these assets may be impaired (impairment indicators). If any of those indications is present, the Group determines the recoverable amount of such assets to determine the write-down amount (impairment test). Where it is not possible to determine the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value in use. In the absence of a binding sale agreement, fair value is estimated on the basis of values expressed by an active market, by recent transactions, or on the basis of the best available information to reflect the amount that might be obtained by selling the asset.

In calculating value in use, estimated future cash flows are discounted to present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the 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 recognized in the income statement.

When there is no longer any reason for an impairment loss to be recognized, the carrying amount of an asset (or cash-generating unit) is increased to a new carrying amount based on its estimated recoverable value, which shall not exceed the carrying amount that would have been determined if no impairment loss had been recognized. The reversal of the impairment loss is recognized in the income statement.

Goodwill and 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 INSTRUMENTS

Derivative financial instruments consist of assets and liabilities measured at fair value.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only if all of the following apply:

- the hedging relationship is formally designated and documented at its inception;
- the hedge is expected to be highly effective;
- effectiveness can be reliably measured;
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

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

- for a fair-value hedge (e.g. where a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of assets or liabilities yielding or bearing a fixed rate), the derivative financial instrument is measured at fair value and any gain or loss is recognized in the income statement. At the same time, the carrying amount of the hedged assets or liabilities is adjusted to reflect the changes in fair value with respect to the hedged risk;
- for a cash flow hedge (e.g. where a derivative financial instrument is designated as a hedge of the exposure to variability in the cash flows of assets or liabilities due to variations in exchange rates), the changes in fair value of the instrument are initially recognized in a dedicated equity reserve in “Other components of comprehensive income” and are

subsequently recognized in the income statement in line with the effects of the hedged transaction on profit or loss.

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments which are explicitly designated as available for sale or which cannot be classified in any of the preceding categories, and which are included in non-current assets unless it is management's intention to sell them in the 12 months following the reporting date.

Financial assets available for sale, which consist of investments in other companies and other non-current financial assets, are measured at fair value with changes recorded in equity. Where there is objective evidence that a financial asset is impaired significantly or for an extended period, the impairment loss is recognized in the income statement even if the asset has not been sold. Where fair value cannot be reliably measured, investments are measured at cost as adjusted for any impairment losses.

Trade and Other Receivables

Trade and other receivables are initially measured at the fair value of the amount to be received. Subsequent adjustments are made to account for any write-downs. Non-current trade and other receivables are subsequently measured at amortized cost.

Inventories

Inventories are measured at the lower of purchase or production cost, determined on a weighted-average basis, and estimated realizable 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 realizable value (net of the costs necessary to make the sale) representing the amount that the Group would expect to obtain from the sale of these goods as part of its normal business.

Cash and cash equivalents

This item consists of available cash on hand and bank deposits, shares in liquid funds and other highly liquid securities which can be readily converted into cash and which are subject to an insignificant risk of change in value.

Employee benefits

The benefits subsequent to the termination of the employment relationship are based on plans that, depending on their features, are either defined-contribution plans or defined-benefit plans.

In the defined-contribution plans, such as the TFR (severance pay in Italy) accrued after the 2007 Italian Finance Law came into force, the obligation of the company, limited to the payment of a contribution to the state, or to an asset or to a separate legal entity (so-called fund), is determined based on contributions owing after any amounts already paid.

The defined-benefit plans, such as TFR accrued before the 2007 Italian Finance Law came into force, are plans for benefits subsequent to the termination of the employment relationship that are a future obligation and for which the Company bears the relevant actuarial and investment risks. The TFR fund is measured at the actuarial value of the liability of the Company, in accordance with current legislation and with the national collective and company-specific labor agreements. The actuarial valuation, based on demographic, financial and turnover assumptions, is entrusted to independent actuaries. From January 1, 2012, actuarial gains/losses are recorded under “Other Components of the Statement of Comprehensive Income” in accordance with the new IAS 19 following early adoption thereof, instead of transiting from the income statement.

Provisions for Risks and Charges

The Group records provisions for risks and charges when it has a legal or constructive obligation, arising from a past event, where it is probable that a cost will be incurred to fulfill 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 reporting date, the Group could reasonably expect to pay to extinguish the obligation or transfer it to a third party.

Where resources are expected to be used beyond the following financial year, the liability is recorded at actuarial value, as determined by discounting expected cash flows at a rate that also takes into account the cost of borrowing and the risk of the liability.

Provisions for supplementary agents’ commission represent the calculation of liabilities based on actuarial techniques performed by independent actuaries.

Changes in estimates are recognized in the income statement of the period in which the change occurs.

The costs that the company expects to incur to carry out restructuring plans are recorded in the financial year in which the Group formally defined such plans and gave to the entities concerned a valid expectation that the restructuring will take place.

The risks where a liability is merely possible are described in the section "Contingent Liabilities and Commitments and Other Guarantees Given to Third Parties", but no provision is made.

Payables to Banks and Other Lenders

This item includes financial liabilities made up of bank loans, bonds and payables to other lenders, including payables arising from finance leases. Payables to banks and other lenders are measured at amortized cost.

Financial liabilities are initially recognized at cost, represented by the fair value of the amount received net of accessory transaction charges. After initial recording, loans are subsequently measured at amortized cost, which is calculated using the effective interest method taking into account issue costs and any settlement discount or premium.

Trade and Other Payables

These liabilities are initially measured at the fair value of the amount to be paid. Subsequent measurement is at amortized cost using the effective interest method.

Recognition of Revenues

Revenues are recognized where it is probable that the Company will obtain the economic benefits associated with the sale of goods or provision of services, and where the relevant amount can be reliably determined. Revenues are recorded at the fair value of the consideration received or expected, taking into account any volume or other commercial discounts.

As regards the sale of goods, revenues are recognized when the Company has transferred to the purchaser the main risks and benefits of ownership.

As regards the provision of services, revenues are recognized at the time the services are rendered.

Taxes

Current income taxes are based on an estimate of the taxable income for the year and on current legislation in the Countries where the Group operates. The expected liability, net of any payments in advance or withholding tax incurred, is recognized under "Current taxes".

Deferred tax assets and liabilities reflect the temporary differences between the carrying amount of an asset or liability and its tax base.

“Deferred tax liabilities” consist of deferred tax liabilities arising from temporary differences which will be taxed in future years in accordance with prevailing tax legislation.

“Deferred tax assets” consist of taxes which, despite being recoverable in future years, refer to the current year and are recognized where it is probable that future taxable income will be sufficient to absorb their recovery.

Deferred tax liabilities were offset by deferred tax assets where conditions specified in IAS 12 were met, notably where the two items relate to income taxes levied by the same tax authority and where there is a legally enforceable right to offset in this manner.

Income taxes are recognized in the income statement unless they relate to items directly credited or charged to equity, in which case the tax effect is recognized directly in that item.

Deferred tax assets are recognized for the carry forward of unused tax losses where it is probable that future taxable income will be available against which the unused tax losses can be utilized.

Reno De Medici S.p.A., all its Italian subsidiaries (Emmaus Pack S.r.l., Cartiera Alto Milanese S.p.A. in liquidation and R.D.M. Ovaro SpA) and the joint venture Careo S.r.l. have joined the national tax consolidation scheme pursuant to Articles 117 et.seq of the Consolidated Law on Income Tax (T.U.I.R.). The Company acts as the consolidating company and becomes a single taxable base for the group of adhering companies, thereby enabling this group to offset taxable income against tax losses in a single tax return. Each company belonging to the national tax consolidation scheme transfers the tax income (taxable income or tax loss) to the consolidating company: as a consequence of this transfer, Reno De Medici S.p.A. recognizes a receivable or a payable corresponding to the IRES (Italian corporate income tax), net of any payments on account, from or to the participating company, depending on whether it contributes taxable income or a tax loss.

Discontinued operations

Discontinued operations include major lines of business – in terms of business or geographical area, or which form part of a single, coordinated disposal program – that have either been disposed of or are held for sale, as well as subsidiary companies acquired exclusively with a view to 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, net of any related tax effects, as a single amount in the income statement.

Foreign-exchange differences

Transactions in foreign currencies are recorded using the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currencies are converted into Euros using the exchange rate on the reporting date, with the relevant gain or loss recorded on the income statement.

Dividends

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

Earnings Per Share

Basic earnings per share are defined as the ratio between the Group's result for the period attributable to the shares and the weighted number of shares outstanding during the financial year.

Diluted earnings per share are calculated by taking into account the effect of all the potential common stock with dilutive effect. In the case of the RDM Group, this is equal to the basic earnings per share.

Financial Instruments and Risk Management

With regard to the information requested by IFRS 7 Financial instruments: additional information, which requires extensive disclosures to be made in connection with the nature of credit, liquidity and market risks and the way in which these risks are managed, reference is made to the "Financial Instruments and Risk Management" section of the Notes to the Consolidated Financial Statements.

Estimates and Valuations

The preparation of the financial statements and the related notes in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors that are considered to be relevant. Actual results could differ from those estimates.

Estimates are used to measure any provisions for doubtful receivables, inventory obsolescence, depreciation and amortization, write-downs, employee benefits, restructuring funds, taxes, other provisions, funds and valuations of derivative instruments.

Estimates and assumptions are reviewed periodically, and the effects of any changes are recognized in the income statement in the period in which the estimate is revised (if the revision affects only that period) or in the period of the revision and future periods (if the revision affects both current and future periods). In this respect, the situation caused by the present economic and financial crisis has led to the need to make assumptions regarding future performance which are characterized by significant uncertainty; as a consequence, therefore, actual results next year may differ from the estimates. Although not foreseeable at present, this could have a significant effect on the carrying amounts of the items in question as shown in this report.

VALUATION METHODS

The valuation methods and the main assumptions used by management in applying accounting standards which relate to the future development of operations are described below. These methods and assumptions may have significant effects on the amounts recognized in the consolidated financial statements, meaning that adjustments may need to be made in future years, with similarly significant effects on these amounts.

Fair Value of Derivative Contracts and Financial Instruments

The fair value of financial instruments which are not listed on a regulated market is determined by employing various valuation techniques. In this respect, the RDM Group uses those techniques which it believes are the most reasonable in connection with the specific financial instruments that have to be valued, and it adopts assumptions and makes estimates based on market conditions at the reporting date.

Taxes

The overall determination of tax expense may require the use of estimates and valuations, including those relating to any specific tax liabilities which may not be determinable at the time the individual transactions are carried out. In addition, in order to calculate deferred tax assets, the RDM Group employs estimates and valuations which also take into account expectations of future events.

Impairment Tests

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets and investments to assess whether there are any impairment indicators. If any such indicators exist, the recoverable amount of such assets is determined to determine the write-down amount.

No goodwill has been allocated to the Reno de Medici CGUs, meaning there is no need for a specific annual impairment test. However, the current global economic and financial crisis, even if the first signs of recovery are starting to be seen, makes it impossible to predict national and global future economic scenarios.

The Group's market capitalization continues to record an average level that is lower than reported shareholders' equity.

The RDM Group has used the procedure described in IAS 36 to identify the cash-generating units representing the smallest identifiable groups of assets which generate cash flows that are largely independent within the consolidated financial statements.

The lowest aggregation of assets for cash-generating units is represented by the individual mills.

The recoverability of carrying amounts is tested by comparing the carrying amount of the individual cash-generating units with the present value of the estimated future cash flows from the continuing use of the assets making up the cash-generating units and that of their terminal value.

The main assumptions used by the Group in measuring the recoverable amount (value in use) are:

a) estimates of future operating cash flows;

b) the discount rate;

c) the final growth rate.

With respect to point a), given the current economic and financial crisis, the RDM Group has made a prudent assumption, valid only for impairment testing, of the development of its operations between 2015 and 2017.

The Group has used the same net rate, 5.89%, for all cash-generating units when discounting cash flows, a rate which reflects current market assessments and also takes into account the specific risks of the sector.

During the development of the impairment test, the terminal value was determined by using a growth rate (g rate) of 1.5%.

No need for impairment emerged based on the revised costs. As far as the Magenta and Marzabotto mills were concerned, in order to assess the recoverable amount, rather than the value in use method, the fair value method was used, deducting selling costs (current market value), as determined by appraisals conducted by an independent expert.

An impairment test was conducted with specific reference to the Reno De Medici Ibérica S.l.u. mill, calculated according to its value in use, as required by IAS 36. There was no need as a result of this test to recognised an impearment loss. However, taking into consideration the fact that on December 31, 2014 the subsidiary was classified as held for sale, the value of the assets was written-down to adjust them to the probable sale price (fair value less cost to sell), which was also estimated on the basis of the actual purchase offers received from several potential third-party buyers.

In addition, on the basis of the recommendations included in Joint Document no. 4 of the Bank of Italy, Consob (the Italian stock exchange regulator) and ISVAP (the Italian insurance regulator) of March 4, 2010, the Group prepared sensitivity analyses on the results of the tests, basing these on changes in the underlying assumptions (the use of the growth rate in calculating the terminal value and the discount rate) that affect the value in use of the cash-generating units, but there was no need to record impairment losses. Considering that recoverable amounts were calculated on the basis of estimates, and given the uncertainty surrounding how the present global crisis will evolve, the Group cannot be certain that a revision of these estimates, and the resulting adjustment to values, will not be required in the future. The Group will continually monitor the situation in order to make any necessary revision to the assumptions underlying the estimates.

Business plans were thus amended for the impairment testing of cash-generating units and investments, in order to take account of the current economic and financial situation and of the uncertainties weighing on all the main variables of the business.

Segment Information

The following segment information has been prepared on the basis of the reports that company management uses and reviews to assess performance and to take its main strategic decisions.

Segments have been sub-divided geographically according to the location of the Group’s mills and its cutting and/or distribution centers.

The reports used by directors show results by individual mill and cutting and/or distribution center. The data are then aggregated into three geographical areas: Italy, Germany, and France.

The Italian segment includes the production plants of Ovaro, Marzabotto, Villa Santa Lucia, Santa Giustina and Magenta, as well as cutting and/or distribution centers like Emmaus Pack S.r.l. and Cartiera Alto Milanese S.p.A. in liquidation; the German segment includes the Arnsberg production plant; the French segment includes the Blendecques production plant.

In the segment information that follows the only differences compared with the last annual financial statements involve the segment relating to the United Kingdom and the one relating to Spain. Both segments were represented in accordance with the requirements of IFRS 5: as a result of the termination of production activities, the United Kingdom segment and as a result of the management's decision to classify the subsidiary Reno De Medici Ibérica S.l.u. as held for sale, the Spanish segment. For more information see the section “Key events”.

Revenues by individual operating segment are generated by the sale of coated recycled cartonboard.

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

The displayed revenues by segment are those earned directly by or attributable to the segment and arising from ordinary operations; they include revenues from transactions with third parties and revenues from transactions with other segments, measured at market prices. Segment costs are the costs of segment operations incurred with third parties and with other operating segments, or those directly attributable to the segment. Costs incurred with other segments are measured at market prices.

The economic measure of the results achieved by each operating segment is the profit or loss for the year; within that result, operating profit and gross operating profit are specifically highlighted.

As part of the way in which the Group is managed, financial income and expense are continually monitored and measured by the treasury function of the Parent Company Reno De Medici S.p.A., where, from an operating standpoint, all decisions of a financial nature are also made.

There is no need to reconcile the segment valuations contained in this section with the figures included in the financial statements in this report, as all the displayed income components are measured using the same accounting policies adopted for the preparation of the Group’s consolidated financial statements. Unallocated items and adjustments include intersegment balances relating to intercompany transactions and the effects of discontinued operations.

The following table provides profit and loss data by geographical area for 2014 and 2013:

Income statement 12.31.2014	Italy	Germany	France	Unallocated items & adjustments	Consolidated
(thousands of Euros)					
Revenues from sales	282,523	116,785	57,251	(30,425)	426,134
Intragroup revenues from transactions with other segments	(29,825)	(130)	(470)	30,425	
Net revenues from external customers	252,698	116,655	56,781		426,134
Gross operating profit	29,316	11,915	(592)	554	41,192
Depreciation and amortization	(12,978)	(8,932)	(705)	58	(22,557)
Write-downs	(943)	655		81	(207)
Operating profit	15,395	3,638	(1,297)	693	18,428
Net financial income (expense)	(4,085)	(50)	(251)	(262)	(4,648)
Gains (losses) from investments	255			24	280
Taxes	(2,433)	(1,152)	(156)	(147)	(3,887)
Profit (loss) for the period before discontinued operations	9,132	2,436	(1,704)	308	10,173
Discontinued operations			500	(5,255)	(4,755)
Profit (loss) for the period	9,132	2,436	(1,204)	(4,947)	5,418
Share of profit/(loss) attributable to equity-accounted investments	280				
Total assets	347,389	102,658	19,131	(102,637)	366,541
Total investments	17,713	1,046	785	166	19,711

Income statement 12.31.2013	Italy	Germany	France	UK	Unallocated items & adjustments	Consolidated
(thousands of Euros)						
Revenues from sales	297,447	115,391	57,460		(41,879)	428,419
Intragroup revenues from transactions with other segments	(40,045)	(1,253)	(508)		41,806	
Net revenues from external customers	257,402	114,138	56,952		(73)	428,419
Gross operating profit	29,534	9,735	(585)		195	38,879
Depreciation and amortization	(14,212)	(9,035)	(658)		147	(23,759)
Write-downs	(3,963)				331	(3,631)
Operating profit	11,359	700	(1,243)		673	11,489
Net financial income (expense)	(5,305)	(429)	(308)		(285)	(6,326)
Gains (losses) from investments	(4,266)				3,146	(1,120)
Taxes	1,508	(100)	(129)		(162)	1,117
Profit (loss) for the period before discontinued operations	3,296	171	(1,680)		3,372	5,160
Discontinued operations					(3,130)	(3,130)
Profit (loss) for the period	3,296	171	(1,680)		242	2,030
Share of profit/(loss) attributable to equity-accounted investments	(1,120)					
Total assets	365,937	106,098	18,410	3,203	(106,373)	387,275
Total investments	9,829	4,011	1,096		227	15,163

In 2013 and 2014, no single external customer of the Group accounted for more than 10% of consolidated revenues.

Notes

Note that following the termination of RDM UK activity and the decision to sell the subsidiary RDM Ibérica S.l.u., deemed to be “highly probable” by Management at December 31, 2014, their result for the period was reclassified under Discontinued operations. As a result, the figures at December 31, 2013 in the tables below for RDM UK and Reno De Medici Ibérica S.l.u., have also been reclassified under Discontinued operations in order to make them comparable with the figures at December 31, 2014 in accordance with the IFRS 5 accounting standard.

1. Revenues from sales

These revenues arise essentially from sales of cartonboard:

	12.31.2014	12.31.2013 (*)	Change
(thousands of Euros)			
Revenues from sales	426,134	428,419	(2,285)
Total revenues from sales	**426,134**	**428,419**	**(2,285)**

(*) Following the termination of Reno De Medici UK’s activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

The following table provides a geographical breakdown of sales revenues:

	12.31.2014	12.31.2013 (*)	Change	%
(thousands of Euros)				
Italy	162,074	169,180	(7,106)	(4.2%)
EU	194,330	192,477	1,853	1%
Non-EU	69,730	66,762	2,968	4.4%
Total revenues from sales	**426,134**	**428,419**	**(2,285)**	**(0.5%)**

(*) Following the termination of Reno De Medici UK’s activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

Revenues from the sale of cartonboard depend on the general state of the economies of the markets in which sales are made, particularly the end-user demand for consumer goods; revenues are 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 variations in the calendar, such as if there is a high number of public holidays or periods of vacation in a particular month or accounting period that may typically recur in the main countries supplied (e.g. August and December).

In 2014 revenues for the Reno De Medici Group totaled €426.1 million, which was in line with revenues for 2013 (€428.4 million).

2. Other revenues and income

Other revenues and income may be analyzed as follows:

	12.31.2014	12.31.2013 (*)	Change
(thousands of Euros)			
Grants	570	286	284
Indemnities	561	350	211
Energy revenues	10,419	10,713	(294)
Other revenues	2,602	4,378	(1,776)
Total	**14,152**	**15,727**	**(1,575)**

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

"Grants" consist mainly of ordinary contributions from Comieco in relation to the use of waste paper from public separated waste collection.

"Revenues from sales of energy" relate to amounts received from certain energy suppliers for joining the "interruption" scheme, to income from the sale of electricity in 2014 by mills in France and Germany, and to income from the awarding of Energy Efficiency Certificates.

"Other revenues" relate mainly to services provided to associates and joint ventures, in the amount of around €0.7 million, capital gains from the sale of plant and machinery, extraordinary income and other minor revenues.

The reduction compared with the previous year of €1.8 million is essentially due to the fact that at December 31, 2013, the item in question included the fee for the transfer of the virgin fiber client list to Casacades SAS, which took place in 2008 (€1.2 million) following the aggregation transaction with the Cascades Group.

3. Change in inventories of finished goods

The change in inventories is negative in the amount of €3.3 million against a positive change of €2.4 million at December 31, 2013. This change is due to a different development of factors involving lower stocks in the warehouse compared with 2013 due to the normal cycle of orders.

4. Cost of raw materials and services

	12.31.2014	12.31.2013 (*)	Change
(thousands of Euros)			
Cost of raw materials	**177,224**	**184,533**	**(7,309)**
Purchase of raw materials	179,559	186,932	(7,373)
Change in inventories of raw materials	(2,335)	(2,399)	64
Commercial services	**48,008**	**46,233**	**1,775**
Shipping	36,775	35,837	938
Commission and agents' costs	11,233	10,396	837
Industrial services	**86,404**	**90,788**	**(4,384)**
Energy	57,549	60,495	(2,946)
Maintenance	10,706	11,383	(677)
Waste disposal	9,437	10,297	(860)
Other industrial services	8,712	8,614	98
General services	**11,418**	**12,023**	**(605)**
Insurance	2,881	2,841	40
Legal, notarial, administrative and contractual services	3,388	3,925	(537)
Board of directors	536	1,283	(747)
Board of statutory auditors	238	241	(3)
Postal and telecommunications	708	587	121
Other	3,667	3,146	521
Costs for use of third-party assets	**1,913**	**2,278**	**(365)**
Rental and leasing	1,913	2,278	(365)
Total	**324,968**	**335,855**	**(10,887)**

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under discontinued operations, as required by

IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

"Cost of raw materials" refers mainly to the purchase of products used to make the mixture (waste paper, wood paste, cellulose and chemicals) and for packaging.

As far as the performance of the main production factors is concerned, in 2014 the price of recycled fibers remained essentially stable compared with 2013.

With regard to energy components, and especially natural gas, which is the Group's main energy source, the downward trend strengthened in 2014. There was a slight fall in prices for coal, the main fuel used in Germany. Conversely, the cost of electricity remained largely stable.

Following the price dynamics illustrated above, the total of these costs as a percentage of the value of production ("Revenues from sales" plus the "Change in inventories of finished goods") fell during the year in question, going from 42.8% in 2013 to 41.9% in 2014.

Overall service costs fell by about 2.1% from the previous year (€145.8 million for the year ended December 31, 2014 against €149 million for the year ended December 31, 2013). This item represented 34.2% of the value of production (34.8% at the end of December 2013). This performance is largely due to a decrease in energy costs as noted above.

Costs of use of third-party assets at December 31, 2014, equal to €365,000, fell compared with the previous year, due essentially to the savings ensuing from the transfer of the Reno De Medici S.p.A.Parent Company premises.

5. Personnel costs

	12.31.2014	12.31.2013 (*)	Change
(thousands of Euros)			
Salaries and wages	46,697	48,237	(1,540)
Social security contributions	15,463	14,634	829
Allowance for defined-contribution plans	1,439	1,651	(212)
Allowance for defined-benefit plans	271	303	(32)
Incentive plans		250	(250)
Other costs	1,804	2,400	(596)
Total	**65,674**	**67,475**	**(1,801)**

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

The cost of labor stood at €65.7 million, compared with €67.5 million in 2013. The slight fall of €1.8 million is essentially due to the Parent Company and is associated with the reduction in the number of employees, and the lower provisions for the personnel redundancy fund following the revision of the agreements with the Trade Union Organizations. These factors more than offset the contractual salary increases.

In light of the year's results, the 2013 financial statements reflected a provision of €250,000 for the incentive plan intended for senior management based on phantom share performance for 2011-2013. Note that the Group has not approved new incentive plans or plans with regard to Top Management or employees.

The following tables provide a breakdown by category of the number of RDM Group employees at the end of the year and the average number of employees during the year:

Employees by category	12.31.2014	12.31.2013 (*)	Change
Executives	15	16	(1)
White-collars	317	343	(26)
Blue-collars	837	943	(106)
Total	**1,169**	**1,302**	**(133)**
Workers subject to wage guarantee fund	23	102	(79)
Active workforce	**1,192**	**1,404**	**(212)**

Average employees by category	12.31.2014	12.31.2013 (*)	Change
Executives	15	16	(1)
White-collars	352	348	4
Blue-collars	899	949	(50)
Total	**1,266**	**1,313**	**(47)**

(*) The data in the table do not include the employees of Reno De Medici Ibérica S.l.u.

Also note that in 2014 the Company accessed the wage guarantee fund (Cassa Integrazione Guadagni Straordinaria) pursuant to Article 1(3) of Law 223/91 due to the corporate restructuring for all the company's mills and sites in accordance with the program presented to the Ministry of Labor. The restructuring plan and the resulting operations will make it possible to implement the strategic industrial plan aimed at the technological upgrading of certain plants.

6. Other operating costs

	12.31.2014	12.31.2013 (*)	Change
(thousands of Euros)			
Provisions for risks	65	135	(70)
Write-downs of current receivables	1,808	802	1,006
Miscellaneous operating costs	3,285	3,393	(108)
Total	**5,158**	**4,330**	**828**

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

Compared with December 31, 2013, there was greater provision recorded for credit risks following the deterioration of several credit positions.

"Miscellaneous operating costs" as at December 31, 2014 are in line with the figures from a year earlier. This item consists mainly of various taxes incurred by Group companies, membership subscriptions to various industrial associations and trade bodies, and various contingent liabilities.

7. Depreciation and amortization

The following table sets out details of the item "Depreciation and amortization":

	12.31.2014	12.31.2013 (*)	Change
(thousands of Euros)			
Amortization of intangible assets	559	652	(93)
Depreciation of tangible assets	21,998	23,107	(1,109)
Total	**22,557**	**23,759**	**(1,202)**

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

The reduction in Depreciation of tangible assets compared with December 31, 2013 is due, in the main, to the completion of the amortization of several corporate assets and the write-down, on December 31, 2013, of several facilities and buildings at the Magenta and Marzabotto plants with a consequent lesser impact of amortization on the 2014 financial statements.

8. Write-downs and revaluations

	12.31.2014	12.31.2013 (*)	Change
(thousands of Euros)			
Write-downs	207	3,631	(3,424)
Total	**207**	**3,631**	**(3,424)**

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

Write-downs at December 31, 2014 were mainly related to:

- the write-down of several buildings at the Magenta and Marzabotto plants worth €791,000. The write-down was essentially due to the results of the inspections of the conditions of use of several Magenta buildings and the decision taken by top management to go ahead with the demolition of several of the Marzabotto buildings in 2015;
- the reversal of impairment of the concessions granted in Germany in relation to water rights with an unlimited duration (€655,000). In effect, following the results achieved in the impairment test, conducted in accordance with the provisions of IAS 36, the reasons for which the impearment loss was recognised in prior periods no longer existed.

9. Net financial income (expense)

	12.31.2014	12.31.2013 (*)	Change
(thousands of Euros)			
Financial income	**88**	**153**	**(103)**
Interest and other financial income	50	91	(79)
Income from derivative financial instruments	38	62	(24)
Financial expense	**(5,363)**	**(6,308)**	**1,098**
Interest paid to banks	(1,929)	(2,348)	536
Losses on derivative financial instruments	(358)	(617)	259
Financial expense on defined-benefit plans	(785)	(745)	(41)
Expenses, commission and other financial charges	(2,291)	(2,598)	343
Foreign-exchange differences	**628**	**(171)**	**805**
Foreign-exchange gains	1,467	1,087	380
Foreign-exchange losses	(839)	(1,258)	425
Total	**(4,648)**	**(6,326)**	**1,800**

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

Net Financial Expense stood at €4.6 million, a fall compared with the €6.3 million in 2013, thanks to the lower Net Financial Debt (€65.9 million at December 31, 2014, compared with €73.5 million at December 31, 2013), and the foreign exchange gains through the revaluation of the US dollar.

The item "Financial expense on defined-benefit plans" refers to the financial component of the provision for the year solely with respect to interest costs.

10. Gains (losses) from investments

Gains (losses) from investments relate mainly to the following:

- gains of €207,000 from valuing the investment in the joint venture Pac Service S.p.A. at equity;

- gains of €73,000 from valuing the investment in the joint venture Careo at equity.

11. Taxes

	12.31.2014	12.31.2013 (*)	Change
(thousands of Euros)			
Deferred taxes	1,077	5,030	(3,953)
Current taxes	(4,964)	(3,913)	(1,051)
Total	**(3,887)**	**1,117**	**(5,004)**

(*) Following the termination of Reno De Medici UK's activity and the holding for sale of Reno De Medici Ibérica at December 31, 2014 and the consequent reclassification of the results for the period under discontinued operations, as required by IFRS 5, the economic data as at December 31, 2013 were reclassified in order to make them comparable with those at December 31, 2014.

Deferred taxes at December 31, 2014, of €1 million, essentially include the provision for deferred taxes as well as the release of deferred taxes by the Parent Company Reno De Medici S.p.A. (€0.5 million) and the release of deferred taxes recorded under the subsidiary Arnsberg (€2 million).

More information on "Deferred taxes" can be found in Note 25.

Reconciliation between the theoretical tax burden and the tax burden as per the Financial Statements (income taxes)

The table below shows the reconciliation between the theoretical tax burden and the tax burden as per the financial statements.

For further details see Note 24 – Deferred taxation.

	Taxable income	%	12.31.2014
(thousands of Euros)			
Profit (loss) before taxes	10,389		
Theoretical tax burden		29.7%	3,086
Reversal of temporary differences from previous years	(1,508)		
Temporary differences which will be reversed in future years	8,892		
Permanent differences which will not be reversed in future years	3,135		
Total differences	10,519		
Use of previous tax losses	(3,797)		
Actual tax burden	17,111	29.7%	5,082

Reconciliation between the Theoretical and Actual Tax Burden (IRAP)

The impact of IRAP has not been taken into account to avoid any distorting effect, since this tax is valid only for Italian companies and commensurate with a tax basis other than the result before taxes.

12. Discontinued operations

Discontinued operations amount to €4,755 million and break down as follows:

	12.31.2014
(thousands of Euros)	
Reno De Medici Ibérica S.l.u. result	(978)
Reno De Medici Ibérica S.l.u. (*)	(4,000)
Reno De Medici UK Ltd result	(277)
RDM Blendecques result	500
Discontinued operations	**(4,755)**

(*) Loss recognised on the valuation to fair value less costs to sell.

Note that the Board of Directors of Reno De Medici S.p.A. confirmed the decision that the Spanish operation of Reno De Medici Ibérica S.l.u. is no longer a strategic asset for the Group.

Also note that in the fourth quarter of 2014, contacts with perspective buyers had already been initiated. In view of the progress of negotiations at December 31, 2014, the sale of the subsidiary was deemed to be "highly probable", the terms of negotiation were subsequently confirmed by the purchase offers received. The sale is expected to be completed during 2015. As a result, in accordance with the requirement of IFRS 5:

- the impairment test was conducted, calculated in accordance with the value in use, as required by IAS 36. Following this test there was no need to carry out any impairment loss;
- all the assets and liabilities were reclassified separately under "Assets held for sale" and "Liabilities held for sale"; the value of the assets was written-down to its fair value less costs to sell, which was also estimated based on the purchase offers received from potential buyers;
- all costs and revenues for the period of the subsidiary Reno De Medici Ibérica S.l.u. were reclassified in the single line of the income statement "Discontinued operations".

The income statement and the statement of financial position of Reno De Medici Ibérica S.l.u. are given below:

	12.31.2014	12.31.2013
(thousands of Euros)		
Revenues from sales	30,444	33,197
Other revenues	129	230
Change in inventories of finished goods	(638)	(69)
Cost of raw materials and services	(25,113)	(27,729)
Personnel costs	(4,555)	(4,681)
Other operating costs	(131)	(263)
Non-recurring costs	(438)	
Depreciation and amortization	(557)	(707)
Write-downs		(1,343)
Net financial income (expense)	(119)	(95)
Discontinued operations	**(978)**	**(1,460)**

	12.31.2014 (*)	
(thousands of Euros)		
Tangible assets	4,004	
Intangible Assets	107	
Trade receivables	21	
Other receivables	150	
Total non-current assets	**4,282**	
Inventories	3,053	
Trade receivables	5,988	
Other receivables	847	
Cash and cash equivalents	702	
Total current assets	**10,590**	
Total Assets	**14,872**	

	12.31.2014 (*)
(thousands of Euros)	
Shareholders' equity	5,838
Total shareholders' equity	**5,838**
Payables to Banks and Other Lenders	857
Total non-current liabilities	**857**
Payables to Banks and Other Lenders	3,067
Trade payables	4,212
Other payables	898
Total current liabilities	**8,177**
Total shareholders' equity and liabilities	**14,872**

(*) The above data do not include the value of the write-down of Reno De Medici Ibérica to adjust it to the fair value less cost to sell.

	December 31, 2014	December 31, 2013
(thousands of Euros)		
Cash flows from operating activities	(466)	(535)
Cash flows from investing activities	(106)	(174)
Cash flows from financing activities	1,140	611
Net Cash Flow	**568**	**(98)**

On February 28, the cutting operations carried out at the Wednesbury (UK) mill were terminated. This entailed the reclassification of all the UK subsidiary's costs and revenues for the period in a single line of the income statement "Discontinued operations."

Below is the income statement of RDM UK:

	12.31.2014	12.31.2013
(thousands of Euros)		
Revenues from sales	1,613	6,917
Other revenues	90	1,048
Change in inventories of finished goods	(1,119)	(790)
Cost of raw materials and services	(658)	(7,347)
Personnel costs	(152)	(1,130)
Other operating costs	(16)	(55)
Revenues from non-current assets held for sale	(7)	
Depreciation and amortization		(49)
Write-downs		(236)
Net financial income (expense)	(28)	(27)
Discontinued operations	(277)	(1,669)

Below is the consolidated statement of cash flows of RDM UK:

	December 31, 2014	December 31, 2013
(thousands of Euros)		
Cash flows from operating activities	380	(864)
Cash flows from investing activities	112	
Cash flows from financing activities	(582)	928
Net Cash Flow	(90)	64

With regard to the amount for Discontinued Operations relating to RDM Blendecques, note that it involves an income resulting from the release of the fund previously established to cover the costs of the dispute with several employees of the French subsidiary RDM Blendecques S.A.S., who were laid off in 2008. The dispute dates back to the complicated restructuring process at the French mill, and in 2014 the Court issued its definitive ruling on the subject. The income was recorded under the item Discontinued Operations because the original provision was recorded under this item in the financial statements.

13. Tangible assets

Changes in tangible assets during 2013 and 2014 are as follows:

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
(thousands of Euros)							
Historical cost	23,828	99,308	629,098	2,256	14,189	5,721	774,400
Accumulated depreciation/write-downs		(56,624)	(472,859)	(2,039)	(13,949)		(545,471)
Net book value at 12.31.2012	**23,828**	**42,684**	**156,239**	**217**	**240**	**5,721**	**228,929**
Increases	30	1,243	9,124	38	74	4,195	14,703
Decreases		(58)	(75,553)		(1)		(75,612)
Reclassification of cost		582	3,345		17	(3,927)	17
Other			(15)				(15)
Depreciation for the period		(3,214)	(20,478)	(67)	(100)		(23,859)
Other changes (acc. depr.)			5				5
Write-downs	(1,120)	(2,922)	(493)				(4,535)
Decrease of acc. depr. (*)		50	71,519		1		71,570
Value at 12.31.2013							
Historical cost	23,858	101,073	565,999	2,293	14,279	5,989	713,491
Accumulated depreciation/write-downs	(1,120)	(62,710)	(422,304)	(2,106)	(14,048)		(502,288)
Net book value at 12.31.2013	**22,738**	**38,363**	**143,695**	**187**	**231**	**5,989**	**211,203**

(thousands of Euros)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under development	Total
Historical cost	23,858	101,073	565,999	2,293	14,279	5,989	713,491
Accumulated depreciation/write-downs	(1,120)	(62,710)	(422,304)	(2,106)	(14,048)		(502,288)
Net book value at 12.31.2013	**22,738**	**38,363**	**143,695**	**187**	**231**	**5,989**	**211,203**
Increases	129	1,082	2,948	46	137	15,186	19,527
Decreases		(2,578)	(19,973)	(463)	(274)		(23,288)
Reclassification of cost		1,738	3,290			(5,035)	(7)
Other			48				48
Reclassification Assets held for sale (IFRS5)	(1,045)	(6,233)	(25,219)		(338)	(31)	(32,866)
Depreciation for the period (*)		(3,111)	(19,280)	(71)	(93)		(22,555)
Other changes (acc. depr.)			(41)				(41)
Write-downs		791					791
Decrease of acc. depr.		2,205	19,460	463	274		22,402
Reclassification Assets held for sale (IFRS 5)		5,727	22,801		334		28,862
Value at 12.31.2014							
Historical cost	22,942	95,082	527,093	1,875	13,804	16,108	676,905
Accumulated depreciation/write-downs	(1,120)	(58,408)	(399,363)	(1,713)	(13,533)		(474,137)
Net book value at 12.31.2014	**21,822**	**36,674**	**127,730**	**162**	**271**	**16,108**	**202,768**

(*) Depreciation for the period includes depreciation of Reno De Medici Ibérica S.l.u.

"Land" includes the areas pertaining to the mills of the Parent Company, situated at Magenta (MI), Santa Giustina (BL), Ovaro (UD), Villa Santa Lucia (FR), Marzabotto (BO), the German company Reno De Medici Arnsberg and the French subsidiary RDM Blendecques SAS.

"Buildings" relate mainly to the mills. The increases for the year refer to improvements made to properties owned.

“Plant and machinery” relates to specific and general manufacturing plants and machinery.

In 2014, the RDM Group’s capital expenditures totaled €19.5 million (€14.7 million in 2013).

The goal of these investments was to reduce variable costs, increase production capacity, and improve safety and quality. The main projects were:

- Santa Giustina mill: an important rebuilding of the board machine, with the cylinders replaced with a Fourdrinier machine and a new belt-type rolling press installed. This investment was aimed at increasing production capacity, reducing energy and pulp costs, and improving quality;

- Ovaro mill: improvement and modernization operations involving facilities and machinery. Specifically, further interventions involving the safety system in order to obtain OHSAS 18001 certification;

- Villa Santa Lucia mill: improvement and modernization operations involving facilities and machinery. Specifically interventions for adapting the storm water collection system;

- Arnsberg mill (Germany): modernization of the production line, specifically with reference to the packaging line.

Investments at the remaining mills concerned improvements and/or upgrades to plant and machinery.

“Industrial and commercial equipment” consists mainly of assets used in the production process at the various mills.

“Other assets” consist mostly of electronic office machines and office furniture, fixtures and fittings.

Rights (mortgages and privileges) totaling €284.3 million attached to owned property, plant and machinery are pledged in favor of banks as security on loans for which the outstanding balance at December 31, 2014 amounted to €22.5 million.

In 2014 the Magenta mill buildings (€0.7 million) and Marzabotto mill buildings (€0.1 million) were written-down. More information can be found in Note 8.

At the closing date of the financial statements the Company had conducted the impairment test after which no write-down was necessary.

More information on impairment tests can be found in the section “Impairment Tests”.

14. Goodwill

Goodwill at December 31, 2013, consisted of the goodwill paid on acquiring Barneda Carton S.A., which was transferred to RDM Ibérica in 2006 following the purchase of the business unit.

15. Intangible Assets

Changes in intangible assets during 2013 and 2014 are as follows:

	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total intangible assets with a finite useful life	Intangible assets with an indefinite useful life
(thousands of Euros)					
Net book value at 12.31.2012	**1,449**	**618**	**903**	**2,970**	**3,293**
Increases	181	11	267	459	
Decreases	(381)			(381)	
Reclassification of cost	704	(431)	(290)	(17)	
Write-down/Value restatement					
Amortization for the year	(628)	(26)		(654)	
Net book value at 12.31.2013	**1,325**	**172**	**880**	**2,377**	**3,293**

	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total intangible assets with a finite useful life	Intangible assets with an indefinite useful life
(thousands of Euros)					
Net book value at 12.31.2013	**1,325**	**172**	**880**	**2,377**	**3,293**
Change in scope of consolidation		7		7	
Increases	89	10	85	184	
Decreases	(88)			(88)	
Reclassification Assets held for sale (IFRS 5)		(107)		(107)	
Reclassification of cost	218		(211)	7	
Write-down/Value restatement					655
Amortization for the year	(441)	(28)		(469)	
Net book value at 12.31.2014	**1,103**	**54**	**754**	**1,911**	**3,948**

“Intangible assets with an indefinite useful life” refer to the valuation of concessions granted in Germany in relation to water rights with an indefinite useful life.

At the reporting date the Group had performed the impairment test in accordance with IAS 36, after which the partial reversal of impairment for an amount of €655,000 was recorded in the financial statements.

More information on impairment tests can be found in the section “Impairment Tests”.

16. Equity investments

	Book value 12.31.2013	Change of consolidation area	Investments	Elimination of dividends from associates	Write-downs/ revaluations	Book value 12.31.2014
(thousands of Euros)						
Associates						
Pac Service S.p.A.	1,390			(370)	207	1,227
Joint ventures						
Careo S.r.l.	187				73	260
Manucor S.p.A.						
ZAR S.r.l.	30					30
Carta Service Friuliana S.r.l.	30	(30)				
Other equity investments						
Cartonnerie Tunisienne S.A.	121					121
Comieco	36					36
Conai	24					24
Other minor equity investments	8					8
Total	**1,826**	**(30)**		**(370)**	**280**	**1,706**

During 2014, the remaining 50% of shares in Carta Service Friulana were purchased and therefore this company was consolidated on a line-by-line basis.

The write-downs and revaluations relate to the adjustment of the value of investments in Careo S.r.l. (which are defined as joint ventures on the basis of corporate governance arrangements) and Pac Service S.p.A., to the Group’s share of equity.

Below is the information required by the new IFRS 12, which entered into force on January 1, 2014, for equity-accounted investments.

The value of equity-accounted investments in the balance sheet is as follows:

	December 31, 2014	December 31, 2013
(thousands of Euros)		
Associates	1,227	1,390
Joint ventures	291	247
Total	1,518	1,637

The impact on the income statement for the period of measuring equity investments using the equity method is as follows:

	December 31, 2014	December 31, 2013
(thousands of Euros)		
Associates	207	273
Joint ventures	73	(1,393)
Total	280	(1,120)

Investments in joint ventures

Company	Country	% held	Nature of relationship	Measurement method
Careo S.r.l.	Italy	70%	Note 1	Equity
Manucor S.p.A.	Italy	22.75%	Note 2	Equity
ZAR Srl	Italy	33.33%		

Note 1: Careo S.r.l. provides sales promotion and marketing services to the Group. It is a capital-based company that is unlisted on regulated markets. Based on the provisions of the By-Laws, the Board of Directors is composed of 4 members, 2 of whom are appointed by Reno De Medici and two by the other shareholder Cascades; in addition, shareholders' resolutions require the vote in favor of shareholders who represent at least 80% of the share capital.

Note 2: Manucor S.p.A. It is a capital-based company that is unlisted on regulated markets. Based on the provision of the shareholders' agreements, the Board of Directors is composed of 5 members, 2 of whom are designated by RDM, 2 directors are designated by ISP and 1 director, with the role of CEO, is designated jointly by ISP and RDM.

There are no contingent liabilities related to the Group's investment in these companies.

Below is a summary of financial information for Careo S.r.l. and Manucor S.p.A.:

	Careo S.r.l.		Manucor S.p.A.		ZAR S.p.A.	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
(thousands of Euros)						
Current assets						
Cash and cash equivalents	553	359	990	927	39	308
Other current assets	5,988	8,008	42,252	44,204	7,048	3,729
Total current assets	6,541	8,367	43,242	45,131	7,087	4,037
Current liabilities						
Bank debt			9,971	70,301		0
Other current liabilities	3,840	5,957	28,252	27,406	6.950	3,920
Total current liabilities	3,840	5,957	38,223	97,707	6.950	3,920
Non-current assets						
Non-current assets	823	761	71,370	78,498	2	4
Non-current liabilities						
Non-current liabilities	3,153	2,904	68,258	22,829		121
Shareholders' equity	371	267	8,131	3,093	139	121

Summary income statement information for Careo S.r.l., Manucor S.p.A. and ZAR S.p.A. is provided below:

	Careo S.r.l.		Manucor S.p.A.		ZAR S.p.A.	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
(thousands of Euros)						
Revenues	13,061	13,378	166,839	171,320	13,905	24,010
Operating costs	(12,398)	(12,761)	(165,064)	(164,367)	(13,886)	(23,977)
Gross operating profit	**663**	**617**	**1,775**	**6,953**	**19**	**33**
Depreciation, amortization and write-downs	(35)	(44)	(10,227)	(10,469)	(1)	(1)
Operating profit	**628**	**573**	**(8,452)**	**(3,516)**	**18**	**32**
Financial income (expense)	(34)	(177)	(2,762)	(1,152)		(3)
Profit (loss) before taxes	**594**	**396**	**(11,214)**	**(4,668)**	**18**	**29**
Taxes	(270)	(279)	1,514	1,241		
Net profit	**324**	**117**	**(9,700)**	**(3,427)**	**18**	**29**

	Careo S.r.l.		Manucor S.p.A.		ZAR S.p.A.	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
(thousands of Euros)						
Shareholders' equity at January 1	**267**	**(138)**	**3,093**	**6,331**	**121**	**92**
Profit for the period	324	116	(9,700)	(3,427)	18	29
Participatory financial instruments		281	15,000 (*)			
Foreign exchange differences	(63)	(6)				
Statement of comprehensive income	(157)	14	(262)	189		
Shareholders' equity at December 31	**371**	**267**	**8,131**	**3,093**	**139**	**121**
% held	**70%**	**70%**	**22.75%**	**22.75%**	**33.33%**	**33.33%**
Value of equity investment	**260**	**187**	**0**	**0**	**30**	**30**

(*) The "Participatory financial instruments" were not subscribed by Reno De Medici S.p.A.

As of December 31, 2013, Reno De Medici fully wrote down the investment in Manucor S.p.A. following the decision not to subscribe the participatory financial instruments in an amount of up to €15 million specified at the time.

On June 16, 2014, an agreement was signed by Manucor S.p.A. and its shareholders providing, among other things, for the partial conversion of credit from Intesa San Paolo into financial equity instruments, on the basis of which Manucor issued, and Intesa San Paolo purchased, financial equity instruments totaling €15 million.

Reno De Medici S.p.A. believes that, based on current information and the loss reported by Manucor in 2014, the prerequisites to revalue the equity investment have not been met.

Investments in associates

Company	Country	% held	Nature of relationship	Measurement method
PAC Service S.p.A.	Italy	33.33%	Note 1	Equity

Note 1: The Group supplies Pac Service S.p.A. with the raw materials used in the production process of the investee company.

There are no contingent liabilities related to the Group's investment in Pac Service S.p.A.

Below is a summary of the financial information of Pac Service S.p.A.:

	December 31, 2014	December 31, 2013
(thousands of Euros)		
Current assets		
Liquid assets	0	991
Other current assets	10,579	10,195
Total current assets	10,579	11,186
Current liabilities		
Bank debt	914	1,000
Other current liabilities	5,098	5,627
Total current liabilities	6,012	6,627
Non-current assets		
Non-current assets	2,310	2,518
Non-current liabilities		
Loans	0	500
Other non-current liabilities	711	692
Shareholders' equity	6,166	5,885

Summary income statement information for Pac Service S.p.A. is provided below.

	December 31, 2014	December 31, 2013
(thousands of Euros)		
Revenues	19,896	17,380
Operating costs	(18,065)	(15,838)
Gross operating profit	1,831	1,542
Depreciation, amortization and write-downs	(254)	(251)
Operating profit	1,577	1,291
Financial income (expense)	101	91
Financial income (expense)	(34)	
Profit (loss) before taxes	1,644	1,382
Taxes	(553)	(458)
Net profit	1,091	924

	December 31, 2014	December 31, 2013
(thousands of Euros)		
Shareholders' equity at January 1	5,885	5,770
Profit for the period	1,091	924
Dividends distributed	810	809
Shareholders' equity at December 31	6,166	5,885
Adjusted shareholders' equity (*)	4,792	4,679
% held	33.33%	33.33%
Dividends distributed during the year	(370)	(170)
Value of equity investment	1,227	1,390

(*) The shareholders' equity was adjusted to adapt the value of the equity investment as required by IAS/IFRS standards.

17. Deferred tax assets

The item "Deferred tax assets" included under non-current assets relates to temporary deductible differences of the Parent Company Reno De Medici S.p.A. and the subsidiaries Cartiera Alto Milanese S.p.A. in liquidation and Emmaus Pack S.r.l.

Refer to Note 25 for an analytical description of same and related changes for the year.

18. Trade receivables and receivables from associates and joint ventures

The table below shows a breakdown of current and non-current trade receivables totaling €60 million:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Trade receivables	0	41	(41)
Non-current trade receivables	0	41	(41)
Trade receivables	59,368	66,902	(7,534)
Receivables from associates and joint ventures	274	701	(427)
Current trade receivables	59,642	67,603	(7,961)

The fall of approximately €8 million is mainly due to the reduction in sales concentrated in those Countries with the longest collection periods, offset by an increase in sales in Countries where the collection periods are shorter. The effect of the change in revenues for receivables is partly offset by the effect of the without recourse factoring program, under which trade receivables maturing after

December 31, 2014, for a total sum of approximately €22 million (€38.2 million at December 31, 2013) have been sold.

The current portion of trade receivables is stated net of €4.1 million of provisions for bad and doubtful receivables. The table below sets out the changes for the year in those provisions:

	12.31.2013	Provisions	Drawings	Change in scope of consolidation	Discontinued operations	12.31.2014
(thousands of Euros)						
Provisions for bad and doubtful receivables	5,537	1,814	(1,551)	7	(1,688)	4,119
Total	5,537	1,814	(1,551)	7	(1,688)	4,119

Moreover, the current portion of trade receivables includes €0.5 million of receivables from related parties (against €0.5 million as at December 31, 2013); more information can be found in Note 32.

"Receivables from associates and joint ventures" consist mainly of Parent Company Reno De Medici S.p.A.'s commercial relations with joint ventures Careo S.r.l. and also includes relations, also of a commercial nature, of the French subsidiary RDM Blendecques S.a.s. with Careo S.a.s. More information can be found in Note 32.

The table below provides a breakdown of current trade receivables by geographical area:

	12.31.2014	12.31.2013
(thousands of Euros)		
Italy	45,725	48,213
EU	8,522	11,067
Rest of world	5,395	8,323
Total	59,642	67,603

19. Other Receivables and other receivables from associates and joint ventures

Other non-current receivables	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Guarantee deposits	706	704	2
Other receivables	284	254	30
Total	990	958	32

The item “Guarantee deposits” essentially includes receivables attributable to deposits in favor of a factoring company in accordance with the provisions of agreements signed by the Parent Company RDM S.p.A. and by the subsidiary RDM Blendecques SAS.

Other current receivables	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Tax receivables	1,708	1,808	(100)
Prepaid expenses and accrued income	314	422	(108)
Miscellaneous receivables	6,540	12,265	(5,725)
Total	**8,562**	**14,495**	**(5,933)**
Other receivables from associates and joint ventures	372	90	282
Total	**8,934**	**14,585**	**(5,651)**

The current portion of “Tax receivables” relates mainly to tax credits.

The item “Miscellaneous receivables” as at December 31, 2014 essentially includes:

- the recording of guarantee deposits of €1.9 million, which will be returned within the year, in favor of a factoring company in accordance with the provisions of agreements signed by the Parent Company R.D.M. SpA and the subsidiary RDM Blendecques;

- the recording of a receivable of €0.9 million following the allocation of Energy Efficiency Certificates;

- the recording of a receivable of €0.9 million following the energy authority’s recognition of the Group as a “new entrant” in the ETS [emission trading system]/2 system;

- the recording of a receivable of €0.9 million from the sale of CO2 shares held by the German subsidiary Arnsberg.

The item “Other receivables from associates and joint ventures” refers to relations of a financial nature with Zar S.r.l.

20. Inventories

The table below provides a breakdown of inventories at December 31, 2014 and December 31, 2013:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Raw and ancillary materials and consumables	33,293	35,778	(2,485)
Provisions for obsolescence	(1,939)	(2,088)	150
Finished goods and goods for resale	39,379	44,299	(4,920)
Provisions for obsolescence	(138)	(45)	(93)
Total	**70,595**	**77,944**	**(7,348)**

The reduction in raw materials is due to the different mix of waste paper in stock: specifically, at December 31, 2014, stocks of noble fiber waste paper.

The decrease in finished products is due both the reduction in physical quantities of stock at December 31, 2014 and the effect of the reclassification of all Reno De Medici Ibérica S.l.u. assets under "Assets held for sale" (for more information refer to note 12 on Discontinued operations).

Provisions for obsolescence of raw and ancillary materials and consumables relate mainly to the French mill at Blendecques.

An explanation of the change in inventories of finished goods can be found in Note 3.

21. Net financial position

(thousands of Euros)	12.31.2014 Continuing	12.31.2014 Assets held for sale	12.31.2014 Total	12.31.2013	Change
Cash	20	8	28	104	(76)
Funds available from banks	2,356	694	3,050	2,612	438
A. Cash and cash equivalents	**2,376**	**702**	**3,078**	**2,716**	**(362)**
Other receivables from associates and joint ventures	372		372	90	282
Other receivables	249		249	116	133
B. Current financial receivables	**621**		**621**	**206**	**415**
1. Current payables to banks	*19,187*	*1,209*	*20,396*	*25,442*	*(5,046)*
2. Current portion of medium- and long-term loans	*16,774*	*177*	*16,951*	*14,315*	*2,636*
3. Other current financial liabilities	*235*	*1,680*	*1,915*	*2,971*	*(1,056)*
Payables to banks and other lenders (1+2+3)	36,196	3,066	39,262	42,728	(3,466)
Other payables from associates and joint ventures	2,445		2,445	615	1,830
Derivatives- current financial liabilities	286		286	430	(144)
C. Current financial debt	**38,928**	**3,066**	**41,994**	**43,773**	**(1,779)**
D. Net current financial debt (C- A- B)	**35,931**	**2,364**	**38,295**	**40,851**	**(2,556)**
Payables to banks and other lenders	26,725	856	27,581	32,322	(4,741)
Derivatives- non-current financial liabilities	18		18	297	(279)
E. Non-current financial debt	**26,743**	**856**	**27,599**	**32,619**	**(5,020)**
F. Net financial debt (D+E)	**62,674**	**3,220**	**65,894**	**73,470**	**(7,576)**

Consolidated Net Financial Debt at December 31, 2014 was €65.9 million (including the debt of Reno De Medici Ibérica S.l.u.), a reduction of €7.6 million over December 31, 2013, where the year ended with a debt of €73.5 million.

The contribution of the positive earnings more than offset the increase in debt generated by the downsizing of the credit factoring programs, following the sale of the program in Germany where reduced collection periods and the resulting complexity in the administrative management of the program significantly reduced the utility and effectiveness.

The table below shows outstanding medium- and long-term loans, broken down by due date and recorded at nominal value:

	within 12 months	over 12 months	over 60 months	total
(thousands of Euros)				
M.I.C.A.- due February 13, 2017	153	324		477
San Paolo Imi fin.pool- tranche A- due 6/4/2016 4/6/2016	7,258			7,258
San Paolo Imi fin.pool- tranche B- due 6/4/2016 4/6/2016	3,000			3,000
Banca Pop. Emilia Romagna- due 15/5/2016 5/15/2016	620	310		930
DRESDNER BANK – due December 2015	714			714
Banco Popolare	1,616	2,990		4,606
Banca Popolare di Bergamo	1,831	7,727		9,558
FRIE 1	625	1,334	1,001	2,960
Friulia (Ovaro Transaction)		2,861		2,861
FRIE 2	813	3,250	1,625	5,688
FRIULIA	400	1,528		1,928
Total nominal debt	**17,030**	**20,324**	**2,626**	**39,980**
Amortized cost effect	(256)	(124)		(380)
Total debt using amortized cost method	**16,774**	**20,200**	**2,626**	**39,600**

RDM is bound by certain restrictions and commitments with tolerance thresholds for the syndicated loan that are normal for loans of this nature; among these are limitations on assuming additional debt, distributing dividends, providing collateral (a negative pledge), disposing of core assets, and restrictions on making investments and carrying out extraordinary financial transactions.

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

- Net financial position/Shareholders' equity;
- Net financial position/Gross operating profit;
- Gross operating profit /Net financial expense.

These financial parameters are calculated semi-annually using results from the Group's consolidated financial statements and the Group's consolidated half-year reports starting on December 31, 2006, and the semi-annual calculations of the Group's gross operating profit and net financial expense are based on the 12-month period ending on the last day of the half year concerned.

In the event of non-compliance with the financial covenants, the lending banks may terminate the loan agreement: at December 31, 2014, the financial parameters were complied with.

Note that 2014 also featured the restructuring of the Group's medium to long-term financial debt, especially with regard to extending the duration, since a substantial portion of the pre-existing debt will be due in the first half of 2016.

Although the restructuring process is not yet complete, important results have already been achieved, in tangible terms in summer with the signing of two new loans for a total of €15 million.

These loans require the approval of several lenders holding existing loans, approval which has been requested under the terms and conditions. This has not yet been formalized as the existing debt with these lenders is being renegotiated. As a result, in accordance with IAS 1, the residual medium to long-term portion of this debt has been reclassified as short-term debt for an amount of €3.4 million. In any event, note the waiver in the process of being obtained does not involve any criticalities.

During 2014, there were principal repayments of €22.5 million, and new loans were disbursed for a total amount of €16.2 million.

In terms of collateral, the Parent Company loan agreement requires, inter alia, RDM to provide mortgages on mills, in the total amount of €144.3 million.

Special liens on mills' plant and machinery are given as collateral, in the total amount of €140 million.

In October 2009, the negotiations with Intesa Sanpaolo and UniCredit for the rescheduling of the loans originally arranged in 2006 were formally concluded with the signing of an Amending Agreement.

Among other things, the new terms provide for a reformulation of debt servicing, with a two-year grace period being given for the repayment of the principal, depending on the investments made by the Reno De Medici Group. Repayment will be made in equal installments, with the final due date remaining as 2016.

Such terms have made it possible to comply with the financial commitments relating to RDM's investment plans from 2009 to 2011 exceeding routine levels (totaling about €15 million), and are necessary for the further optimization of production activities. They have made it possible to optimize the division of RDM's financial debt between short- and medium-to-long-term sources.

A variable-rate loan agreement was entered into with Banca Popolare dell'Emilia Romagna on April 13, 2006 in the amount of €6.2 million. The loan falls due on May 15, 2016 and is repayable in semi-annual installments. This loan involves the grating of a mortgage on the Marzabotto, Magenta, Santa Giustina and Villa S.Lucia mills for a total amount of €11.2 million.

A variable-rate loan agreement was entered into with Banca San Paolo Imi, on December 31, 2006 in the amount of €14.7 million. The loan falls due on April 6, 2016.

This loan was repaid early in full on December 15, 2014 and therefore the mortgages on the buildings as well as the mortgages and special liens on the plant have lapsed.

On February 21, 2012 a variable rate loan agreement was signed with Banca Medio Credito Friulia Venezia Giulia S.p.A. for €5 million, of which €1.5 million will be provided on May 21, 2012. The loan agreement expires on January 1, 2022. The repayment will be in semi-annual installments.

On February 22, 2013 a second tranche of €0.6 million was disbursed, and the due date was postponed to July 1, 2022.

A third tranche of €0.9 million was disbursed on June 12, 2014.

A loan of €6.5 million was disbursed by Banca Medio Credito Friuli Venezia Giulia S.pA. on March 19, 2013, with the agreement signed on October 23, 2012. It is a variable rate loan agreement due on July 1, 2021. The installments are half-years from January 1, 2014.

On May 22, 2013 a variable rate loan agreement was entered into with the regional finance company Friuli Venezia Giulia S.p.A. for €2.5 million. The loan was fully disbursed on May 22, 2013. The loan agreement expires on May 22, 2019. Repayment will be in half-yearly installments from November 22, 2013.

A loan of €5 million was disbursed by Banco Popolare on August 04, 2014, with the agreement signed on July 31, 2014. It is a variable rate loan agreement due on Saturday, September 30, 2017. The installments are quarterly from December 31, 2014.

A loan of €10 million was disbursed by UBI Banca Popolare on August 05, 2014, with the agreement signed on August 05, 2014. It is a variable rate loan agreement due on August 05, 2019. The installments are quarterly from November 05, 2014. A guarantee on this loan was issued by SACE S.p.A. worth €5 million. In addition, this loan requires compliance with several financial parameters to be reviewed annually. At December 31, 2013 these financial parameters had been complied with.

During 2008, the subsidiary Reno De Medici Arnsberg GmbH entered into a €5 million loan agreement that includes, among other things, compliance with several financial parameters subject to a half-yearly audit, a change of control clause and the obligation to notify the bank if new loans are taken out. As at December 31, 2014 the Group was in compliance with the financial parameters.

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as of December 31, 2014. More information on the derivative instruments outstanding as at December 31, 2014 can be found in Note 23.

22. Shareholders' Equity

Changes in shareholders' equity during 2014 are set out in the following table:

Description	Shareholders' equity at 12.31.2013	Changes in the year: Allocation of profit (loss) for the year	Profit (loss) on translation of financial statements of foreign investee companies	Actuarial gain (loss)	Hedge accounting	Other changes	Profit (loss) for the year	Shareholders' equity at 12.31.2014
(thousands of Euros)								
Share capital	185,122							185,122
Share premium account								
Legal reserve	408	35						443
Other reserves:								
Extraordinary reserve	1,150							1,150
- Foreign-currency translation reserve	(161)		(24)					(185)
Hedging reserve	(197)				225			28
Reserve for actuarial gain (loss)	(3,838)			(3,757)				(7,595)
Retained profits (losses)	(44,983)	1,740						(43,243)
Profit (loss) for the year	1,775	(1,775)					5,478	5,478
Treasury Shares								
Total	**139,276**		**(24)**	**(3,757)**	**225**		**5,478**	**141,198**

The Shareholders' Meeting of April 29, 2014 resolved to allocate the Parent Company's 2013 profit of €676,470.84 as follows: €33,823.54 to the legal reserve pursuant to Article 2430 of the Italian Civil Code and the remaining €642,647.30 to hedge previous losses.

In accordance with article 5 of the Company's By-Laws, holders of savings shares may convert such shares to ordinary shares in February and September each year. In 2014, 4,017 savings shares were converted to ordinary shares. As a result of this, the share capital at December 31, 2014, fully subscribed and paid-up, could be broken down as follows:

	Number	Unit par value	Total value
Ordinary shares	377,509,870		184,979,836.30
Savings shares	291.124		142,650.76
Total	**377,800,994**		**185,122,487.06**

It is noted, as described in further detail in the Directors' Report, that the Extraordinary Shareholders' meeting held on September 2, 2013 resolved to eliminate the nominal value of shares.

On February 1-28, 2015, 2,500 savings shares were converted to ordinary shares with dividend entitlement as of January 01, 2014.

The table below shows the number of outstanding shares as at December 31, 2014 and December 31, 2013:

	12.31.2014	12.31.2013	Change
Shares issued	377,800,994	377,800,994	
Total shares outstanding	**377,800,994**	**377,800,994**	

RDM's By-Laws state that if, during any one financial year, savings shareholders are awarded a dividend which is less than 5% of the value of €0.49, then the difference is added to the preferred dividend in the subsequent two years. No dividends were awarded in 2013 and 2014.

Minority interests of €0.4 million (€0.7 million in the previous year) relate to the minority interest in subsidiary Emmaus Pack S.r.l.

The table below shows the tax effect relating to the components of comprehensive income pertaining to the Group:

	12.31.2014			12.31.2013		
	Gross value	Tax (charge) benefit	Net value	Gross value	Tax (charge) benefit	Net value
(thousands of Euros)						
Change in fair value of cash flow hedges	*310*	*(85)*	*225*	*506*	*(139)*	*367*
Change in fair value of assets available for sale						
Actuarial gain (loss)	*(4,933)*	*1,176*	*(3,757)*	*1,269*	*(227)*	*1,042*
Profit (loss) on translation of financial statements of foreign investee companies	*(24)*		*(24)*	*(67)*		*(67)*

23. Derivative instruments

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as of December 31, 2014:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Non-current liabilities	**18**	**297**	**(279)**
Derivative financial instruments (hedge accounting)		227	(227)
Derivative financial instruments (no hedge accounting)	18	70	(52)
Current liabilities	**286**	**430**	**(144)**
Derivative financial instruments (hedge accounting)	250	361	(111)
Derivative financial instruments (no hedge accounting)	36	69	(33)

As at December 31, 2014, the derivative financial instruments represented by interest rates swaps had a fair value of €304,000. Note that, following the reclassification of the residual debt relating to the syndicated loan from the non-current portion to the current portion which is dealt with in Note 21, the liability resulting from the fair value of the IRS to hedge this loan was also reclassified from non-current liabilities to current liabilities.

The table below shows the main features of the derivative financial instruments outstanding as of December 31, 2014:

Company	Counter-party	Currency	Due date	Notional value (€/000)	Interest	Liquidation interest	Fair value of derivative (€/000)
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	04.06.2016	4,500	4.11% fixed	Semi-annual	(167)
					Euribor 6m		
Reno De Medici S.p.A.	Unicredit Banca d'impresa S.p.A.	Eur	04.06.2016	2,250	4.11% fixed	Semi-annual	(83)
					Euribor 6m		
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	05.15.2016	930	4.15% fixed	Semi-annual	(36)
					Euribor 6m		
Reno De Medici Arnsberg GmbH	Dresdner Bank AG	Eur	12.31.2015	714	3.59% fixed	Semi-annual	(18)
					Euribor 6m		
				8,394			(304)

24. Other Payables and Other Payables to Associates and Joint Ventures

The table below shows a breakdown of other payables:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Deferred income	182	234	(52)
Other non-current payables	**182**	**234**	**(52)**
Payables to personnel	5,434	5,235	199
Payables to social security authorities	3,841	3,831	10
Tax payables	2,427	2,805	(378)
Miscellaneous payables	29	589	(560)
Company bodies	1,027	1,329	(302)
Accrued expenses and deferred income	160	148	12
Other current payables	**12,918**	**13,936**	**(1,018)**
Other payables from associates and joint ventures	2,445	615	1,830
Total other payables	**15,363**	**14,551**	**812**

The non-current portion of “Deferred income” relates to a grant under law 488 for the Villa Santa Lucia mill.

The item “Payables to personnel” mainly includes payables for deferred compensation.

“Payables to social security authorities” relate mainly to social security contributions due on current wages and salaries acknowledged to employees in December and paid in January 2015, and to provisions for social security contributions due on deferred compensation (employee leave, additional months’ salaries paid as a bonus, and overtime).

“Tax payables” relate to withholding tax due on remuneration paid to employees in December, and to VAT payables.

The item “Other payables to associates and joint ventures” as at December 31, 2014, includes relations of a financial nature between Reno De Medici S.p.A. and Careo S.r.l for an amount equal to €2.4 million.

25. Deferred taxes

The table below provides a summary of the calculation of deferred tax assets and deferred tax liabilities from temporary differences as at December 31, 2014:

	2014			2013		
	Temporary differences	Average tax rate %	Tax effect	Temporary differences	Average tax rate %	Tax effect
(thousands of Euros)						
Recognized deferred tax assets	**46,335**		**13,073**	**47,246**		**13,104**
Tax losses to carry forward	27,656	27.5%	7,605	28,634	27.5%	7,874
Write-downs for buildings	540	31.4%	170			
Inventory write-downs	389	3.9%	15	470	3.9%	18
Provisions for future charges (IRAP)	30	3.9%	1	30	3.9%	1
Provisions for future charges (IRES)	2,047	27.5%	563	2,850	27.5%	784
Other temporary differences	5,797	29.7%	1,721	4,584	29.2%	1,344
Other temporary differences (IRAP)	203	3.9%	8	203	3.9%	8
Effect of discounting of employee benefits	7,450	31.9%	2,377	4,392	31.9%	1,400
Valuation of derivatives with hedge accounting	(21)	23.5%	(5)	326	28.3%	92
Non-deductible interest expense				3,148	27.5%	866
Deferred tax assets consolidation entries	2,244	27.5%	618	2,609	27.5%	717
Recognized deferred tax liabilities	**63,983**		**20,418**	**70,776**		**22,617**
Depreciation in excess of amount allowed for tax purposes	19,841	31.3%	6,218	21,733	31.4%	6,819
Other temporary differences	263	31.1%	82	77	29%	22
Capital gains payment in installments	1,406	27.5%	387	1,523	27.5%	419
Deferred tax liabilities consolidation entries	42,473	32.3%	13,731	47,443	32.4%	15,357
Net recognized deferred tax (assets) liabilities			**7,345**			**9,513**
- of which deferred tax liabilities			*10,589*			*13,350*
- (of which deferred tax assets)			*(3,244)*			*(3,837)*
Unrecognized deferred tax assets	**147,311**		**44,549**	**148,260**		**44,789**
Write-downs for extended impairment	2,127	31.4%	688	2,959	31.4%	929
Inventory write-downs	389	27.5%	107	470	27.5%	129
Bad and doubtful receivables	979	27.5%	269	1,531	27.8%	425
Provisions for risks and charges	2,202	27.8%	612	2,700	28.1%	758
Reportable excess in ROL [reduction in work hours]	6,406	27.5%	1,762	3,091	27.5%	850
Effect of discounting of employee benefits	812	33.3%	271	268	33.3%	89
Tax losses to carry forward	129,691	30.3%	39,339	132,035	30.2%	39,905
Tax loss for the year	1,264	29.5%	374	1,064	28.3%	323
Deferred tax assets on differences in accounting standards	3,441	33.3%	1,174	4,142	33.3%	1,381
Unrecognized deferred tax assets			**44,549**			**44,789**

As at December 31, 2014, deferred tax liabilities were offset by deferred tax assets where conditions specified in IAS 12 were met, notably where the two items relate to income taxes levied by the same tax authority and where there is a legally enforceable right to offset in this manner.

Deferred tax assets are recognized where it is probable that the Company will have taxable income in the future, including the deferral of taxable temporary differences to future years, that will allow the utilization of deductible temporary differences or tax losses carried forward. Deferred tax assets have been recognized on the portion of previous tax losses and interest expense not deducted in previous years and deemed to be recoverable from future taxable income identified in the Company's business plans. This is possible because Decree Law no. 98 of July 6, 2011 (the so-called "2011 Emergency Budget") allows tax losses to be carried forward for an unlimited time.).

The table below shows a breakdown of the Group's tax losses in the total amount of €157.6 million:

	2014
(thousands of Euros)	
Reno De Medici S.p.A.	34,276
RDM Ibérica S.l.u.	86,892
RDM Blendecques S.A.S.	24,784
Reno De Medici UK Limited	11,681
Total tax losses	**157,633**

26. Employee benefits

The table below shows a breakdown of current and non-current employee benefits:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Employee benefits	17,250	13,502	3,748
Employee benefits- TFR	13,424	14,055	(631)
Employee benefits- incentive plans			
Non-current employee benefits	**30,674**	**27,557**	**3,117**
Employee benefits- incentive plans		250	(250)
Employee benefits- TFR	924	695	229
Current employee benefits	**924**	**945**	**(21)**
Total	**31,598**	**28,502**	**3,096**

Following the legislative changes in previous years regarding the TFR, the Group has continued to recognize its obligations accrued as at December 31, 2006 in accordance with rules for defined-benefit plans, while it recognizes its obligations for amounts accruing from January 1, 2007, due to supplementary pension funds or the treasury fund of the INPS (Italian social security institute), on the basis of the contributions due during the period.

The decrease in the item non-current "Employee benefits" is essentially due to the reduction in the annual discounting rate used for determining the current value of this obligation.

The economic and financial assumptions used were as follows:

	Italy	Germany	France
Annual discount rate	0.91%	1.9%	1.5%
Annual inflation rate	0.60% for 2015	0.9%	1.75%
	1.20% for 2016		
	1.50% for 2017 and 2018		
	2.0% from 2019 onwards		
Annual rate of increase in severance indemnity	1.950% for 2015	1.75%	2%
	2.400% for 2016		
	2.625% for 2017 and 2018		
	3.000% from 2019 onwards		

The table below shows changes in non-current liabilities during the year:

	Employee benefits	Total
(thousands of Euros)		
Actuarial value at 12.31.2013	27,557	27,557
Service cost	288	288
Interest cost	785	785
Benefits paid	(2,931)	(2,931)
Other changes	37	37
Actuarial gains/losses	4,938	4,938
Actuarial value at 12.31.2014	30,674	30,674

Sensitivity analysis of the discount rate

The following table shows the balance that the item "Employee Benefits" would have as of December 31, 2014 in the event of a change to the discount rate shown at the reporting date.

Thousands of Euros	Italy		Germany		France	
Increase of discount rate	+0.25%	10,189	+1%	13,800	+0.25%	2,956
Non-current employee benefits as of December 31, 2014	0.91%	10,390	1.9%	17,250	1.5%	3,034
Reduction of discount rate	-0.25%	10,598	-1%	20,700	-0.25%	3,116

27. Non-current provisions for risks and charges

The balance at December 31, 2014 was as follows:

	12.31.2013	Other changes	Provisions	Drawings	12.31.2014
(thousands of Euros)					
Provisions for supplementary agents' commission	197		41		238
Provisions for future charges	6,709	(579)	1,674	(3,262)	4,542
Total	**6,906**	**(579)**	**1,715**	**(3,262)**	**4,780**

"Provisions for supplementary agents' commission" represents the calculation of liabilities based on actuarial techniques.

With reference to "Provisions for future charges", the drawings for the period, equal to €3.2 million are mainly attributable to the provision for redundancy costs (€2 million) and the provision for the dismantling of the Marzabotto buildings (€0.2 million) and the use of the provision for cases brought by personnel at the French subsidiary RDM Blendeques S.a.S following the issuing of the judgment by the Court which ordered the company to pay compensation (€0.9 million). The provision for the year, equal to €1.7 million, refers mainly to the costs deriving from redundancy procedures and to provisions needed to cover costs of future staff layoffs totaling €1.2 million. Provision has also been made for the cost of future hedging of the new landfill site at the Villa S. Lucia mill (€0.4 million). The other changes mainly include the release of the excess of the fund for cases brought by personnel from the French subsidiary RDM Blendecques S.a.S. under the item Discontinued Operations.

28. Trade payables and payables to associates and joint ventures

The balance at December 31, 2014 was as follows:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Trade payables	85,752	98,878	(13,126)
Payables to associates and joint ventures	2,780	7,016	(4,236)
Total	**88,532**	**105,894**	**(17,362)**

"Trade payables" recorded in the financial statements were €85.8 million (€98.9 million as at December 31, 2013) and are all due in less than 12 months. They are stated net of trade discounts and adjusted for any returns or rebates agreed with the counterparty.

Net reduction compared with the previous year was mainly determined by the decrease in production costs (raw materials and services).

"Payables to associates and joint ventures", amounting to €2.8 million (€7.0 million as at December 31, 2013), relate mainly to trade payables to Careo S.r.l.

29. Current taxes

As at December 31, 2014 this item consists of the amount payable to tax authorities for current taxes incurred during the year.

30. Non-Recurring Transactions and Abnormal and/or Unusual Transactions

Significant Non-Recurring Events and Transactions

The effects of non-recurring transactions, as defined by Consob Communication no. DEM/6064293, are shown in the income statement.

The Group's financial position, results and cash flows have not been affected by any non-recurring transactions. This refers to transactions or events which do not occur frequently as part of normal operations.

Positions or Transactions Deriving from Abnormal and/or Unusual Transactions

In 2014 there were no abnormal and/or unusual transactions defined by the above-mentioned Consob communication DEM/6064293 implemented by the Group. Abnormal and/or unusual transactions are transactions which due to their size, their importance, the nature of the counterparties, their subject, the means of interpreting their price and the timing may give rise to doubt over:

- the completeness and accuracy of the information provided in the financial statements;
- conflicts of interest;
- the safeguarding of company assets;
- the protection of minority shareholders.

31. Contingent liabilities and commitments and other collateral given to third parties

More information on the principal disputes in which the Company is involved can be found in the "Other information" section of the Directors' Report.

Commitments and collateral given to third parties include:

- sureties of €4.1 million issued in favor of the Province of Belluno regarding the landfill site at the Santa Giustina (BL) mill;
- a surety of €421,000 issued in favor of the Region of Lazio regarding the landfill site at the Villa Santa Lucia (FR) mill;
- sureties of €2.3 million issued to the Comieco consortium;
- sureties of €67,000 issued in favor of the customs authorities;
- a surety of €90,000 issued in favor of the Province of Milan;
- a surety of €386,000 issued in favor of the Province of Frosinone;
- a surety of €400,000 issued in favor of the Cassa Conguaglio;
- a surety of €72,000 issued in favor of the Polytechnic Institute of Milan;
- a surety of €88,000 issued in connection with property leases;
- a surety of €177,000 issued in favor of Stogit S.p.A.;
- sureties of €228,000 issued in favor of Terna S.p.A.;

- a surety of €718,000 issued in favor of the Revenue Agency for Carta Service Friulana S.r.l. and Cartiera Alto Milanese in liquidation S.p.A.;

- a surety of €1.8 million issued in favor of Unicredit;

- a surety of €8.7 million issued in favor of Andritz.

As part of the sale of the Ovaro mill to R.D.M. Ovaro S.p.A., Reno De Medici S.p.A. and FRIULIA S.p.A respectively obtained a call option, exercisable between June 27, 2014 and June 27, 2017, and a put option, exercisable between June 27, 2015 and June 27, 2017, on FRIULIA S.p.A.'s stake in R.D.M. Ovaro S.p.A.

Furthermore, with reference to the equity investment in Manucor, relations between the shareholders are governed by a series of agreements which provide for, among other things:

- a lock-up period ending May 31, 2013;

- where the shareholders accept an offer from a third party for the purchase of 100% of the company's share capital (including during the lock-up period), a drag-along obligation;

- at the end of the lock-up period, a drag-along right for shareholders if only one of them indicates a willingness to sell its shares in the company to third parties;

- after three years from the date the agreement was signed, and at its own initiative, the right for Intesa Sanpaolo to set in motion a contractually established procedure for the sale of its holding to Reno De Medici, and, in such an event, for the other shareholders to express their own intent to sell their holdings to Reno De Medici. Reno De Medici shall not be under any obligation to purchase such holdings. Should the parties fail to reach an agreement, Intesa Sanpaolo shall be entitled to seek offers for its holding and for the holdings of the other shareholders on the open market, at terms and conditions that protect the investments made. In such an event, all shareholders shall be obliged to sell their shares;

- after four years from the date the agreement was signed, the possibility (by way of a call option) for Reno De Medici to purchase all the holdings of the other shareholders at their market value as at the exercise date.

32. Related-Party Transactions

- Transactions with Subsidiaries, Associates and Joint Ventures

Transactions between the Parent Company and its subsidiaries, associates and joint ventures are part of normal business management in the context of the ordinary operations conducted by each party concerned and are regulated and concluded at market conditions.

RDM's transactions with its subsidiaries and associates refer mainly to:

- sales promotion and marketing services with Careo S.r.l. (Careo);

- sales of cartonboard to Cartiera Alto Milanese in liquidation S.p.A. (CAM), to Emmaus Pack S.r.l. (Emmaus), to RDM Ovaro S.p.A. to RDM Ibérica S.l.u.;

- provision of general services to Careo, Emmaus, CAM, RDM Ovaro S.p.A., RDM Ibérica S.l.u., RDM Blendecques S.A.S. and Reno De Medici Arnsberg Gmbh;

- purchases of offcuts from Emmaus and finished products from Blendecques;

- interest income or expense on cash-pooling and loan agreements with Careo, CAM, Emmaus, RDM Ibérica S.l.u., RDM Blendecques S.A.S., Reno De Medici UK Ltd, Reno De Medici Arnsberg GmbH and R.D.M. Ovaro S.p.A. and ZAR S.r.l.;

- sales of cartonboard to Pac Service S.p.A.;

- purchase of waste paper from ZAR S.r.l.;

- the tax consolidation agreement under which Reno De Medici S.p.A. is the consolidating company and CAM, Emmaus, RDM Ovaro S.p.A and Careo S.r.l. are participants.

More information on the Company's new rules on related-party transactions, which were adopted on November 8, 2010 and conform to Consob Resolution no. 17221 of March 12, 2010, as subsequently modified and supplemented, can be found in Chapter 12 of the Report on Corporate Governance.

- Other related parties

There have been no transactions with related parties of an unusual or abnormal nature, not part of normal business management or such as to prejudice the Group's financial position, income or cash flows.

Transactions with related parties are part of normal business management in the context of the ordinary operations conducted by each party concerned.

In general, business relationships with related parties are conducted under normal market conditions, and the same applies to interest-bearing payables and receivables not regulated by specific contractual terms and conditions.

In addition to the companies with which RDM has direct and indirect equity relations, related parties include all such entities as defined by IFRS.

Related-party transactions include:

- commercial relations with Pac Service S.p.A., a company of which RDM owns 33%, in connection with sales of cartonboard. Sales made in 2014 totaled €3,785,000, while trade payables at December 31, 2014 amounted to €154,000. During the year, RDM sold the trade receivables of Pac Service S.p.A. under a new non-recourse factoring program. More information can be found in the "Notes" for this Report;

- commercial relations with ZAR s.r.l., a company of which RDM owns 33.33%, in connection with purchase of waste paper. Purchases made in 2014 totaled €4,144,000, while trade payables as at December 31, 2014 amounted to €84,000;

Breakdown of Related-Party Transactions

The additional disclosures on related-party transactions, as required by Consob Communication no. 6064293 of July 28, 2006, are provided below.

	2014		2013	
	Directors	Statutory auditors	Directors	Statutory auditors
(thousands of Euros)				
Short-term benefits (*)	1,132	166	1,105	166
Post-employment benefits	16		16	
Notional income from stock option plans			86	
Total	**1,148**	**166**	**1,207**	**166**

Compensation not yet paid to Directors and Statutory Auditors as at December 31, 2014 amounted to €385,000 and €166,000 respectively.

Receivables and Payables with Related Parties

The table below provides a breakdown of receivables and payables with related parties as at December 31, 2014 and at December 31, 2013:

December 31, 2014	Current assets						
	Trade receivables	Receivables from associates and joint ventures	Other receivables from associates and joint ventures	Trade payables	Payables to associates and joint ventures	Other payables from associates and joint ventures	Other payables
(thousands of Euros)							
Careo S.A.S.		49			60		
Careo S.r.l.		225			2,482	2,445	
Cascades Asia Ltd	449						
Cascades Canada ULC	2						
Cascades Canada Inc.				2			
Cascades S.A.				401			
Cascades Groupe Produits				1			
Pac Service S.p.A.					154		
ZAR SRL			372		84		
Total	**451**	**274**	**372**	**404**	**2,780**	**2,445**	
Share of item total	**0.8%**	**100%**	**100%**	**0.5%**	**100%**	**100%**	

December 31, 2013		Current assets					
	Trade receivables	Receivables from associates and joint ventures	Other receivables from associates and joint ventures	Trade payables	Payables to associates and joint ventures	Other payables from associates and joint ventures	Other payables
(thousands of Euros)							
Careo Ltd.		23					
Careo S.A.S.		161			42		
Careo Spain S.L.		16			15		
Careo S.r.l.		374			6.223	615	
Cascades Asia Ltd	362						
Cascades Canada Inc.				26			
Cascades Djupafors A.B.	65			187			
Cascades S.A.	64			890			
Cascades Groupe Produits				1			
Pac Service S.p.A.					152		
Carta Service Friulana SRL		127					
Manucor S.p.A.					127		
ZAR SRL			90		457		
Total	**491**	**701**	**90**	**1.104**	**7.016**	**615**	
Share of item total	**0.7%**	**100%**	**100%**	**1.1%**	**100%**	**100%**	

Revenues and costs deriving from related-party transactions

The tables below provide a breakdown of revenues and costs with other related parties during 2014 and 2013:

December 31, 2014	Revenues from sales	Other revenues	Financial income
(thousands of Euros)			
Careo GmbH		15	
Careo S.A.S.	370	40	
Careo S.r.l.		605	12
Cascades Asia Ltd	1,875		
Cascades Djupafors A.B.			
Cascades S.A.		4	
Pac Service S.p.A.	3,785		
ZAR S.r.l.			2
Total	6,030	664	14
Share of item total	1.4%	4.7%	15.9%

December 31, 2014	Cost of raw materials and services	Financial expense
(thousands of Euros)		
Careo S.A.S.	49	
Careo S.r.l.	9,781	15
Cascades Inc.	1	
Cascades S.A.	1,327	
ZAR SRL	4,144	
Income assets S.r.l.	20	
Total	15,322	15
Share of item total	4.7%	0.3%

December 31, 2013	Revenues from sales	Other revenues	Financial income
(thousands of Euros)			
Careo GmbH		18	
Careo S.A.S.	485	58	
Careo S.r.l.		741	75
Cascades Asia Ltd	3,202		
Cascades Djupafors A.B.			
Cascades S.A.		34	
Pac Service S.p.A.	3,689		
Total	7,376	851	75
Share of item total	1.7%	5.4%	49.3%

December 31, 2013	Cost of raw materials and services	Financial expense
(thousands of Euros)		
Careo S.A.S.	42	
Careo S.r.l.	9,649	10
Cascades Canada ULC	58	
Cascades Djupafors A.B.		
Cascades S.A.	1,522	
ZAR SRL	7,414	
Income assets S.r.l.	20	
Total	18,705	10
Share of item total	5.46%	0.2%

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The analysis and disclosures required by IFRS 7 – Financial Instruments: Disclosures are provided below.

This analysis compares the situation at the reporting date December 31, 2014 with the situation as at December 31, 2013, and it refers to the RDM Group's consolidated financial statements.

All figures are stated in thousands of Euros.

The section below provides information about the impact of financial instruments on the statement of financial position and on the income statement.

Impact of Financial Instruments on the Financial position

The table below shows the carrying amount of each type of financial asset and liability in the consolidated statement of financial position.

	12.31.2014		12.31.2013	
	Book value	Fair value	Book value	Fair value
(thousands of Euros)				
Cash and cash equivalents	2,376	2,376	2,716	2,716
Loans and receivables	69,566	69,566	83,186	83,186
Trade receivables	59,542	59,542	67,492	67,492
Other receivables from associates and joint ventures	472	472	241	241
Other receivables	9,552	9,552	15,453	15,453
Available-for-sale financial assets	0	0	0	0
Financial liabilities at amortized cost	(163,042)	(167,106)	(193,116)	(195,200)
Unsecured medium- and long-term bank loans at amortized cost	(14,547)	(16,633)	(1,073)	(1,113)
Secured medium- and long-term bank loans at amortized cost	(25,232)	(27,210)	(45,939)	(47,983)
Short-term bank loans as use of commercial facilities	(19,187)	(19,187)	(25,425)	(25,425)
Trade payables	(88,531)	(88,531)	(105,894)	(105,894)
Other payables to associates and joint ventures	(2,445)	(2,445)	(615)	(615)
Other payables	(13,100)	(13,100)	(14,170)	(14,170)
Financial liabilities at fair value through profit and loss	(54)	(54)	(139)	(139)
Hedging derivatives	(250)	(250)	(588)	(588)
	(91,404)	(95,468)	(107,941)	(110,025)
Unrecognized profits (losses)	(4,064)		(2,084)	

Having examined the financial models and criteria used to estimate the fair values of the above-mentioned financial instruments, further details are provided below on the individual items.

Derivative instruments

In general, the fair value of derivatives is calculated according to mathematical models using directly observable input data (such as an interest rate curve).

The Group's only derivative instruments indexed to interest rates are interest rate swaps. A discounted cash flow model is used to measure these instruments, whereby the fair value of a derivative is given by the sum of the present values of future cash flows estimated on the basis riskless curve conditions of the deposit rates, futures and swaps at the reporting date.

From January 1, 2009, the Company adopted amendments to IFRS 7 for financial instruments measured at fair value. The amendments to IFRS 7 identified a measurement hierarchy based on three levels:

- Level 1: inputs used in measurements are represented by quoted prices in active markets for identical assets and liabilities to those subject to measurement;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the financial asset or liability, both directly (prices) and indirectly (derived from prices);
- Level 3: in the event that observable inputs are not available, and therefore market activity is modest or nonexistent for the asset or liability subject to measurement, the inputs are non-observable.

	Classification	12.31.2014	Fair value as at the date of the financial statements based on:		
			Level 1	Level 2	Level 3
(thousands of Euros)					
Derivative instruments on interest rates	Non-current derivative instruments	**18**		18	
Derivative instruments on interest rates	Current derivative instruments	**286**		286	

As at December 31, 2014, the Group did not hold any foreign-exchange derivative instruments or any derivative instruments indexed to commodity prices.

Loans

The aggregate under review consists of all medium- and long-term loans. These were measured by calculating the net present value of the future flows generated by the financial instrument, taking into account the principal repayment plans defined in the loan agreements.

In the case of indexed loans, future interest rates were estimated by calculating the forward rates implicit in the quoted euro deposit rates, futures and swaps riskless curve as at December 31, 2014 and December 31, 2013.

Future flows were discounted on the basis of the same euro yield curve as at December 31, 2014 and December 31, 2013.

Financial Assets

The table below provides a breakdown of financial assets:

	12.31.2014	12.31.2013
(thousands of Euros)		
Non-current financial assets		
Non-derivative financial assets	*0*	*0*
Available-for-sale financial assets	0	0
Total	0	0
Current financial assets		
Non-derivative financial assets	2,376	2,716
Total	2,376	2,716

Financial Liabilities

The table below provides a breakdown of financial liabilities:

	12.31.2014	12.31.2013
(thousands of Euros)		
Non-current liabilities		
Non-derivative liabilities	*(22,825)*	*(32,322)*
Unsecured medium- and long-term bank loans at amortized cost	(10,930)	(735)
Secured medium- and long-term bank loans at amortized cost	(11,895)	(31,587)
Hedging derivatives		*(227)*
Non-hedging derivatives	*(18)*	*(70)*
Total	(22,843)	(32,619)
Current liabilities		
Non-derivative liabilities	*(36,141)*	*(39,936)*
Current portion of unsecured medium- and long-term bank loans at amortized cost	(3,617)	(339)
Current portion of secured medium- and long-term bank loans at amortized cost	(13,337)	(14,144)
Short-term bank loans as use of commercial facilities	(19,187)	(25,453)
Hedging derivatives	*(250)*	*(361)*
Non-hedging derivatives	*(36)*	*(69)*
Total	(36,427)	(40,366)

Loan Repayment Plans, Terms and Conditions

The terms and conditions of the loans are summarized in the table below.

	Currency	Nominal interest rate	Year of maturity	Nominal value at 12.31.2014	Carrying value	Nominal value at 12.31.2013	Carrying value
(thousands of Euros)							
Secured medium- and long-term bank loans at amortized cost				25,338	25,139	45,401	44,854
Intesa SanPaolo syndicated loan (tranche A)	Euro	Eur6m+spread	2016	7,258	7,165	15,701	15,432
Intesa SanPaolo syndicated loan (tranche B)	Euro	Eur6m+spread	2016	3,000	2,981	5,000	4,950
Banca Popolare Emilia Romagna	Euro	mEur6m+spread	2016	930	928	1,550	1,544
Intesa San Paolo	Euro	Eur6m+spread	2016			8,190	8,190
Dresdner Bank	Euro	Eur6m+spread	2015	714	714	1,429	1,429
Frie 1	Euro	Eur6m	2022	2,960	2,960	2,010	2,010
Frie 2	Euro	Eur6m	2022	5,688	5,688	6,500	6,500
Friulia Loan	Euro	Eur6m+spread	2019	1,928	1,907	2,313	2,283
Friulia S.p.A.	Euro	Eur6m+spread		2,861	2,796	2,708	2,516
Unsecured medium- and long-term bank loans at amortized cost				14,641	14,460	1,784	1,784
MinIndustria 10686	Euro	Fix	2014			154	154
MinIndustria 11172	Euro	Fix	2017	477	477	624	624
M.I.T.C.	Euro	Fix	2025			238	238
Leasing Caterpillar	Euro	Fix	2016			35	35
Caja Duero	Euro	Fix	2019			732	732
Banco Popolare	Euro	Eur3m+spread	2017	4,606	4,581		
Banca Polorae di Bergamo	Euro	Eur6m+spread	2019	9,557	9,402		
Total medium- and long-term loans				39,979	39,599	47,184	46,637
Short-term bank loans for use of commercial facilities				19,187	19,187	25,442	25,442
Used portfolio	Euro	Euribor+spread	n/a	7,687	7,720	6,758	6,758
Pre-paid invoices	Euro	Euribor+spread	n/a	3,000	3,000	3,066	3,066
Export loans	Euro	Euribor+spread	n/a	6,000	6,000	11,897	11,897
Import loans	Euro	Euribor+spread	n/a	2,500	2,467	3,721	3,721
Total short-term loans	Euro			19,187	19,187	25,442	25,442
Total interest-bearing liabilities	Euro			59,166	58,786	72,626	72,079

Other Financial Instruments

The fair value of receivables from customers, payables to suppliers and other financial assets and liabilities falling due contractually during the year has not been calculated insofar as the carrying amount of the financial instrument is virtually the same.

Other Information

The table below provides a breakdown of changes in the equity hedging reserve:

(thousands of Euros)	
Reserve 12.31.2013	(196)
Fair value adjustment of cash flow hedge derivatives	348
Tax effect of fair value adjustment of cash flow hedge derivatives	*(96)*
Transfers to the income statement	*(38)*
Tax effect of transfers to the income statement	*11*
Reserve 12.31.2014	29

Credit Risk

This section describes in both quantitative and qualitative terms the exposure to credit risk and the way in which this is managed.

Risk Exposure

Core business exposure to credit risk at the reporting date was as follows:

	12.31.2014	12.31.2013
(thousands of Euros)		
Gross trade receivables	63,661	72,989
- provision for bad and doubtful debts	(4,119)	(5,537)
Total	59,542	67,452

Overdue or Impaired Financial Assets

The table below provides a breakdown of the seniority of trade receivables, net of individual write-downs:

December 31, 2014	Overdue receivables More than 60 days	From 31 to 60 days	From 0 to 30 days	Non-overdue receivables	Total
(thousands of Euros)					
Italy	3,179	679	2,503	39,264	45,625
EU	205	41	1,514	6,763	8,522
Rest of world	300	169	994	3,933	5,395
Total	**3,683**	**888**	**5,011**	**49,960**	**59,542**

December 31, 2013	Overdue receivables More than 60 days	From 31 to 60 days	From 0 to 30 days	Non-overdue receivables	Total
(thousands of Euros)					
Italy	2,994	673	5,348	39,047	48,062
EU	230	344	2,313	8,180	11,067
Rest of world	51	1	2,345	5,926	8,323
Total	**3,275**	**1,018**	**10,006**	**53,153**	**67,452**

The Group's overdue receivables as at December 31, 2014 showed an improvement in absolute terms dropping from €14.3 million to €9.6 million. They represent 16% of the total portfolio compared to 21.2% reported in the previous year.

How Credit Risk is Managed

As a general rule, the Group's commercial risk management policy is to insure all client receivables, excluding those of the Parent Company's Italian customers, with leading insurance companies. Any uninsured or non-insurable positions, in particular Italian customers, are constantly monitored by the appropriate Corporate Functions.

The Parent Company and French subsidiary have also entered into non-recourse receivable assignment agreements.

The internal procedures for carrying out a creditworthiness assessment involve collecting and analyzing qualitative and quantitative information and the use of external databases and commercial information. The policies adopted have to date allowed for limiting losses on receivables, which in 2014 were lower than the previous year.

Market Risk

Market risk is defined as the risk that the fair value or the cash flows associated with a financial instrument will fluctuate because of changes in market variables such as exchange rates, interest rates, the prices of raw materials, and stock prices.

The market risk to which the Group was exposed during 2013 may be broken down as follows:

- currency risk;
- interest rate risk;
- commodity risk.

The scale of these risks and the way in which they are managed is described below.

Currency Risk

The Group's exposure to currency risk derives from:

- trade receivables/payables denominated in currencies other than the functional currency (euro);
- liquidity held in foreign-currency current accounts;

Other than the euro, which is the functional currency, the main currencies in which the Group carries out its commercial activities are the United States dollar and the British pound. Exposure to other currencies is negligible.

In terms of exposure to currency risk, in 2014, the Group managed the marginal imbalance between investments and funds in the same currency by using a natural-hedging approach and by carefully and continually monitoring market conditions; as a result, it was not deemed necessary to resort to hedging derivatives.

The Group’s exposure in euros is shown below, based on the official ECB exchange rates as at December 31, 2014 and December 31, 2013, as reported in the following table:

ECB exchange rates	12.31.2014	12.31.2013
(per euro)		
USD	1.2141	1.3791
GBP	0.7789	0.8337
CHF	1.2024	1.2276
CAD	1.4063	1.4671

The table below provides a breakdown of the consolidated exposure to currency risk, based on the notional amount of the exposure expressed in thousands of euros.

	12.31.2014				12.31.2013			
	USD	GBP	CHF	CAD	USD	GBP	CHF	CAD
(thousands of Euros)								
Trade receivables	4,196	643		6	4,878	1,077	(3)	
Short-term bank loans for use of commercial facilities								
Trade payables	(2,454)		(28)		(2,183)			(26)
Cash and cash equivalents	1,584	171	1	1	1,160	529	2	1
Exposure	**3,326**	**814**	**(27)**	**7**	**3,855**	**1,606**	**(1)**	**(25)**

Sensitivity Analysis of Currency Risk

In order to measure the possible effects of changes in the reporting-date exchange rates on the statement of financial position and income statement, assumptions were made (as at December 31, 2014 and December 31, 2013) as to variations in the value of the euro against the major foreign currencies.

Two scenarios were envisaged: an appreciation and a depreciation of 10% in the euro against the other currencies. For each of the two scenarios, the gain or loss arising from transactions outstanding as at December 31, 2014 and December 31, 2013 was then calculated. In this way, it was possible to determine the effect on the income statement and on shareholders’ equity had exchange rates been subject to changes as assumed.

The tables below provide a summary of the results of this analysis, indicating the additional effect on the actual figures recognized at the reporting date. These re-measurements based on changes in the exchange rate affect only profit or loss for the year and therefore only the income statement.

10% appreciation of the euro	Gain or loss	10% depreciation of the euro	Gain or loss
(thousands of Euros)		(thousands of Euros)	
December 31, 2014		December 31, 2014	
USD	(302)	USD	370
GBP	(74)	GBP	90
CHF	2	CHF	(3)
CAD	(1)	CAD	1
Total	**(375)**	**Total**	**458**

December 31, 2013		December 31, 2013	
USD	(350)	USD	428
GBP	(146)	GBP	178
CHF		CHF	
CAD	2	CAD	(3)
Total	**(494)**	**Total**	**603**

How Currency Risk is Managed

The main objective of the Group's currency-risk management policy is to limit the exposure to foreign currency arising from exporting finished goods to and importing raw materials from foreign markets. The following guidelines are used in pursuing this policy:

- inflows and outflows in the same currency are offset (natural hedging);
- recourse is made to forward sales or to export loans in the same currency. These transactions were arranged by using a notional amount and due date which correspond to those of the expected cash flows (if the amount is significant), so that any changes in the cash flows arising from the forward transactions, as the result of the appreciation or depreciation of the euro against the other currencies, are substantially offset by a corresponding change in the expected cash flows of the underlying positions;
- forward sales are hedged. There were no outstanding transactions of this type at the reporting date.

As a general rule, the currency-risk management policy recommends maximizing the use of natural hedging and, in any case, excludes recourse to transactions involving complex derivatives, e.g. those with barriers.

The Administration and Finance Department of the Group is responsible for monitoring currency risk and recommends suitable currency-risk hedging strategies to keep exposure within the limits agreed with senior management.

Interest Rate Risk

Financial liabilities exposing the Group to interest rate risk are, for the most part, medium- and long-term floating-rate loans.

The table below sets out the positions that are subject to interest rate risk, separating fixed-rate from floating-rate exposure in terms of the nominal value of the financial instruments.

However, the exposure to interest rate risk arising from loans is partially mitigated by entering into interest rate swap agreements designed to hedge the volatility of future cash flows indexed to market rates.

	12.31.2014	%	12.31.2013	%
(thousands of Euros)				
Floating-rate medium- and long-term loans	(19,454)	34.6%	(18,875)	27.0%
Floating-rate medium- and long-term loans hedged by IRS	(310)	0.6%	(8,394)	12.0%
Fixed-rate medium- and long-term loans	(324)	0.6%	(1,345)	1.9%
Total non-current liabilities	(20,088)	35.7%	(28,614)	40.9%
Floating-rate medium- and long-term loans	(8,793)	15.6%	(9,589)	13.7%
Floating-rate medium- and long-term loans hedged by IRS	(8,084)	14.4%	(5,834)	8.3%
Fixed-rate medium- and long-term loans	(153)	0.3%	(439)	0.6%
Floating-rate short-term bank loans for use of commercial facilities	(19,187)	34.1%	(25,442)	36.4%
Total current liabilities	(36,217)	64.3%	(41,304)	59.1%
Total (floating rate)	*(47,434)*	*84.2%*	*(53,906)*	*77.1%*
Total (fixed rate or hedged floating rate)	*(8,871)*	*15.8%*	*(16,012)*	*22.9%*
Total	(56,305)	100.0%	(69,918)	100.0%

Sensitivity Analysis of Interest Rate Risk

A sensitivity analysis of the financial instruments exposed to interest rate risk was performed upon preparation of the financial statements. The following assumptions were used in the model:

- for bank current-account exposures and spreads settled by interest rate swaps, financial income/expense was recalculated by applying +/-50 bps to the interest rate payable, multiplied by the carrying amounts and for a period equal to the financial year;

- for loans with a repayment plan, the change in financial expense was calculated by applying +/- 50 bps to the loan interest rate payable at each refixing date, multiplied by the outstanding principal during the year;

- the change in the fair value of interest rate swaps at the reporting date was calculated by applying +/-50 bps to the euro riskless curve for deposit rates, futures and swaps upon preparation of the financial statements.

		Profit (loss)			
		Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps
(thousands of Euros)					
December 31, 2014					
Cash flows during the year		(181)	181		
	Cash flows from derivatives	*37*	*(37)*		
	Floating-rate loans	*(218)*	*218*		
Effectiveness of hedges				34	(30)
Net sensitivity of financial flows		(181)	181	34	(30)
December 31, 2013					
Cash flows during the year		(164)	164		
	Cash flows from derivatives	*68*	*(68)*		
	Floating-rate loans	*(232)*	*232*		
Effectiveness of hedges				85	(85)
Net sensitivity of financial flows		(164)	164	85	(85)

An analysis of these scenarios demonstrated that changes in interest rates had little impact on the income statement and shareholders' equity. Cash flow hedges considerably restrict the impact on financial expense recognized in the income statement.

How Interest Rate Risk is Managed

The Group uses various debt instruments according to the nature of its financial requirements. In particular: it uses short-term debt to fund working capital requirements and medium- and long-term financing to cover investments in the core business.

The techniques used most often are:

- advances for short-term requirements;
- loans for medium- and long-term requirements. These instruments, which are arranged with leading banks, are mainly indexed to floating rates which are subject to revision every three or six months.

The Group's current risk management policy aims to reduce the variability of the financial expense incurred on its debt and of the related effects on results. The practical objectives in terms of risk management therefore involve stabilizing the cash flows linked to the cost of servicing debt in line with budget forecasts.

From an operating standpoint, the Group sets about achieving this goal by using derivatives in the form of interest rate swaps (IRS).

In line with the features of the transactions carried out and its risk management objectives, the Group has decided to structure its hedging relations using a cash flow hedge approach.

Specifically, the hedging relations involve converting floating-rate loan payments to fixed-rate payments. This is carried out by using interest rate swaps, under which the Group receives a flow of payments from the counterparty bank at the same floating rate as its debt, less the spread. In exchange, the Group makes payments at a fixed rate. The consolidated position (debt + IRS) is therefore a fixed-rate liability of which the amount of financial expense is certain (the aim of cash flow hedging).

The present hedging policy excludes the recourse to transactions involving complex derivatives.

As at the reporting date, the risk of variability in cash flows linked to floating-rate debt was hedged by derivative financial instruments.

Commodity Risk

In terms of the nature of the business carried out by RDM Group, commodity risk is the risk that the profit for the year will be reduced by incurring higher costs to purchase raw materials for the mills. This risk is part of the broader category of market risk where the cost of the raw material is dependent on changes in a listed index.

In October 2013, the Group entered into contracts for the supply of natural gas for 2014 on a quarterly basis, at a fixed price, for each of the first two supply quarters. This method makes it possible to limit commodity risk for the first part of the year. The amounts relating to the subsequent quarters are negotiated and confirmed at different and subsequent times to fulfill the needs of plants by benefiting from the current price trend in energy commodities. All prices are stated in euros per unit of volume or primary energy contained therein.

At the end of November 2013, the Group entered into contracts for the supply of electricity at prices linked to several continental energy markets. Supply prices are agreed with spreads that are fixed in relation to these markets in order to limit commodity risk, and are expressed in euros per unit of electricity..

As at December 31, 2014, there were no outstanding derivative instruments for hedging commodity risk.

A sensitivity analysis was not performed on this category of risk because, as at the date of preparation of the financial statements, it was not considered material in terms of its impact on the income statement and on the Group's business margins.

How Commodity Risk is Managed

The nature of the Group's business entails exposure to fluctuations in the price of electricity, natural gas and certain chemicals derived from petroleum (such as latexes) and fibrous raw materials.

Natural gas supply contracts are at a fixed price, and are entered into at least three months before the supply period. Electricity is purchased at a price indexed to amounts set in continental electricity markets, such as those published by entities responsible for these markets.

In order to contain price pressure on raw materials such as chemicals and fibrous products, the Group aims to diversify its suppliers and its supply markets.

The Group's current policy does not allow the use of derivative instruments with complex payoff patterns. It can, however, enter into technical forms of hedging with leading banks.

Liquidity Risk

Liquidity risk can take the form of difficulty in obtaining the funds required to satisfy scheduled contractual commitments at market conditions.

This may mean there are insufficient resources available to meet financial obligations under the agreed terms and conditions and at the pre-determined due dates, or it may mean the business is required to settle its financial liabilities earlier than the scheduled due date.

For each contract, the analysis aimed to measure the cash flows deriving from the various types of financial liability held as at December 31, 2014 and December 31, 2013.

Depending on their nature, financial liabilities were separated into non-derivative and derivative financial liabilities. Given the different accounting treatments, the latter were subdivided into liabilities where the derivative had been formally designated as a hedge, and had turned out to be effective, and liabilities where the derivative was not subject to hedge accounting.

The main assumptions relating to the Group's financial requirements which were used to carry out the analyses were as follows:

- cash flows are not discounted;

- cash flows are allocated to their respective time bands on the basis of the first possible payment date envisaged by the contractual terms and conditions (the worst-case scenario);
- all instruments held at the reporting date for which payments have been contractually designated are included; planned future commitments which have not yet been recognized in the financial statements are not included;
- if the amount payable is not fixed (e.g. future interest payments), financial liabilities are measured at market terms and conditions at the reporting date;
- cash flows also include the interest that the Group will pay up to the due date of a debt, measured at the reporting date and calculated on the basis of market forward interest rates.

December 31, 2014	Carrying value	Contractual financial flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
(thousands of Euros)							
Cash and cash equivalents	2,376	2,376	2,376				
Trade receivables	59,542	59,542	59,542				
Other receivables from associates and joint ventures	472	472	472				
Other receivables	9,552	9,552	8,565		497	109	382
Medium- and long-term bank loans	(43,678)	(43,842)	(7,930)	(10,449)	(10,330)	(12,598)	(2,536)
Short-term bank loans for use of commercial facilities	(19,187)	(19,187)	(19,187)				
Other payables	(13,100)	(13,100)	(12,918)	(52)	(52)	(78)	
Other payables from associates and joint ventures	(2,445)	(2,445)	(2,445)				
Hedging derivative instruments	(250)	(250)	(250)				
Non-hedging derivative instruments	(54)	(54)	(30)	(17)	(6)		
Trade payables	(88,531)	(88,531)	(88,531)				
Total	(95,305)	(95,469)	(60,338)	(10,518)	(9,891)	(12,567)	(2,155)

December 31, 2013	Carrying value	Contractual financial flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
(thousands of Euros)							
Cash and cash equivalents	2,716	2,716	2,716				
Trade receivables	67,493	67,493	67,452				41
Other receivables from associates and joint ventures	241	241	241				
Other receivables	15,453	15,453	14,495		704		254
Medium- and long-term bank loans	(47,012)	(49,812)	(7,997)	(7,684)	(18,438)	(11,726)	(3,967)
Short-term bank loans for use of commercial facilities	(25,442)	(25,442)	(25,442)				
Other payables	(14,170)	(14,170)	(13,936)	(52)	(52)	(130)	
Other payables from associates and joint ventures	(615)	(615)	(615)				
Hedging derivative instruments	(588)	(591)	(210)	(152)	(199)	(30)	
Non-hedging derivative instruments	(139)	(139)	(51)	(42)	(43)	(3)	
Trade payables	(105,894)	(105,894)	(105,894)				
Total	(107,957)	(110,760)	(69,241)	(7,929)	(18,027)	(11,889)	(3,673)

The first section of the tables compares the carrying value of the financial liabilities with the total value of cash flows that – given the market conditions at the reporting date – are expected to be received from or paid to counterparties. The second section of the tables shows a breakdown by time period of the total cash flows, which make up the item “Contractual financial flows”.

How Liquidity Risk is Managed

The Group’s financial activity is centered largely on Reno De Medici S.p.A., which, on the basis of consolidated practice inspired by prudence and stakeholder protection, negotiates credit facilities with banks and continually monitors the cash flows of the individual Group companies.

The Group’s management policies involve continually monitoring liquidity risk with a view to mitigating said risk by maintaining sufficient liquidity and/or short-term deposits with prime counterparties and by having access to short-term credit facilities backed mainly by receivables from domestic and foreign clients.

OTHER INFORMATION

Equity investments in subsidiaries, associates and joint venture as at December 31, 2014 (pursuant to article 38, paragraph 2 of Legislative Decree no. 127/91).

LIST OF INVESTMENTS CONSOLIDATED ON A LINE-BY-LINE BASIS

Cartonboard sector – subsidiaries

Cartiera Alto Milanese S.p.A. in liquidation

Milan – Italy

Direct ownership 100%

Emmaus Pack S.r.l.

Milan- Italy

Direct ownership 51.39%

RDM Blendecques S.A.S.

Blendecques – France

Direct ownership 100%

RDM Ovaro S.p.A.

Milan- Italy

Direct ownership 80%

Reno De Medici Arnsberg GmbH

Arnsberg – Germany

Direct ownership 94%

Indirect ownership 6% (through Cascades Grundstück GmbH & Co.KG).

Reno De Medici Ibérica S.l.u.

Prat de Llobregat- Barcelona- Spain

Direct ownership 100%

Reno De Medici UK Limited

Wednesbury – UK

Direct ownership 100%

Carta Service Friuliana S.r.l.

Milan- Italy

Direct ownership 100%

Services sector – subsidiaries

Cascades Grundstück GmbH & Co.KG

Arnsberg – Germany

Direct ownership 100%

LIST OF EQUITY-ACCOUNTED INVESTMENTS

Cartonboard and other industrial production sector

Manucor S.p.A.

Milan- Italy

Direct ownership 22.75%

Pac Service S.p.A.

Vigonza- Padua- Italy

Direct ownership 33.33%

ZAR S.r.l.

Silea- Italy

Direct ownership 33.33%

Service sector

Careo S.r.l.

Milan – Italy

Indirect ownership 70%

Careo Gmbh

Krefeld – Germany

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

Careo S.A.S.

La Fayette – France

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

Careo Spain S.L.

Prat de Llobregat – Barcelona – Spain

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

Careo Ltd

Wednesbury – UK

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

Careo S.r.o.

Prague – Czech Republic

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

Careo KFT

Budapest- Hungary

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

Careo SP z.o.o.

Warsaw- Poland

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

LIST OF INVESTMENTS IN OTHER COMPANIES

Cartonboard sector

Cartonnerie Tunisienne S.A.

Les Berges Du Lac- Tunis

Direct ownership 5.274%

Consortium

Gas Intensive S.c.r.l.

Milan – Italy

Consortium share

Comieco

Milan – Italy

Consortium share

Conai

Milan – Italy

Consortium share

Consorzio Filiera Carta

Frosinone – Italy

Consortium share

C.I.A.C. S.c.r.l.

Valpenga (TO)- Italy

Consortium share

Idroenergia S.c.r.l.

Aosta- Italy

Consortium share

Università Carlo Cattaneo

Castellanza (VA) – Italy

Consortium share

SUBSEQUENT EVENTS

With reference to subsequent events after the 2014 year end, see the Directors' Report.

CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2014 PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AND LATER AMENDMENTS AND ADDITIONS.

1. The undersigned Ignazio Capuano, as CEO and Stefano Moccagatta as Financial Reporting Executive of Reno De Medici S.p.A., certify, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of February 24, 1998:

- the suitability for the characteristics of the business and
- the effective implementation

of the administrative and accounting procedures pertaining to the preparation of the year-end consolidated financial statements for the period from January 1 to December 31, 2014.

2. No significant issues have emerged in this regard.

3. It is further certified that

3.1. the consolidated financial statements:

a) were prepared in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

b) are consistent with the figures reported in the relevant accounting books and records;

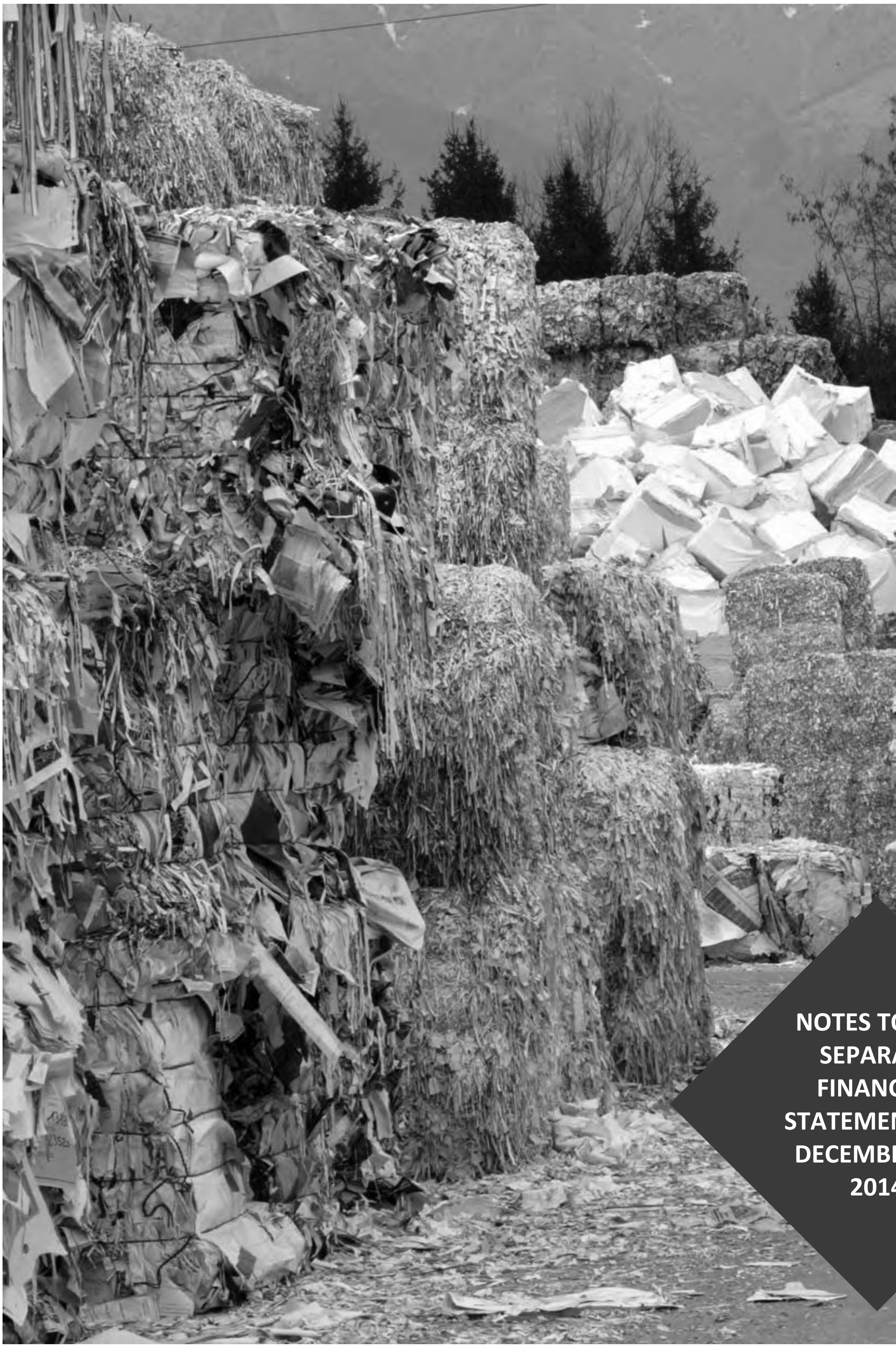
c) are able to provide a true and fair view of the financial position, the results and the cash flows of the issuer and of the companies whose accounts have been consolidated;

3.2. The Directors' Report comprises a reliable analysis of operating performance and results, as well as of the situation of the issuer and of the companies whose accounts have been consolidated, together with a description of the major risks and uncertainties to which they are exposed.

Milan, March 20, 2015

Chief Executive Officer	Financial Reporting Executive
/f/	/f/
Ignazio Capuano	Stefano Moccagatta

INDEPENDENT AUDITORS' REPORT



NOTES TO THE SEPARATE FINANCIAL STATEMENTS AT DECEMBER 31, 2014

STATEMENT OF INCOME

	Notes	12.31.2014	12.31.2013
Revenues from sales	1	208,812,422	215,898,846
- of which related parties	*35*	*34,344,865*	*45,965,315*
Other revenues and income	2	17,110,486	18,096,132
- of which non-related parties			*1,204,033*
- of which related parties	*35*	*6,081,512*	*7,070,397*
Change in inventories of finished goods	3	(2,319,011)	2,358,603
Cost of raw materials and services	4	(168,005,399)	(179,011,660)
- of which related parties	*35*	*(8,297,417)*	*(10,826,921)*
Personnel costs	5	(28,160,309)	(30,842,564)
Other non-operating costs	6	(2,795,303)	(2,651,922)
Gross operating profit		24,642,886	23,847,435
Depreciation and amortization	7	(11,525,216)	(12,853,403)
Write-downs	8	(943,279)	(3,963,059)
Operating profit		12,174,391	7,030,973
Financial expense		*(4,367,078)*	*(5,132,247)*
Gains (losses) on foreign exchange		*168,403*	*(69,859)*
Financial income		*278,804*	*270,339*
Net financial income (expense)	9	(3,919,871)	(4,931,767)
Gains (losses) from investments	10	(3,683,836)	(4,266,167)
Taxes	11	(1,146,126)	2,843,432
Profit (loss) for the year		3,424,558	676,471

STATEMENT OF COMPREHENSIVE INCOME

	Note	12.31.2014	12.31.2013
Profit (loss) for the period		3,424,558	676,471
Other components of comprehensive profit (loss)			
Components that may be transferred to the income statement in subsequent financial periods:		225,024	366,984
Change in fair value of cash flow hedges	*24*	*225,024*	*366,984*
Components that will not be transferred to the income statement in subsequent financial periods:		(674,325)	372,067
Actuarial gain (loss) on employee benefits	*24*	*(674,325)*	*372,067*
Total other components of comprehensive profit (loss)		(449,301)	739,051
Total comprehensive profit (loss)		2,975,257	1,415,522

The change in fair value of cash flow hedges is stated net of the related tax effect.

STATEMENT OF FINANCIAL POSITION

	Note	12.31.2014	12.31.2013
ASSETS			
Non-current assets			
Tangible assets	12	133,714,134	128,592,993
Other intangible assets	13	867,933	1,086,305
Investments in Subsidiaries	14	68,697,963	75,745,974
Investments in Associates, Joint Ventures and other companies	15	600,650	630,509
Deferred tax assets	16	2,033,483	2,631,801
Other receivables	17	396,638	455,198
Total non-current assets		206,310,801	209,142,780
Current assets			
Inventories	18	36,881,710	38,692,037
Trade receivables	19	27,168,525	28,318,717
Receivables from Group Companies	20	9,609,544	16,686,090
Other receivables	17	4,590,373	8,071,306
Other receivables from Group Companies	21	7,243,462	4,144,539
Cash and cash equivalents	22	2,086,712	2,278,460
Total current assets		87,580,326	98,191,149
Assets held for sale	23	1,838,163	-
TOTAL ASSETS		295,729,290	307,333,929

	Note	12.31.2014	12.31.2013
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		185,122,487	185,122,487
Other reserves		2,794,561	3,210,038
Retained earnings (losses)		(41,979,589)	(42,622,236)
Profit (loss) for the year		3,424,558	676,471
Total shareholders' equity	24	149,362,017	146,386,760
Non-current liabilities			
Payables to banks and other lenders	22	15,139,883	18,619,713
Other payables to Group Companies	32		714,286
Derivative instruments	25	18,085	281,122
Other payables	26	182,361	234,464
Employee benefits	27	7,649,043	8,949,880
Non-current provisions for risks and charges	28	4,134,155	4,805,847
Total non-current liabilities		27,123,527	33,605,312
Current liabilities			
Payables to banks and other lenders	22	32,064,548	34,731,513
Derivative instruments	25	267,786	389,325
Trade payables	29	50,581,237	58,335,948
Payables to Group Companies	30	2,915,170	4,334,807
Other payables	26	6,265,095	6,304,646
Other payables to Group Companies	31	26,078,993	22,045,141
Current taxes	32	177,809	682,587
Employee benefits	27	893,108	517,890
Total current liabilities		119,243,746	127,341,857
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		295,729,290	307,333,929

STATEMENT OF CASH FLOWS

	Note	12.31.2014	12.31.2013
(thousands of Euros)			
Profit (loss) for the period before tax		4,571	(2,167)
Depreciation and amortization	7	11,526	12,853
Write-downs	8	943	3,963
Losses (gains) from investments	10	3,684	4,266
Financial (income) expense	9	4,088	4,862
Capital losses (gains) on sale of fixed assets		(577)	(473)
Change in provisions for employee benefits and in other provisions, including the provision for bad and doubtful receivables		(3,538)	16
Change in inventories	18	1,891	(842)
Change in trade receivables		11,113	1,548
- of which related parties	35	*5,794*	*5,449*
Change in trade payables		(9,126)	(12,060)
- of which related parties	35	*(1,445)*	*(565)*
Overall change in working capital		3,878	(11,354)
Gross cash flows		24,575	11,966
Interest paid in the year		(3,556)	(4,115)
- of which related parties	35	*(509)*	*(438)*
Interest received in the period		266	221
- of which related parties	35	*243*	*221*
Taxes paid in the period		(2,143)	(875)
Cash flows from operating activities		19,142	7,197
Sale (purchase) of available-for-sale financial assets			8
Investment net of disinvestment in tangible and intangible assets		(16,225)	(3,522)
Disinvestment in non- current assets held for sale and spare parts			1,079
Capital transactions of subsidiaries and joint ventures	14	(25)	(203)
Dividends received		3,795	3,374
Cash flows from investing activities		(12,455)	736
Change in other financial assets and liabilities and short-term payables to banks		(4,461)	4,606
- of which related parties	35	*649*	*8,796*
Change in medium- and long-term loans		(2,418)	(12,890)
- of which related parties	35	*(714)*	*(714)*
Cash flows from financing activities		(6,879)	(8,284)
Change in unrestricted cash and cash equivalents	22	(192)	(351)
Unrestricted cash and cash equivalents at the beginning of the period	22	2,278	2,629
Unrestricted cash and cash equivalents at the end of the period	22	2,086	2,278

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Legal reserve	Extraordinary reserve	Profit (loss) carried forward	Profit (loss) for the period	Hedging reserve	Reserve for actuarial gain (loss)	Ovaro sale reserve	Total shareholders' equity
(thousands of Euros)									
Shareholders' equity at 12.31.2012	**185,122**	**408**	**1,150**	**(32,690)**	**(9,932)**	**(562)**	**(1,630)**	**3,105**	**144,971**
Allocation of 2012 profit				(9,932)	9,932				
Profit (loss) for the period					677				677
Other components of comprehensive profit (loss)						367	372		739
Total comprehensive profit (loss)					677	367	372		1,416
Shareholders' equity at 12.31.2013	**185,122**	**408**	**1,150**	**(42,622)**	**677**	**(195)**	**(1,258)**	**3,105**	**146,387**
Allocation of 2013 profit		35		642	(677)				
Profit (loss) for the period					3,425				3,425
Other components of comprehensive profit (loss)						224	(674)		(450)
Total comprehensive profit (loss)					3,425	224	(674)		2,975
Shareholders' equity at 12.31.2014	**185,122**	**443**	**1,150**	**(41,980)**	**3,425**	**29**	**(1,932)**	**3,105**	**149,362**

NOTES TO THE FINANCIAL STATEMENTS

Structure and content

RDM is a company established as a legal entity under Italian law, which operates mainly in Italy. The business of the Company is the production and distribution of cartonboard made mainly from recycled fibers (recycled cartonboard). Distribution and sale operations are carried out through a network of agents under the joint venture Careo S.r.l.

RDM has its headquarter 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.

RDM's draft separate financial statements were approved and authorized for publication by its Board of Directors on March 20, 2015.

Reno De Medici S.p.A., as Parent Company, also prepared the consolidated financial statements of the RDM Group at Wednesday, December 31, 2014.

The 2014 separate financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and homologated by the European Union, as well as based on the provisions issued to implement Article 9 of Legislative Decree 38/205. IFRS refers to all International Accounting Standards or IAS, all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those issued previously by the Standing Interpretations Committee ("SIC").

RDM applied the same accounting principles as for the Annual Financial Report at December 31, 2013.

Accounting principles, amendments and interpretations effective from January 1, 2014 specifying any impact in these separate financial statements for each of them:

- IFRS 11 – Joint Arrangements. This principle replaces IAS 31 – *Interests in Joint Ventures and SIC 13 – Jointly controlled entities - Non-monetary contributions by Venturers.* The new principle, without prejudice to the criteria for identifying the presence of joint control, establishes the criteria for the accounting treatment of joint arrangements based on the rights and obligations from such agreements rather than their legal status, differentiating between joint ventures and joint operations. The adoption of the principle did not have any effects;

- Amendments to IAS 32 *Financial Instruments - Presentation*, aimed at clarifying the application of the criteria necessary for offsetting financial assets and liabilities in the financial statements. The adoption of these amendments has not had an effect on the Group's separate financial statements;

- Amendments to IAS 36 – *Impairment of assets* – Recoverable amount disclosures for non financial assets; The changes aim to clarify that the additional information to be provided about the recoverable amount of assets (including goodwill) or cash-generating units subject to impairments tests, if their recoverable amount based on the fair value less cost to sell, only involves the assets or the cash-generating units for which a loss in the reduction in value has been recognized or restored during the period. In this case, it is necessary to provide adequate information about the fair value hierarchy of the recoverable amount and the valuation techniques and assumptions used. The adoption of these amendments has not had an effect on the Group's separate financial statements;

- Amendments to IAS 39 - *Financial Instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting*. The changes involve the introduction of several exemptions to the hedge accounting requirements defined by IAS 39 where an existing derivative needs to be replaced with a new derivative in a specific case in which this replacement involves a Central Counterparty- CCP following the introduction of a new law or regulation. The adoption of these amendments has not had an effect on the Group's separate financial statements.

The accounting standards, amendments and interpretations not yet applicable and not subject to early adoption by the Group are as follows:

- IFRIC 21 – *Levies*, which provides clarifications on the time of recording a liability related to levies (different from income taxes) imposed by a government body. The principle deals with both liabilities for levies that come under the scope of the application of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets,* and those for levies where the timing and amount are known.

- *Annual Improvements to IFRSs: 2010-2012 Cycle* which includes the changes to some principles under the scope of the annual improvement process.

- *Annual Improvements to IFRSs: 2011-2013 Cycle* which includes the changes to some principles under the scope of the annual improvement process.

- IAS 19 "*Defined Benefit Plans: Employee Contributions*", which proposes to present the contributions (relating only to the service provided by the employee in the period) made by employees or third parties to benefit plans to reduce service costs during the period in which this contribution is paid.

As at the date of this Annual Financial Report, the competent bodies of the European Union had not yet completed the approval process required for the adoption of the following accounting standards and amendments:

- IFRS 14 – Regulatory Deferral Accounts;

- IFRS 11 Joint Arrangements – Accounting for acquisitions of interests in joint operations;

- IAS 16 Property, plant and Equipment and IAS 38 Intangible Assets – "Clarification of acceptable methods of depreciation and amortization";

- IFRS 15 – Revenue from Contracts with Customers;

- IFRS 9 – Financial Instruments;

- IAS 27- Equity Method in Separate Financial Statements;
- IFRS 10 and IAS 28 – Sales or Contribution of Assets between an Investor and its Associate or Joint-Venture;
- Improvements to IFRSs: 2012-2014 Cycle;
- IAS 1 – Disclosure Initiative;
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

The financial statements are prepared on a historical cost basis with the exception of derivative financial instruments and financial assets held for sale, which are recognized at fair value, and financial liabilities, which are recognized at amortized cost. The carrying amount of hedged assets and liabilities which qualify for hedge accounting is adjusted to take into account changes in the fair value of the hedged risks.

The financial statements are prepared on the going-concern assumption. In this respect, despite operating in a persistently difficult economic and financial environment, the Company's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist about its ability to continue as a going concern.

Preparing the separate financial statements in accordance with IFRS may require the use of estimates and valuations, as well as management's reasonable judgment in applying accounting policies. More complex matters and/or those that require greater use of assumptions and estimates are discussed in the section "Estimates and Valuations".

The Parent Company has chosen to present the structure and content of its separate financial statements in the following manner:

- the statement of 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, non-current or held for sale;
- the income statement is presented in a vertical format with items broken down by nature, as this provides reliable and more relevant information than a classification by function;
- the statement of comprehensive income is presented separately from the income statement, and each item is shown net of the tax effect;
- the statement of cash flows 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 income and expense recognized directly in equity and not in the income statement, in accordance with specific IAS/IFRS requirements. It also shows separately the transactions with Shareholders.

ACCOUNTING PRINCIPLES

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at their original cost of purchase, production or contribution, including directly incurred accessory costs required to bring an asset into a condition for use. Cost is reduced by accumulated depreciation and any impairment.

Costs for improvements, modernization and transformation incurred after the initial recognition of the asset acquired or produced internally are ascribed to fixed assets and depreciated across their useful life provided they derive from separate analytical accounting measurements and when it is probable that the future economic benefits expected from the asset will increase.

Replacement costs of identifiable components of complex assets are ascribed to fixed assets and depreciated across their useful life. The residual value of the replaced component is ascribed to the income statement. Maintenance and repair costs are ascribed to the income statement in the year they are incurred.

Assets acquired under finance leases, which assign to the Group substantially all the risks and rewards of ownership, are recognized as tangible assets at the lower of their fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position 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 Parent Company. Land is not depreciated, even if acquired together with buildings.

The table below shows a breakdown by category of useful life for amortization purposes:

Category		Years
Buildings	Industrial buildings	33
	Small structures	20
Plant and machinery	General plant and machinery	20 – 10- 5
	Specific plant and machinery	20 – 10- 5
Industrial and commercial equipment	Miscellaneous equipment	5
Other assets	Furniture and ordinary office machines	8
	Electronic office machines	5
	Internal vehicles	5
	Motor vehicles	4

The Company assesses at least once a year if there is any indication that tangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is determined to determine the extent of any impairment loss, as described in the section “Impairment” below.

Where it is not possible to determine the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognized when the recoverable amount is lower than the carrying amount. If the reasons for previous write-downs no longer exist, the assets are revalued at the lower of the recoverable value and the previous book value net of depreciation that would have been recorded in the absence of a write-down, with the adjustment being made on the income statement.

ASSETS HELD FOR SALE

"Aassets held for sale" consist of non-current assets whose carrying amount 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.

INTANGIBLE ASSETS

Intangible assets consist of identifiable assets without physical substance which are controlled by the Company 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.

Intangible assets with a finite useful life are measured at cost and amortized on a straight-line basis over their useful life, i.e. the estimated period during which the asset will be used by the Company.

The table below shows a breakdown by category of useful life for amortization purposes:

Category		Years
Concessions, licenses, trademarks and similar rights	Software licenses	5
Other intangible assets	Miscellaneous deferred charges	12- 5

Intangible assets with an indefinite useful life are not amortized but are subject to impairment testing at least once a year, as explained in the "Impairment" section below. An intangible asset is considered to have an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Company.

IMPAIRMENT

At each reporting date, the Company reviews the carrying amount of its tangible and intangible assets with a finite useful life to assess whether there are any indications that these assets may be impaired (impairment indicators). If any such indications exist, the Company determines the recoverable amount of such assets to determine the write-down amount (impairment test). Where it is not possible to determine the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value in use. In the absence of a binding sale agreement, fair value is estimated on the basis of values expressed by an active market, by recent transactions, or on the basis of the best available information to reflect the amount that might be obtained by selling the asset.

In calculating value in use, estimated future cash flows are discounted to present value using a post-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 recognized in the income statement.

When there is no longer any reason for an impairment loss to be recognized, 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 if no impairment loss had been recognized. The reversal of the impairment loss is recognized in the income statement.

Goodwill and 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.

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND OTHER COMPANIES

Investments in subsidiaries, associates and joint ventures are measured at cost and undergo testing to determine the extent of any impairment losses, as described in the “Impairment” section above.

The test is conducted whenever there are impairment indicators.

With regard to investments in subsidiaries, associates and joint ventures, where the investee company has distributed dividends, the following situations are also considered to be impairment indicators:

- the book value of the holding on the separate financial statements exceeds the carrying amount of the investee company’s net assets (including any related goodwill) on the consolidated financial statements;
- the dividend exceeds the comprehensive profits (statement of comprehensive income) of the investee company in the period to which the dividend applies;
- the recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Specifically, when considering the existence of possible impairment of equity investments in subsidiaries and associates, since these are holdings for which a reliable market value (fair value less costs to sell) cannot be determined, the recoverable amount was defined as value in use, i.e. the present value of cash flows estimated with reference to the forecast results of the investee companies and to the estimated value of a hypothetical ultimate disposal in accordance with IAS 28 (paragraph 33).

When it is necessary to proceed with a write-down, this is charged to the income statement for the year in which it was measured.

When the impairment of an asset is subsequently eliminated or reduced, the carrying value of the asset is increased to the new estimate of the recoverable amount and may not exceed the value that would have been determined if no impairment had occurred. The reversal of the impairment is recognized immediately on the income statement.

Investments in other companies are measured at fair value with changes recorded in equity. Where there is objective evidence that a financial asset is impaired significantly or for an extended period, the impairment loss is recognized in the income statement even if the investment has not been sold. Where fair value cannot be reliably measured, investments are measured at cost as adjusted for any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments which are explicitly designated as available for sale or which cannot be classified in any of the preceding categories, and which are included in non-current assets unless it is management's intention to sell them in the 12 months following the reporting date.

Financial assets available for sale, which consist of investments in other companies and other non-current financial assets, are measured at fair value with changes recorded in equity. Where there is objective evidence that a financial asset is impaired significantly or for an extended period, the impairment loss is recognized in the income statement even if the asset has not been sold. Where fair value cannot be reliably measured, investments are measured at cost as adjusted for any impairment losses.

Derivative instruments

Derivative financial instruments consist of assets and liabilities measured at fair value.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only if all of the following apply:

- the hedging relationship is formally designated and documented at its inception;
- the hedge is expected to be highly effective;

- effectiveness can be reliably measured;
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

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

- for a fair-value hedge (e.g. where a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of assets or liabilities yielding or bearing a fixed rate), the derivative financial instrument is measured at fair value and any gain or loss is recognized in the income statement. At the same time, the carrying amount of the hedged assets or liabilities is adjusted to reflect the changes in fair value with respect to the hedged risk;
- for a cash flow hedge (e.g. where a derivative financial instrument is designated as a hedge of the exposure to variability in the cash flows of assets or liabilities due to variations in exchange rates), the changes in fair value of the instrument are initially recognized in a dedicated equity reserve in “Other components of comprehensive income” and are subsequently recognized in the income statement in line with the effects of the hedged transaction on profit or loss.

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

Trade and Other Receivables

Trade and other receivables are initially measured at the fair value of the amount to be received. Subsequent adjustments are made to account for any write-downs. Non-current trade and other receivables are subsequently measured at amortized cost.

Inventories

Inventories are measured at the lower of purchase or production cost, determined on a weighted-average basis, and estimated realizable 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 realizable value (net of the costs necessary to make the sale), representing the amount that the Company would expect to obtain from the sale of these goods as part of its normal business.

Cash and cash equivalents

This item consists of available cash on hand and bank deposits, shares in liquid funds and other highly liquid securities which can be readily converted into cash and which are subject to an insignificant risk of change in value.

Employee benefits

The benefits subsequent to the termination of the employment relationship are based on plans which, depending on their features, are either defined-contribution plans or defined-benefit plans.

In the defined-contribution plans, such as the TFR (severance pay in Italy) accrued after the 2007 Italian Finance Law came into force, the obligation of the company, limited to the payment of a contribution to the state, or to an asset or to a separate legal entity (so-called fund), is determined based on contributions owed less any amounts already paid.

The defined-benefit plans, such as TFR accrued before the 2007 Italian Finance Law came into force, are plans for benefits subsequent to the termination of the employment relationship that are a future obligation and for which the Company bears the relevant actuarial and investment risks. The TFR fund is measured at the actuarial value of the liability of the Company, in accordance with current legislation and with the national collective and company-specific labor agreements. The actuarial valuation, based on demographic, financial and turnover assumptions, is entrusted to independent actuaries. From January 1, 2012, actuarial gains and losses were recorded under "Other components of comprehensive income" according to the requirements of the new IAS 19 instead of transiting from the income statement.

Provisions for Risks and Charges

The Company records provisions for risks and charges when it has a legal or constructive obligation, arising from a past event, where it is probable that a cost will be incurred to fulfill that obligation and when a reliable estimate of the amount can be made. Provisions are measured at the best estimate of the amount which, at the reporting date, the Company could reasonably expect to pay to extinguish the obligation or transfer it to a third party.

Where resources are expected to be used beyond the following financial year, the liability is recorded at actuarial value, as determined by discounting expected cash flows at a rate that also takes into account the cost of borrowing and the risk of the liability.

Changes in estimates are recognized in the income statement of the period in which the change occurs.

The costs that the Company expects to incur to carry out restructuring plans are recorded in the financial year in which the Company formally defined such plans and gave to the entities concerned a valid expectation that the restructuring will take place.

The risks where a liability is merely possible are described in the section "Contingent Liabilities and Commitments and Other Guarantees Given to Third Parties", but no provision is made.

Payables to Banks and Other Lenders

This item includes financial liabilities made up of bank loans, bonds and payables to other lenders, including payables arising from finance leases. Payables to banks and other lenders are measured at amortized cost.

Financial liabilities are initially recognized at cost, represented by the fair value of the amount received net of accessory transaction charges. After initial recording, loans are subsequently measured at amortized cost, which is calculated using the effective interest method taking into account issue costs and any settlement discount or premium.

Trade and Other Payables

These liabilities are initially measured at the fair value of the amount to be paid. Subsequent measurement is at amortized cost using the effective interest method.

Recognition of Revenues

Revenues are recognized where it is probable that the Company will obtain the economic benefits associated with the sale of goods or provision of services, and where the relevant amount can be reliably determined. Revenues are recorded at the fair value of the consideration received or expected, taking into account any volume or other commercial discounts.

As regards the sale of goods, revenues are recognized when the Company has transferred to the purchaser the main risks and benefits of ownership.

As regards the provision of services, revenues are recognized at the time the services are rendered.

Taxes

Current income taxes are based on an estimate of the taxable income for the year and on applicable rates and legislation. The expected liability, net of any payments on account or withholding tax incurred, is recognized on the statement of financial position under "Current taxes", or under "Other receivables" if during the year the Company has paid more on account than its tax liability.

Reno De Medici S.p.A., all its Italian subsidiaries (Emmaus Pack S.r.l., Cartiera Alto Milanese S.p.A. in liquidation and R.D.M. Ovaro S.p.A.) and the joint venture Careo S.r.l. have joined the national tax consolidation scheme pursuant to Articles 117 et.seq of the Consolidated Law on Income Tax (T.U.I.R.). The Company acts as the consolidating company and becomes a single taxable base for the group of companies taking part, thereby enabling this group to offset taxable income against tax losses in a single tax return. Each company belonging to the national tax consolidation scheme transfers the tax income (taxable income or tax loss) to the consolidating company: as a consequence of this transfer, Reno De Medici S.p.A. recognizes a receivable or a payable corresponding to the IRES (Italian corporate income tax), net of any payments on account, from or to the participating company, depending on whether it contributes taxable income or a tax loss.

Deferred tax assets and liabilities reflect the temporary differences between the carrying amount of an asset or liability and its tax base. "Deferred tax liabilities" consist of deferred tax liabilities arising from temporary differences which will be taxed in future years in accordance with prevailing tax legislation. "Deferred tax assets" consist of taxes which, despite being recoverable in future years, refer to the current year and are recognized where it is probable that future taxable income will be sufficient to absorb their recovery.

Deferred tax liabilities were offset by deferred tax assets where conditions specified in IAS 12 were met, notably where the two items relate to income taxes levied by the same tax authority and where there is a legally enforceable right to offset in this manner.

Income taxes are recognized in the income statement unless they relate to items directly credited or charged to shareholders' equity, in which case the tax effect is recognized directly in that item.

Deferred tax assets are recognized for the carry forward of unused tax losses where it is probable that future taxable income will be available against which the unused tax losses can be utilized.

Foreign-exchange differences

Transactions in foreign currencies are recorded using the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currencies are converted into Euros using the exchange rate on the reporting date, with the relevant gain or loss recorded on the income statement.

Dividends

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

Financial Instruments and Risk Management

With regard to the information required by IFRS 7 "Financial instruments: additional information" which requires extensive disclosures to be made in connection with the nature of credit, liquidity and market risks and the way in which these risks are managed, reference is made to the "Financial Instruments and Risk Management" section of the Notes to the Separate Financial Statements.

Estimates and Valuations

The preparation of financial statements and the related notes in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and other factors that are considered to be relevant. Actual results could differ from those estimates.

Estimates are used to measure any provisions for doubtful receivables, inventory obsolescence, depreciation and amortization, write-downs, employee benefits, restructuring funds, taxes, other provisions, funds and valuations of derivative instruments.

Estimates and assumptions are reviewed periodically, and the effects of any changes are recognized in the income statement in the period in which the estimate is revised (if the revision affects only that period) or in the period of the revision and future periods (if the revision affects both current and future periods). In this respect, the situation caused by the present economic and financial crisis has led to the need to make assumptions regarding future performance which are characterized by significant uncertainty; as a consequence, therefore, actual results next year may differ from the estimates. Although not foreseeable at present, this could have a significant effect on the carrying amounts of the items in question as shown in this report.

VALUATION METHODS

The valuation methods and the main assumptions used by management in applying accounting standards which relate to the future development of operations are described below. These methods and assumptions may have significant effects on the amounts recognized in the separate financial statements, with the resulting risk that adjustments may need to be made in future years, with similarly significant effects on these amounts.

Fair Value of Derivative Contracts and Financial Instruments

The fair value of financial instruments which are not listed on a regulated market is determined by employing various valuation techniques. In this respect, the Company uses those techniques which it believes are the most reasonable in connection with the specific financial instruments that have to be valued and adopts assumptions and makes estimates based on market conditions at the reporting date.

Taxes

The overall determination of tax expense may require the use of estimates and valuations, including those relating to any specific tax liabilities which may not be determinable at the time the individual transactions are carried out. In addition, in order to calculate deferred tax assets, the Company employs estimates and valuations which also take into account expectations of future events.

IMPAIRMENT TESTS

At each reporting date, the Parent Company reviews the carrying amount of its tangible and intangible assets and investments to assess whether there are any impairment indicators. If any such indicators exist, the recoverable amount of such assets is determined to determine the write-down amount.

No goodwill has been allocated to the Reno de Medici CGUs, meaning there is no need for a specific annual impairment test. However, the current global economic and financial crisis, which has caused heavy losses on the major regulated markets over recent months, makes it impossible to predict national and global future economic scenarios.

The Parent Company's market capitalization to fall, with an average level that is lower than shareholders' equity.

The Parent Company RDM has used the procedure described in IAS 36 to identify the cash-generating units representing the smallest identifiable groups of assets which generate cash flows that are largely independent within the consolidated financial statements.

The lowest aggregation of assets for cash-generating units is represented by the individual mills.

The recoverability of carrying amounts is tested by comparing the carrying amount of the individual cash-generating units with the present value of the estimated future cash flows from the continuing use of the assets making up the cash-generating units and that of their terminal value.

The main assumptions used by the Parent Company in measuring the recoverable amount (value in use) are:

a) estimates of future operating cash flows;

b) the discount rate;

c) the final growth rate.

With respect to point a), given the current economic and financial crisis, the Parent Company has made a prudent assumption, valid only for impairment testing, of the development of its operations between 2015 and 2017.

The Parent Company has used the same net discount rate, 5.89%, for all cash-generating units when discounting cash flows, a rate which reflects current market assessments and also takes into account the specific risks of the sector.

During the development of the impairment test, the terminal value was determined by using a growth rate (g rate) of 1.5%.

Based on the revised costs, there was no need for impairment with the exception of the investments in Reno De Medici Ibérica S.l.u. and in RDM Blendecques S.A.S.

With specific reference to the investment in Reno De Medici Ibérica S.l.u. the investment in the subsidiary Reno De Medici Ibérica S.l.u. was partially written-down following the impairment test based on the value in use in accordance with the requirements of IAS 36. In addition, following the reclassification of the investment in the assets held for sale, a further write-down proved necessary, aligning the latter to the lower value between the carrying amount and the fair value less cost to sell.

As far as the Magenta and Marzabotto mills were concerned, in order to assess the recoverable amount, rather than the value in use method, the fair value method was used, deducting selling costs (current market value), as determined by appraisals conducted by an independent expert.

In addition, on the basis of the recommendations included in Joint Document no. 4 of the Bank of Italy, Consob (the Italian stock exchange regulator) and ISVAP (the Italian insurance regulator) of March 4, 2010, the Parent Company prepared sensitivity analyses on the results of the tests, basing these on changes in the underlying assumptions (the use of the growth rate in calculating the terminal value and the discount rate) that affect the value in use of the cash-generating units, but there was no need to record impairment losses.

Considering that recoverable amounts are calculated on the basis of estimates, and given the uncertainty surrounding how the present global crisis will evolve, the Parent Company cannot be certain that a revision of these estimates, and the resulting adjustment to values, will not be required in the future. The Parent Company will continually monitor the changing situation in order to make any necessary revision to the assumptions underlying the estimates.

Business plans were thus amended for the impairment testing of cash-generating units and investments, in order to take account of the current economic and financial situation and of the uncertainties weighing on all the main variables of the business.

In this respect, however, the present valuations may need to be revised if the crisis continues or worsens.

NOTES

1. Revenues from sales

These revenues arise essentially from sales of cartonboard:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Revenues from sales	208,812	215,899	(7,087)
Total revenues from sales	208,812	215,899	(7,087)

In 2014 revenues fell by €7.1 million (-3.28%) mainly due to the temporary slow-down in production in the Santa Giustina mill, due to the goodwill period required by the important rebuilding of the board machine at the end of summer 2014.

The breakdown of sales revenues by geographic area is given below. The decrease in the domestic market (-5.56%), due mainly to the sale of the Santa Giustina mill and non-EU markets (-8.48%), was only partly offset by the increase in sales in the European market (+7.74%).

	12.31.2014	12.31.2013	Change	%
(thousands of Euros)				
Italy	120,348	127,440	(7,092)	(5.56%)
EU	49,863	46,280	3,583	7.74%
Non-EU	38,601	42,179	(3,578)	(8.48%)
Total revenues from sales	208,812	215,899	(7,087)	(3.28%)

2. Other revenues and income

Other revenues and income may be analyzed as follows:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Grants	528	240	288
Indemnities	538	185	353
Ordinary capital gains	577	480	97
Increases in assets	87		87
Rental income	440	420	20
Revenues for services	5,975	6,349	(374)
Revenues from sales of energy	8,740	8,749	(9)
Other revenues	225	1,673	(1,448)
Total	**17,110**	**18,096**	**(986)**

“Grants” consist mainly of ordinary contributions from Comieco in relation to the use of waste paper from public separated waste collection.

“Indemnities” refer to insurance payouts relating to accidents that occurred during the year.

“Revenues for services” relate to fees received for general services rendered to Group companies.

“Revenues from the sale of energy” relate to revenues recognized by certain energy suppliers for joining the “interruption” scheme as well as the allocation of Energy Efficiency Certificates.

“Other revenues” consist mainly of extraordinary income, in the form of collections from creditors’ arrangement procedures and revenues from non-cartonboard sales. The decrease in the item is related to the inclusion last year of the payment for the sale of the virgin fiber client list to Cascades S.A.S. in 2008 (€1.2 million) following the business combination with the Cascades Group.

3. Change in inventories of finished goods

The change in inventories is negative by €2.3 million compared with a positive change of €2.4 million at December 31, 2013. This change is due to the lower stocks in the warehouse compared with 2013.

4. Cost of raw materials and services

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Cost of raw materials	**94,710**	**98,355**	**(3,645)**
Purchase of raw materials	95,219	96,994	(1,775)
Change in inventories of raw materials	(509)	1,361	(1,870)
Commercial services	**23,184**	**23,516**	**(332)**
Shipping	18,123	18,498	(375)
Commission and agents' costs	5,061	5,018	43
Industrial services	**41,841**	**48,357**	**(6,516)**
Energy	27,751	32,200	(4,449)
Maintenance	2,742	3,394	(652)
Waste disposal	5,008	6,096	(1,088)
Other industrial services	6,340	6,667	(327)
General services	**7,291**	**7,554**	**(263)**
Insurance	1,202	1,374	(172)
Legal, notarial, administrative and contractual services	2,941	2,704	237
Board of directors	469	656	(187)
Board of statutory auditors	166	166	
Postal and telecommunications	557	452	105
Other	1,956	2,202	(246)
Costs for use of third-party assets	**979**	**1,230**	**(251)**
Rental and leasing	979	1,230	(251)
Total	**168,005**	**179,012**	**(11,007)**

The decrease in this item is mainly affected by the fall in costs in raw materials and industrial services, primarily energy and waste disposal.

"Cost of raw materials" refers mainly to the purchase of products used to make the mixture (waste paper, wood paste, cellulose and chemicals) and for packaging. As far as the performance of the main production factors is concerned, in 2014 the price of recycled fibers has remained essentially stable compared with 2013. The impact of these costs on the value of production ("Revenues from sales" plus the "Change in inventories of finished goods") increased slightly during the year in question, going from 45.1% in 2013 to 45.9% in 2014.

"Service costs" decreased (€72.3 million as at December 31, 2014 against €79.4 million at December 31, 2013), as well as their weighting as a percentage of value of production which decreased from 36.4% at the end of December 2013 to 35.0%.

Energy costs fell by €4.4 million (-13.82%): the change is due to the fall in gas prices (-7.2%) which represents the Company's main energy source. Electricity costs, on the other hand, were essentially stable.

Costs for the "Use of third-party assets" as at December 31, 2014 were down by 20.41% compared with figures reported as at December 31, 2013.

5. Personnel costs

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Salaries and wages	19,391	20,434	(1,043)
Social security contributions	6,610	7,096	(486)
Allowance for defined-contribution plans	1,143	1,487	(344)
Incentive plans	-	250	(250)
Other costs	1,016	1,576	(560)
Total	**28,160**	**30,843**	**(2,683)**

The cost of labor fell compared with the previous year by around €2.7 million (8.7% in percentage terms) due to the reduction in the number of employees and the lower provisions for the personnel redundancy fund following the revision of the agreements with the Trade Union Organizations. These factors more than offset the contractual salary increases.

In the light of the years' results, the 2013 financial statements reflected a provision of €250,000 for the incentive plan intended for senior management based on phantom share performance for 2011-2013. Note that the Company has not approved new incentive plans or plans with regard to top management or employees.

The following tables provide a breakdown by category of the number of employees at the end of the year and the average number of employees during the year:

Employees by category	12.31.2014	12.31.2013	Change
Executives	12	13	(1)
White-collars	146	163	(17)
Blue-collars	338	432	(94)
Total	**496**	**608**	**(112)**
Workers subject to wage guarantee fund	23	102	(79)
Active workforce	**473**	**506**	**(33)**

Average employees by category	12.31.2014	12.31.2013	Change
Executives	12	13	(1)
White-collars	153	164	(11)
Blue-collars	397	438	(41)
Total	**562**	**615**	**(53)**

Note that in 2014 the Company accessed the wage guarantee fund (Cassa Integrazione Guadagni Straordinaria) pursuant to Article 1(3) of Law 223/91 due to the corporate restructuring for all the company's mills and the sites in accordance with the program presented to the Ministry of Employment. The restructuring plan and the resulting operations will make it possible to implement the strategic industrial plan aimed at the technological upgrading of certain plants.

6. Other operating costs

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Provisions for risks	65	135	(70)
Write-downs of current receivables	123	421	(298)
Miscellaneous operating costs	2,607	2,096	511
Total	**2,795**	**2,652**	**143**

The item "Other operating costs" increased by 5.4% compared with the previous year.

In detail, an increase was reported in miscellaneous operating costs (+24.4% compared with the end of December 2013) due mainly to the increase in various taxes incurred by the Company, membership subscriptions of various industrial associations and trade bodies, and various contingent liabilities.

This increase was partly offset by fewer provisions for external trade receivables and for other risks.

7. Depreciation and amortization

The table below breaks this item down into amortization of intangible assets and depreciation of tangible assets:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Amortization of intangible assets	328	514	(186)
Depreciation of tangible assets	11,197	12,339	(1,142)
Total	**11,525**	**12,853**	**(1,328)**

Overall this item recorded a decrease of 10.3% going from €12.9 million at December 31, 2013 to €11.5 million at December 31, 2014 due to both the completion of the amortization of several corporate assets and the write-off in the previous year of several facilities and buildings of the Magenta and Marzabotto mills with a consequent lower impact on the 2014 financial statements amortization.

8. Write-downs

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Write-downs	943	3,963	(3,020)
Total	**943**	**3,963**	**(3,020)**

The write-down at December 31, 2014 refers to the write-down of several buildings relating to the Magenta mill for €655,000 following the inspections carried out by the Company with regard to their conditions of use. Several Marzabotto buildings were also written-down for €136,000 following the decision taken by top management to proceed with their demolition in 2015.

Note that the write-down in the previous year referred for €2.6 million to the write-down of buildings relating to the Marzabotto mill whose value was adjusted to the fair value less costs to sell (current market value) based on the valuation of an independent expert, including the costs for the dismantling of assets totaling €0.7 million as well as the write-down of the remaining facilities and several parts of buildings of the Magenta mill which, as a result of the definitive termination of paper production operations had no potential future use.

Lastly, the cash pooling receivable from the subsidiary RDM UK Ltd, which was partially written down in 2013 of €331,000 was written-down once again (€152,000) due to the announcement of the company's closing.

9. Net financial income (expense)

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Financial income	279	270	9
Income from subsidiaries and associates	265	240	25
Other income	14	30	(16)
Financial expense	(4,367)	(5,132)	765
Interest paid to subsidiaries and associates	(531)	(458)	(73)
Interest paid to banks	(2,081)	(2,590)	509
Losses on derivative financial instruments	(356)	(522)	166
Financial expense on defined-benefit plans	(206)	(199)	(7)
Expenses, commission and other financial charges	(1,193)	(1,363)	170
Gains (losses) on foreign exchange	168	(70)	238
Realized gains (losses) on foreign exchange:			
Realized gains on foreign exchange	708	545	163
Realized losses on foreign exchange	(539)	(636)	97
Unrealized gains (losses) on foreign exchange:			
Unrealized gains on foreign exchange	16	23	(7)
Unrealized losses on foreign exchange	(17)	(2)	(15)
Total	(3,920)	(4,932)	1,012

Net financial expense showed an improvement of €1 million due mainly to the decrease in overall net debt (from €70.2 million to €64 million), and lesser use of receivable factoring. Also note that with regard to "gains (losses) on foreign exchange", the Company has benefited from the revaluation of the US dollar.

The item "Financial expense on defined-benefit plans" remained essentially stable and refers to the financial component of the provision for the year solely with respect to interest costs.

10. Gains (losses) from investments

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Income from equity investments in subsidiaries	3,425	3,204	221
Dividends from Reno De Medici Arnsberg GmbH	3,000	3,000	
Dividends from Emmaus Pack S.r.l.	257	154	103
Dividends from Cartiera Alto Milanese S.p.A. in liquidation	168	50	118
Income from equity investments in associates	369	170	199
Dividends from Pac Service S.p.A.	369	170	199
Write-downs and charges on investments in subsidiaries and associates	(7,478)	(7,640)	162
Write-down on RDM Blendecques S.A.S.	(2,193)	(2,145)	(48)
Write-down and charges on Careo S.r.l.		(23)	23
Write-down on Cartiera Alto Milanese S.p.A. in liquidation	(287)		(287)
Write-down on Reno De Medici Ibérica S.I.u.	(4,978)	(2,314)	(2,664)
Write-down on Manucor S.p.A.		(1,441)	1,441
Write-down on RDM UK Ltd	(20)	(1,717)	1,697
Total	(3,684)	(4,266)	582

Losses from investments amounted to €3.7 million, compared with €4.3 million in the previous year. The decrease in charges was mainly due to lower write-downs of equity investments (-€0.2 million) and higher dividends distributed by subsidiaries and associates (+€0.4 million).

The investment in Cartiera Alto Milanese S.p.A. in liquidation was written-down as a result of the decision to place it in liquidation.

Seondly, the investment in the subsidiary RDM Blendecques S.A.S.. was written-down following the impairment test, on the basis of the value in use, in accordance with the provisions of IAS 36.

Thirdly, the investment in the subsidiary Reno De Medici Ibérica S.l.u. was written-down following the impairment test, based on the value in use, in accordance with the requirements of IAS 36, for approximately €1 million. In addition, following the reclassification of the investment under assets held for sale, the latter had to be valued at the lower value between the carrying value and the fair value less cost to sell, recording a further write-down of €3.9 million.

Lastly, note that following the closing down of the subsidiary RDM UK Ltd. further expenses of €20,000 were allocated to the “Provision for losses on investments”.

11. Taxes

The item stands at an expense of €1.1 million compared with an income of €2.8 million at December 31, 2013 and breaks down as follows:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Current taxes	**(633)**	**(500)**	**(133)**
IRAP for the year	(1,330)	(1,318)	(12)
IRES for the year	(261)	(159)	(102)
Adjustment from previous years	143	93	50
Income from tax consolidation (IRES)	815	884	(69)
Deferred taxes	**(513)**	**3,343**	**(3,856)**
IRES	(618)	3,385	(4,003)
IRAP	105	(42)	147
Total	**(1,146)**	**2,843**	**(3,989)**

The item "IRES deferred taxes" incorporates the allocation of advance taxes in the amount of €1.3 million and the release of deferred taxes in the amount of €0.7 million. For further information, reference is made to Note 17.

IRES for the period represents the tax relating to Reno De Medici S.p.A. which takes account of the national tax consolidation result. The increase, like the increase in IRAP, is connected to the increase in taxable income.

The item "Income from tax consolidation (IRES)" refers to the immediate recognition by the subsidiaries of the benefit resulting from the use of previous losses of Reno De Medici S.p.A. The decrease is due to the fall in the IRES taxable base from companies belonging to the tax consolidation scheme.

Reconciliation between the Theoretical and Actual Tax Burden (IRES)

The table below shows the reconciliation between the theoretical and actual IRES burden.

For the current period, Reno De Medici reported positive taxable income at the individual company level and at the level of tax consolidation.

IRES	Taxable income	% IRES	12.31.2014
(thousands of Euros)			
Profit (loss) before taxes	4,571		
Theoretical tax burden		27.50%	1,257
Reversal of temporary differences from previous years	(6,881)		
Temporary differences which will be reversed in future years	3,621		
Permanent differences which will not be reversed in future years	3,435		
Total differences	175		
Use of previous tax losses	(3,797)		
Actual tax burden	949	27.50%	261

Reconciliation between the Theoretical and Actual Tax Burden (IRAP)

IRAP	Taxable income	% IRAP	12.31.2014
(thousands of Euros)			
Difference between value and cost of production (excluding B9, B10 c), d) and B12 and B13)	41,466		
Costs for accident insurance and 'cuneo fiscale' (tax wedge) deductions	(11,038)		
Total	30,428		
Theoretical tax burden		3.90%	1,187
Permanent differences owing to higher regional rates	2,314		
Reversal of temporary differences from previous years	1,367		
Permanent differences which will not be reversed in future years	(5)		
Total differences	3,676		
Actual tax burden	34,104	3.90%	1,330
Effective tax rate		4.37%	

"Permanent differences owing to higher regional rates" refers to the application of the higher rate of 4.82% to the net value of production in the Lazio region.

12. Tangible assets

Changes in intangible assets during 2014 and 2013 were as follows:

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under development	Total
(thousands of Euros)							
Historical cost	22,145	77,181	379,820	1,803	9,054	2,828	492,830
Accumulated depreciation/write-downs		(43,644)	(298,177)	(1,720)	(9,029)		(352,570)
Net book value at 12.31.2012	**22,145**	**33,537**	**81,643**	**83**	**25**	**2,828**	**140,260**
Increases	-	183	4,040	38	9	3,308	7,578
Decreases (1)	-	(51)	(75,369)	-	(1)	0	(75,421)
Reclassification of cost	-	559	524	-	-	(1,083)	0
Depreciation for the period	-	(2,433)	(9,871)	(23)	(12)	-	(12,339)
Use of acc. depr.(1)	-	50	71,421	-	1	-	71,472
Write-downs	(1,120)	(1,586)	(252)	-	-	-	(2,958)
Value at 12.31.2013							
Historical cost	22,145	77,872	309,015	1,841	9,062	5,053	424,988
Accumulated depreciation/write-downs	(1,120)	(47,613)	(236,879)	(1,743)	(9,040)	-	(296,395)
Net book value at 12.31.2013	**21,025**	**30,259**	**72,136**	**98**	**22**	**5,053**	**128,593**

(1) The two items involve, respectively, the decrease in the historical cost and the turnaround of the accumulated depreciation following the disposal of assets that took place during the course of the year.

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under development	Total
(thousands of Euros)							
Historical cost	22,145	77,872	309,015	1,841	9,062	5,053	424,988
Accumulated depreciation/write-downs	(1,120)	(47,613)	(236,879)	(1,743)	(9,040)	0	(296,395)
Net book value at 12.31.2013	**21,025**	**30,259**	**72,136**	**98**	**22**	**5,053**	**128,593**
Increases		983	1,261	45	108	14,712	17,109
Decreases (1)		(2,440)	(17,233)	(463)	(241)		(20,377)
Reclassification of cost		1,694	2,321			(4,015)	0
							0
Depreciation for the period		(2,317)	(8,844)	(28)	(8)		(11,197)
Use of acc. depr.(1)		2,013	17,233	463	241		19,950
Write-downs / (use of provision)		(364)					(364)
							0
Value at 12.31.2014							0
Historical cost	22,145	78,109	295,364	1,423	8,929	15,750	421,720
Accumulated depreciation/write-downs	(1,120)	(48,281)	(228,490)	(1,308)	(8,807)	0	(288,006)
Net book value at 12.31.2014	**21,025**	**29,828**	**66,874**	**115**	**122**	**15,750**	**133,714**

(1) The two items involve, respectively, the decrease in the historical cost and the turnaround of the accumulated depreciation following the disposal of assets that took place during the course of the year.

Note that following the sale of the Ovaro business unit in 2012, the tangible fixed assets of the plant were transferred to R.D.M. Ovaro S.p.A., with the exception of the land and buildings, which remain the property of RDM.

"Land" includes the areas pertaining to mills at Magenta (MI), Santa Giustina (BL), Villa Santa Lucia (FR), and Marzabotto (BO).

"Buildings" relate mainly to the mills. The increases for the year refer to improvements made to properties owned.

Capital expenditure in 2014 amounted to €17.1 million (€7.6 million in 2013).

The goal of these investments was to reduce variable costs, increase production capacity, improve safety and quality. The main projects were:

- Santa Giustina mill: important rebuild of the board machine, specifically replacing the cylinders with a Fourdrinier machine and a new belt-type rolling press. This investment is aimed at increasing production capacity, reducing energy and pulp costs and improving quality;

- Villa Santa Lucia mill: improvement and modernization operations involving facilities and machinery. Specifically interventions for adapting the storm water collection system.

"Reclassification of cost" relates to the entry into service of "Assets in course of construction" at the end of the previous year.

"Industrial and commercial equipment" consists mainly of assets used in the production process at the various mills. Increases relate principally to miscellaneous purchases of immaterial single amounts.

"Other assets" consist mostly of electronic office machines and office furniture, fixtures and fittings.

Rights (mortgages and privileges) totaling €251.2 million attached to owned property, plant and machinery are pledged in favor of banks as security on loans for which the outstanding balance at December 31, 2014 amounted to €11.2 million.

In 2014 the Magenta mill buildings (€0.7 million) and Marzabotto mill buildings (€0.1 million) were written-down. More information can be found in Note 8. The write-down at December 31, 2013 concerned land and buildings at the Marzabotto mill (€0.8 million and €1.1 million respectively), remaining plant assets and certain parts of buildings at the Magenta mill (€1 million).

Disposals in 2014 mainly refer to the disposal of the assets of the Santa Giustina mill following the important rebuild of the board machine commented on above. 2013 also included the sale of the board machine at the Magenta mill.

More information on impairment tests can be found in the above section "Impairment Tests".

13. Intangible Assets

Changes in intangible assets during 2014 and 2013 were as follows:

Other intangible assets	Concessions, licenses, trademarks and similar rights	Assets under development	Total
(thousands of Euros)			
Net book value at 12.31.12	**990**	**259**	**1,249**
Increases	136	215	351
Depreciation and amortization for the year	(514)		(514)
Net book value at 12.31.13	**612**	**474**	**1,086**

Other intangible assets	Concessions, licenses, trademarks and similar rights	Assets under development	Total
(thousands of Euros)			
Net book value at 12.31.13	612	474	1,086
Increases	83	27	110
Reclassification	210	(210)	
Depreciation and amortization for the year	(328)		(328)
Net book value at 12.31.14	577	291	868

"Concessions, licenses trademarks and similar rights" relate to costs incurred for the purchase of software licenses.

"Reclassification of cost" relates to the entry into service of "Assets in course of construction" at the end of the previous year.

There have been no revaluations or write-downs of intangible assets during the year.

14. Investments in Subsidiaries

(thousands of Euros)	Historical cost 12.31.2013 A	Provision for losses on investment 12.31.2013 B	Net value 12.31.2013 C=A+B	Increase (Decrease) in investments D	Historical cost 12.31.2014 E=A+D	Increase (Decrease) in impairment provision F	Provision for losses on investment 12.31.2014 G=B+F	Net value 12.31.2014 H=E+G
Cartiera Alto Milanese S.p.A. in liquidation	2,864	(1,625)	1,239		2,864	287	(1,912)	952
Reno De Medici Arnsberg GmbH	54,113		54,113		54,113			54,113
Reno De Medici UK Ltd	1,717	(1,717)			1,717		(1,717)	
Cascades Grundstuck GmbH	3,470		3,470		3,470			3,470
Emmaus Pack S.r.l.	108		108		108			108
R.D.M. Ovaro S.p.A.	10,000		10,000		10,000			10,000
RDM Blendecques S.A.S.	4,345	(4,345)		2,193	6,538	2,193	(6,538)	
Reno De Medici Ibérica S.l.u.	80,323	(73,507)	6,816	(80,323)		(73,507)		
Carta Service Friuliana S.r.l. (1)				55	55			55
Total	**156,940**	**(81,194)**	**75,746**	**(78,075)**	**78,865**	**(71,027)**	**(10,167)**	**68,698**

(1) During the year the investment in Carta Service Friulana S.r.l. was reclassified from "Investments in associates, joint ventures and other companies" to "investments in subsidiaries" following the purchase of the remaining 50% of the corporate shares.

The following table shows the Company's percentage shareholding, the subsidiary's share capital, the subsidiary's shareholders' equity and the subsidiary's result for 2014. These data are presented in accordance with IFRS, except for Cartiera Alto Milanese S.p.A. in liquidation, Emmaus Pack S.r.l., R.D.M. Ovaro S.p.A. and Carta Service Friulana S.r.l. whose data are expressed in conformity with national accounting standards:

	Headquarter	Direct investment share	Share capital at 12.31.2014	Shareholders' equity at 12.31.2014	Profit (loss) for the year
(thousands of Euros)					
Cartiera Alto Milanese S.p.A. in liquidation	Milan (IT)	100%	200	1,130	68
Reno De Medici Arnsberg GmbH	Arnsberg (DE)	94%	5,113	52,156	1,991
Reno De Medici UK Ltd	Wednesbury (GB)	100%	12,215	(504)	(277)
Cascades Grundstuck GmbH	Arnsberg (DE)	100%	16	307	(8)
Emmaus Pack S.r.l.	Milan (IT)	51.39%	200	793	(120)
R.D.M. Ovaro S.p.A.	Milan (IT)	80%	12,500	13,465	2,221
RDM Blendecques S.A.S.	Blendecques (FR)	100%	1,037	(2,793)	(1,204)
Reno De Medici Ibérica S.I.u.	Prat de Llobregatt (ES)	100%	7,467	5,838	(978)
Carta Service Friuliana S.r.l.	Milan (IT)	100%	60	47	0

Reno De Medici Arnsberg GmbH is held directly at 94% and indirectly at 6% through Cascades Grundstück GmbH & Co. KG.

At the end of the current financial period the company gave a waiver for part of the receivables (€2.2 million) with regard to the subsdiary RDM Blendecques S.A.S.. The investment was written-down by the same amount following the result of the impairment test.

The investment in Cartiera Alto Milanese S.p.A. in liquidation was also written-down following the Company going into liquidation on September 8, 2014.

During the year, the investment in Carta Service Friulana S.r.l. was reclassified from "Investments in associates, joint ventures and other companies" to "investments in subsidiaries" and its value increased following the purchase of the remaining 50% of the corporate shares in May 2014.

Lastly, the investment in Reno De Medici Ibérica S.l.u. was reclassified from "investments in subsidiaries" to " assets held for sale". For further information, reference is made to Note 23.

15. Investments in Associates, Joint Ventures and other companies

The table below shows equity investments in associates, joint ventures and other companies by investment:

	Registered office	Investment share	Book value 12.31.2013	Reclassification	Book value 12.31.2014
(thousands of Euros)					
Careo S.r.l.	Milan (IT)	70%			
Manucor S.p.A.	Milan (IT)	22.75%			
Pac Service S.p.A.	Vigonza (IT)	33.33%	387		387
Carta Service Friuliana S.r.l. (1)	Milan (IT)	100%	30	(30)	
Zar S.r.l.	Silea (IT)	33.33%	30		30
Total equity investments in associates and joint ventures		(1)	**447**	**(30)**	**417**
C.I.A.C. S.c.r.l.	Valpenga (TO)- Italy	Consortium share	1		1
Cartonnerie Tunisienne S.A.	Les Berges Du Lac- Tunis	5.274%	121		121
Comieco	Milan- Italy	Consortium share	30		30
Conai	Milan- Italy	Consortium share	23		23
Consorzio Filiera Carta	Isola del Liri (Fr)- Italy	Consortium share	7		7
Energymont S.p.A.	Tolmezzo- Italy	2.020%			
Gas Internsive S.c.r.l.	Milan- Italy	Consortium share	1		1
Idroenergia S.c.r.l.	Aosta- Italy	Consortium share	1		1
Total equity investments in other companies			**184**		**184**
Total equity investments			**631**		**601**

(1) During the year the investment in Carta Service Friulana S.r.l. was reclassified from "Investments in associates, joint ventures and other companies" to "investments in subsidiaries" following the purchase of the remaining 50% of the corporate shares.

The table below summarizes the key figures from the statement of financial position and the income statement of Careo S.r.l., Manucor S.p.A., Pac Service S.p.A. and ZAR S.r.l. as at December 31, 2014, approved by the respective Boards of Directors:

	Careo S.r.l.	Manucor S.p.A.	Pac Service S.p.A.	Zar S.r.l.
(thousands of Euros)				
Total assets	7,364	114,612	12,889	7,089
Shareholders' Equity	371	8,131	6,166	139
Other liabilities	6,993	106,481	6,723	6,950
Value of production	13,061	166,839	19,896	13,905
Profit (loss) for the year	324	(9,700)	1,091	18

As illustrated in Note 14, the investment in Carta Service Friulana S.r.l. was reclassified following the purchase of the remaining 50% of the corporate shares.

Investments in other companies, mainly comprising the investment in Cartonnerie Tunisienne S.p.A. of €0.1 million and other minor items relating to the investments in consortia, are recorded at cost adjusted for any impairment as their fair value cannot be reliably measured.

16. Deferred tax assets

Changes in deferred tax assets were as follows:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Non-current assets	2,033	2,632	(599)
Total deferred tax assets	**2,033**	**2,632**	**(599)**

The table below provides a summary of the calculation of deferred tax assets and liabilities from temporary differences as at December 31, 2014:

Taxes	12.31.2014			12.31.2013		
	Temporary differences	Tax %	Tax effect	Temporary differences	Tax %	Tax effect
(thousands of Euros)						
Recognized deferred tax assets	**31,250**		**8,506**	**36,232**		**9,836**
Tax losses to carry forward	27,656	27.50%	7,605	28,634	27.50%	7,874
Write-downs for extended impairment	540	31.40%	170		3.90%	
Inventory write-downs	389	3.90%	15	470	3.90%	18
Provisions for future charges (IRAP)	30	3.90%	1	30	3.90%	1
Provisions for future charges (IRES)	2,040	27.50%	561	2,850	27.50%	784
Other temporary differences (IRAP)	42	3.90%	2	42	3.90%	2
Other temporary differences (IRES)	593	27.50%	163	788	27.50%	217
Valuation of derivatives with hedge accounting	(40)	27.50%	(11)	270	27.50%	74
Non-deductible interest expense		27.50%		3,148	27.50%	866
Recognized deferred tax liabilities	**20,765**		**6,473**	**23,137**		**7,204**
Depreciation in excess of amount allowed for tax purposes	19,542	31.40%	6,137	21,565	31.40%	6,772
Other temporary differences (IRES)	49	27.50%	13	49	27.50%	13
Misalignment of TFR for IFRS application	1,174	27.50%	323	1,523	27.50%	419
Net recognized deferred tax (assets) liabilities			**(2,033)**			**(2,632)**
Unrecognized deferred tax assets	**14,173**		**3,980**	**19,060**		**5,356**
Write-downs for extended impairment	2,127	31.40%	668	2,959	31.40%	929
Inventory write-downs	389	27.50%	107	470	27.50%	129
Bad and doubtful receivables	979	27.50%	269	1,465	27.50%	403
Provisions for future charges (IRES)	2,032	27.50%	559	1,067	27.50%	293
Reportable ROL (reduction in work hours)	2,026	27.50%	557		27.50%	-
Tax losses to carry forward	6,620	27.50%	1,820	13,099	27.50%	3,602
Unrecognized deferred tax assets			**3,980**			**5,356**

Tax assets and liabilities for deferred taxes are offset when permitted by law. Following the recording of deferred IRES tax assets (€1.3 million) and the release of IRES deferred tax liabilities (€0.7 million) in the year ending a receivable for net deferred IRES and IRAP tax assets of €2 million (€2.6 million at December 31, 2013) were recorded.

The origin of these deferred tax liabilities lies mostly in the excess of the statutory carrying amounts of certain fixed asset items over their tax bases. This situation arose following the allocation of the deficit that emerged during the 1998 merger and the effects of the transition to IFRS. Deferred tax liabilities therefore represent the future tax expense that will be incurred by the Company as a consequence of the fact that a portion of annually accounted depreciation will not be deductible from taxable income calculated for IRES and IRAP purposes.

Deferred tax assets are recognized where it is probable that the Company will have taxable income in the future, including the deferral of taxable temporary differences to future years, that will allow the utilization of deductible temporary differences or tax losses carried forward. Deferred tax assets have been recognized on the portion of previous tax losses and interest expense not deducted in previous years and deemed to be recoverable from future taxable income identified in the Company's business plans. This is possible because Decree Law no. 98 of July 6, 2011 (the so-called "2011 Emergency Budget") allows tax losses to be carried forward for an unlimited time.).

The Company's past tax losses from the tax consolidation scheme come to €34.3 million as at December 31, 2014. This amount includes the use of losses under the scope of the tax consolidation scheme and the definition of the 2008-9 settlement of the tax inspection described in the Directors' Report which should be referred to.

17. Other Current and Non-Current Receivables

The table below shows a breakdown of other current and non-current receivables:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Guarantee deposits	381	439	(58)
Other receivables	16	16	
Non-current receivables	**397**	**455**	**(58)**
Tax receivables	582	217	365
Miscellaneous receivables	3,530	7,410	(3,880)
Accrued income	229	329	(100)
Financial receivables	249	115	134
Current receivables	**4,590**	**8,071**	**(3,481)**
Total	**4,987**	**8,526**	**(3,539)**

Other receivables are receivables from companies in liquidation as well as a deposit in favor of a factoring company (€0.2 million as at December 31, 2014 compared to €0.3 million as at December 31, 2013) and other guarantee deposits.

The current portion of "Tax receivables" mainly relate to VAT receivables for the month of December and other tax receivables.

The current portion of "Miscellaneous receivables" mainly includes the amount for the allocation of Energy Efficiency Certificates (€0.9 million as at December 31, 2014 compared with €4.3 million as at December 31, 2013) and the monetary receivable for being assigned the qualification of "new entrant" in the ETS (emission trading system) / 2 system (€0.9 million). The decrease in this item is due to the decrease in receivables for the allocation of energy efficiency certificates and the collection of the receivable from the purchaser of the Magenta board machine which was sold during last year (€0.8 million). It also includes a second deposit in favor of a factoring company equal to €0.9 million (which is not significantly different from 2013) and receivables from social security authorities for advances made during recourse to the wage guarantee fund (€0.7 million compared with €0.5 million in the previous year).

"Prepaid expenses" refer mainly to various service costs, insurance and rentals.

"Financial receivables" are receivables from a factoring company following the sale of a loan with recourse.

18. Inventories

The table below provides a breakdown of inventories at December 31, 2014:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Raw and ancillary materials and consumables	13,993	13,566	427
Provisions for obsolescence	(389)	(470)	81
Finished goods and goods for resale	23,278	25,596	(2,318)
Total	**36,882**	**38,692**	**(1,810)**

Looking at individual items, note that the slight increase in inventories of "raw and ancillary materials and consumables" is related to the normal procurement cycle for raw materials.

With reference to "finished goods and goods for resale", note that the decrease in stocks (-9.06%) is due to a net working capital optimization process in order to partly offset the temporary slow-down in production at the Santa Giustina mill.

19. Trade receivables

The table below shows the changes in trade receivables from third parties, which amounted to €27.2 million as at December 31, 2014:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Trade receivables	27,169	28,319	(1,150)
Current trade receivables	**27,169**	**28,319**	**(1,150)**

The decrease in receivables compared with the previous year is due to the decrease in sales revenues (-€7.1 million equal to -3.28%) partly offset by the reduction in the without recourse factoring program (€16.3 million compared with €22.5 million as at December 31, 2013).

The item is stated net of €1.9 million of provisions for bad and doubtful receivables. The table below sets out the changes for the year in those provisions:

	12.31.2013	Provisions	Drawings	12.31.2014
(thousands of Euros)				
Provisions for bad and doubtful receivables	2,467	123	(715)	1,875
Total	**2,467**	**123**	**(715)**	**1,875**

The table below provides a breakdown of current trade receivables by geographical area:

	12.31.2014	12.31.2013
(thousands of Euros)		
Italy	23,723	20,430
EU	335	840
Rest of world	3,111	7,049
Total	**27,169**	**28,319**

20. Receivables from Group Companies

“Receivables from Group companies”, equal to €9.6 million, break down as follows:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Receivables from subsidiaries	9,384	16,185	(6,801)
Total receivables from subsidiaries	**9,384**	**16,185**	**(6,801)**
Receivables from joint ventures	226	501	(275)
Total receivables from joint ventures	**226**	**501**	**(275)**
Total receivables from Group companies	**9,610**	**16,686**	**(7,076)**

“Receivables from subsidiaries”, equal to €9.4 million, break down as follows:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Cartiera Alto Milanese S.p.A. in liquidation	828	5,942	(5,114)
Emmaus Pack S.r.l.	5,529	5,927	(398)
Reno De Medici Ibérica S.l.u.	718	964	(246)
R.D.M. Ovaro S.p.A.	720	819	(99)
Reno De Medici Arnsberg Gmbh	590	667	(77)
RDM Blendecques S.A.S.	999	1,832	(833)
Reno De Medici UK Ltd		34	(34)
Total	**9,384**	**16,185**	**(6,801)**

The net decrease in this item is mainly due to the reduction in sales with regard to the subsidiary Cartiera Alto Milanese S.p.A. in liquidation following the termination of operations during the 2nd half of 2014 as well as Emmaus Pack S.r.l., Reno De Medici Ibérica S.l.u. and R.D.M. Ovaro S.p.A. In other cases, it is due to the dynamics of collections received during the course of 2014.

Note that receivables from subsidiaries includes the sum of €710,000 (€969,000 at the end of the previous year) arising from the tax consolidation scheme of which €521,000 pertains to R.D.M. Ovaro S.p.A., €150,000 to Emmaus Pack S.r.l. and €39,000 to Cartiera Alto Milanese S.p.A. in liquidation. The decrease in the item is due to the decrease in the taxable income of companies belonging to the national tax consolidation scheme.

"Receivables from joint ventures" amount to €226,000 and break down as follows:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Careo S.r.l.	226	374	(148)
Carta Service Friuliana S.r.l. (1)		127	(127)
Total receivables from joint ventures	226	501	(275)

(1) In May 2014 Reno De Medici S.p.A. bought all the corporate shares of CSF S.r.l.

The decrease in the item is due to the collection of the receivable from Carta Service Friulana S.r.l. as well as the decrease in the receivable from Careo S.r.l. due to both the dynamics of the collections and the decrease in the receivable resulting from joining the national tax consolidation scheme (€100,000 at the end of 2014 compared with €151,000 at the end of 2013).

These receivables, which result from commercial relations and relations connected to the provision of services by the Company to its subsidiaries and joint ventures, are settled under normal market conditions.

21. Other receivables from Group Companies

These receivables relate to the cash-pooling arrangement with Group companies:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Reno De Medici UK Ltd		664	(664)
RDM Ibérica S.l.u.		560	(560)
Emmaus Pack S.r.l.	1,532	1,467	65
RDM Blendecques S.A.S.	5,339	1,364	3,975
Total receivables from subsidiaries	6,871	4,055	2,816
Zar S.r.l.	372	90	282
Total receivables from joint ventures	372	90	282
Total receivables from Group companies	7,243	4,145	3,098

The net increase in the item is due mainly to the increase in the receivable from the subsidiary RDM Blendecques S.A.S. (+€4.0 million) only partly offset by the decrease in the receivable with regard to the subsidiaries RDM Ibérica S.l.u. and Reno De Medici Uk Ltd. This last receivable was written-down by a further €152,000 following the non-recoverability of the latter as operations at the subsidiary were terminated.

22. Net financial position

The table below provides a breakdown of the net financial position at December 31, 2014 and 2013:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Cash	9	13	(4)
Funds available from banks	2,078	2,265	(187)
A. Cash and cash equivalents	2,087	2,278	(191)
Other receivables from Group Companies	7,243	4,145	3,098
Receivables from other lenders	249	115	134
B. Current financial receivables	7,492	4,260	3,232
1.. Current payables to banks	*17,717*	*22,362*	*(4,645)*
2.. Current portion of medium- and long-term loans	*14,294*	*12,275*	*2,019*
3.. Payables to other lenders	*54*	*94*	*(40)*
Payables to banks and other lenders (1+2+3)	32,065	34,731	(2,666)
Other payables to Group Companies	26,079	22,045	4,034
Derivatives- current financial liabilities	268	389	(121)
C. Current financial debt	58,412	57,165	(1,247)
D. Net current financial debt (C- A- B)	48,833	50,627	(1,794)
Payables to banks and other lenders	15,140	18,620	(3,480)
Financial payables to subsidiaries	-	714	(714)
Derivatives- non-current financial liabilities	18	281	(263)
E. Non-current financial debt	15,158	19,615	(4,457)
F. Net financial debt (D+G)	63,991	70,242	(6,251)

The Company had net financial debt of €64.0 million as at December 31, 2014 (compared with €70.2 million as at December 31, 2013). The decrease in the item (€-6.3 million) is mainly attributable to the positive operations and actions undertaken for containing working capital, which more than offset the lesser recourse to non-recourse factoring.

Short-term payables to banks, equal to €17.7 million (€22.4 million at December 31, 2013), consist of utilization of commercial facilities made up mainly of facilities for the sale of receivables from customers.

“Other receivables from Group companies” and “Other payables from Group companies” consist of financial balances resulting from cash-pooling transactions carried out as part of the Group’s centralized financial management.

The table below shows outstanding medium- and long-term loans, broken down by due date and recorded at nominal value:

	within 12 months	over 12 months	over 60 months	total
(thousands of Euros)				
M.I.C.A.- maturing February 13, 2017	153	324		477
San Paolo Imi- due April 6, 2016				
San Paolo Imi fin.pool- tranche A- due 6/4/2016 4/6/2016	7,258			7,258
San Paolo Imi fin.pool- tranche B- due 6/4/2016 4/6/2016	3,000			3,000
Banca Pop. Emilia Romagna- due 5/15/2016	620	310		930
Banco Popolare – due 9/30/2017	1,616	2,990		4,606
Banca Popolare di Bergamo- due 8/5/2019	1,831	7,727		9,558
Total nominal debt	**14,478**	**11,351**		**25,829**
Amortized cost effect	(184)	(111)		(295)
Total debt using amortized cost method	**14,294**	**11,240**		**25,534**

RDM is bound by certain restrictions and commitments with tolerance thresholds for the syndicated loans that are normal for loans of this nature; among these are limitations on assuming additional debt, distributing dividends, providing collateral (a negative pledge), disposing of core assets, and restrictions on making investments and carrying out extraordinary financial transactions.

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

- Net financial position/Shareholders’ equity;
- Net financial position/Gross operating profit;
- Gross operating profit /Net financial expense.

These financial parameters are calculated semi-annually using results from the Group’s consolidated financial statements and the Group’s interim consolidated reports starting on December 31, 2006, and the semi-annual calculations of the Group’s gross operating profit and net financial expense are based on the 12-month period ending on the last day of the half-year concerned. In the event of non-compliance with the financial covenants, the lending banks may terminate the loan agreement: at December 31, 2014, the financial parameters were complied with.

Note that 2014 also featured the restructuring of the Company's medium to long-term financial debt, especially with regard to extending the duration, since a substantial portion of the pre-existing debt will be due in the first half of 2016.

Although the restructuring process is not yet complete, important results have already been achieved, in tangible terms in summer with the signing of two new loans for a total of €15 million.

These loans require the approval of several lenders holding existing loans, approval which has been requested under the terms and conditions. This has not yet been formalized as the existing debt with these lenders is being renegotiated. As a result, in accordance with IAS 1, the residual medium to long-term portion of this debt has been reclassified as short-term debt for an amount of €3.4 million. In any event, note that the waiver in the process of being obtained does not involve any criticalities.

In 2014 principal repayments of €20.4 million were made.

In terms of collateral, the Parent Company loan agreement requires, inter alia, RDM to provide mortgages on the Marzabotto, Magenta, Santa Giustina and Villa Santa Lucia mills, in the total amount of €120 million. This collateral is related to the syndicated loan.

Special liens on the Marzabotto, Magenta, Santa Giustina and Villa Santa Lucia mills' plant and machinery are given as collateral, in the total amount of €120 million.

A variable-rate loan agreement was entered into with Banca Popolare dell'Emilia Romagna on April 13, 2006 in the amount of €6.2 million. The loan falls due on May 15, 2016 and is repayable in semi-annual installments. This loan involves the grating of a mortgage on the Marzabotto, Magenta, Santa Giustina and Villa S.Lucia mills for a total amount of €11.2 million.

A variable-rate loan agreement was entered into with Banca San Paolo Imi, on December 31, 2006 in the amount of €14.7 million. The loan falls due on April 6, 2016. This loan was repaid early in full on December 15, 2014 and therefore the mortgages on the buildings as well as the mortgages and special liens on the plant have lapsed.

A loan of €5 million was disbursed by Banco Popolare on August 04, 2014, with the agreement signed on July 31, 2014. It is a variable rate loan agreement due on September 30, 2017. The installments are quarterly from December 31, 2014.

A loan of €10 million was disbursed by UBI Banca Popolare on August 05, 2014, with the agreement signed on August 05, 2014. It is a variable rate loan agreement due on August 05, 2019. The installments are quarterly from November 05, 2014. A guarantee on this loan was issued by SACE S.p.A. worth €5 million. In addtion, this loan requires compliance with several financial parameters subject to annual review. At December 31, 2014 these financial parameters had been complied with.

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as of December 31, 2014: More information on the derivative instruments outstanding can be found in Note 25.

23. Assets held for sale

The item at December 31, 2014 breaks down as follows:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Reno De Medici Ibérica S.l.u.	(1,838)		(1,838)
Total	**(1,838)**		**(1,838)**

Note that the Board of Directors of Reno De Medici S.p.A. confirmed the decision that the Spanish operation of Reno De Medici Ibérica S.l.u. is no longer a strategic asset for the Group. Also note that in the fourth quarter of 2014, contacts with perspective buyers had already been initiated. In view of the progress of negotiations at December 31, 2014, the sale of the subsidiary was deemed to be "highly probable" as it was subsequently confirmed by the purchase offers received. The sale is expected to be completed during 2015.

Therefore the carrying amount of the Spanish investment has been aligned to the fair value less cost to sell, with an income statement write-down for a total amount of €4.9 million included the effect of the impearment test as commented on in Note 10.

Finally, it is noted that the investment was reclassified from "investments in subsidiaries" to "assets held for sale".

24. Shareholders’ Equity

Changes in shareholders’ equity during 2014 are set out in the following table:

		Changes in the year					
Description	Shareholders’ equity at 12.31.2013	Allocation of the profit (*)	*“Actuarial gain/(loss)”*	Other reserves	*Hedge accounting*	Profit (loss) for the year	Shareholders’ equity at 12.31.2014
(thousands of Euros)							
Share capital	185,122						185,122
Legal reserve	408	35					443
Other reserves:							
- Extraordinary reserve	1,150						1,150
- Hedging reserve	(195)				224		29
- Ovaro sale reserve	3,105						3,105
- Reserve for actuarial gain (loss)	(1,258)		(674)				(1,932)
Retained profits (losses)	(42,622)	642					(41,980)
Profit (loss) for the year	677	(677)				3,425	3,425
Total	**146,387**		**(674)**		**224**	**3,425**	**149,362**

The Shareholders’ Meeting on April 29, 2014 resolved to allocate the Company’s earnings for 2013 equal to €676,470.84 by way of €33,823.54 to the legal reserve and €642,647.30 to cover previous losses.

The table below shows the number of outstanding shares as at December 31, 2014 and December 31, 2013:

	12.31.2014	12.31.2013	Change
Shares issued	377,800,994	377,800,994	
Total shares outstanding	377,800,994	377,800,994	

In accordance with article 5 of the Company’s By-Laws, holders of savings shares may convert such shares to ordinary shares in February and September each year.

In 2014, 4,017 savings shares were converted to ordinary shares. As a result of this, the share capital at December 31, 2014, fully subscribed and paid-up, could be broken down as follows:

	Number	Total value
Ordinary shares	377,509,870	184,979,836.30
Savings shares	291,124	142,650.76
Total	**377,800,994**	**185,122,487.06**

It is noted, as described in further detail in the Directors' Report, that the Extraordinary Shareholders' meeting held on September 2, 2013 resolved to eliminate the nominal value of shares.

On February 1-28, 2015, 2,500 savings shares were converted to ordinary shares with dividend entitlement as of January 01, 2014.

With reference to the savings shares, the RDM By-Laws require that if a dividend of less than 5% of the value of the share (€0.49) is assigned to the savings shares in a financial year, the difference is calculated as an increase in the privileged dividend in the next two financial years. No dividends were awarded in 2013 and 2014.

The table below provides a breakdown of each item of shareholders' equity by availability, origin and use in previous years, as required by Article 2427, no. 7-bis of the Italian Civil Code:

Description	Amount at 12.31.2014	Possibilities of use (1)	Available portion	Summary of use in the years 2013- 2012- 2011 to cover losses	for other purposes
(thousands of Euros)					
Share capital	185,122				
Legal reserve	443	B			
Other reserves:					
- Extraordinary reserve	1,150	A,B,C			
- Hedging reserve	29				
- Reserve for sale of Ovaro business unit	3,105				
- Reserve for actuarial gain (loss)	(1,932)				
Previous retained profits (losses)	(41,980)				
Total	**145,937**				
Non-distributable portion (2)					
Distributable portion remaining					

(1) Possible utilization key:

A) to increase share capital

B) to cover losses

C) to distribute to shareholders

(2) The non-distributable portion refers to foreign exchange rate net earnings at the end of the year.

The table below shows the tax effect relating to the components of comprehensive income:

	12.31.2014			12.31.2013		
	Gross value	Tax (charge) benefit	Net value	Gross value	Tax (charge) benefit	Net value
(thousands of Euros)						
Change in fair value of cash flow hedges	*310*	*(86)*	*224*	*506*	*(139)*	*367*
"Actuarial gain/(loss)"	*(674)*		*(674)*	*372*		*372*

25. Derivative instruments

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as of December 31, 2014:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Derivative financial instruments (hedge accounting)		227	(227)
Derivative financial instruments (no hedge accounting)	18	54	(36)
Non-current liabilities	18	281	(263)
Derivative financial instruments (hedge accounting)	250	361	(111)
Derivative financial instruments (no hedge accounting)	18	28	(10)
Current liabilities	268	389	(121)
Total	286	670	(384)

As at December 31, 2014, the derivative financial instruments represented by interest rates swaps had a fair value of €286,000. Note that, following the reclassification of the residual debt regarding the syndicated loan from the non-current portion to the current portion as commented on in Note 22, the liability from the fair value of the IRS hedging this loan was also reclassified from "non-current liabilities" to "current liabilities".

The table below shows the main features of the derivative financial instruments outstanding as of December 31, 2014:

Company	Counterparty	Currency	Due date	Notional value (€/000)	Interest	Liquidation interest	*Fair value of derivative (€/000)*
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	04.06.2016	4,500	4.11% fixed	half-yearly	(167)
					Euribor 6m		
Reno De Medici S.p.A.	Unicredit Banca d'Impresa S.p.A.	Eur	04.06.2016	2,250	4.11% fixed	half-yearly	(83)
					Euribor 6m		
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	05.15.2016	930	4.15% fixed	half-yearly	(36)
					Euribor 6m		
				7,680			(286)

26. Other Current and Non-Current Payables

The table below provides a breakdown of other current and non-current payables:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Deferred income	182	234	(52)
Miscellaneous payables			
Other non-current payables	182	234	(52)
Payables to personnel	2,088	2,026	62
Payables to social security authorities	2,122	2,090	32
Tax payables	828	1,152	(324)
Miscellaneous payables	786	303	483
Company bodies	388	681	(293)
Accrued expenses and deferred income	52	52	
Other current payables	6,265	6,305	(40)
Total other payables	6,447	6,539	(92)

The non-current portion of the item "Other payables" at December 31, 2014 stands at €0.2 million and refers to the non-current portion of the contribution pertaining to Law 488 relating to the Villa Santa Lucia mill.

The current portion of "Other payables" as at December 31, 2014 stood at €6.3 million and is essentially in line with the previous year. Specifically, note the decrease in VAT payables at the end of the year and payables to corporate bodies, offset by the increase in "Miscellaneous payables".

The item "Payables to personnel" mainly includes payables for deferred compensation.

"Payables to social security authorities" relate mainly to social security contributions due on current wages and salaries acknowledged to employees in December and paid in January 2015, and to provisions for social security contributions due on deferred compensation (employee leave, additional months' salaries paid as a bonus, and overtime). This item was in line with the previous year.

"Tax payables" relate to VAT payables, to withholding tax due on remuneration paid to employees in December, and to miscellaneous tax payables. The decrease recorded above is due, in the main, to the December 2014 VAT credit position, compared with the position in debt in December 2013.

The current portion of "Miscellaneous payables" rose mainly as a result of the allocation of payables to local authorities for taxes.

"Deferred income" relates mainly to the portion of the Law no. 488 grant pertaining to the next financial year.

27. Employee benefits

The table below shows a comparison between the situation at December 31, 2013 and December 31, 2014:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Employee benefits- TFR	7,649	8,950	(1,301)
Non-current employee benefits	7,649	8,950	(1,301)
Incentive plans		250	(250)
Employee benefits- TFR	893	268	625
Current employee benefits	893	518	375
Total	8,542	9,468	(926)

Following the legislative changes in previous years regarding the TFR, the Company has continued to recognize its obligations accrued as at December 31, 2006 in accordance with rules for defined-benefit plans, while it recognizes its obligations accruing from January 1, 2007, due to supplementary pension funds or the treasury fund of the INPS (Italian social security institute), on the basis of the contributions due during the period.

The actuarial valuation of TFR as at December 31, 2014, in accordance with IAS 19, was made by an independent actuary on the basis of information provided by the Company.

The following demographic assumptions were used by the actuary:

- RG48 table was used to estimate mortality rates for employees being assessed (source: Ragioneria Generale dello Stato, which is the Italian State General Accounting Department);
- INPS table broken down by age and gender was used to estimate incapacity rates for employees being assessed;
- for the purposes of estimating pension requirements, it was assumed that workers will meet the minimum requirements of the Assicurazione Generale Obbligatoria (Compulsory General Insurance);
- an annual turnover frequency of 5.00% was assumed to estimate the probability of employees leaving for reasons other than death;
- an annual figure of 3.00% was assumed to estimate the probability of advances on the TFR.

The economic and financial assumptions used were as follows:

	Italy
Annual discount rate	0.91%
Annual inflation rate	0.60% for 2015
	1.20% for 2016
	1.50% for 2017-8
	2.0% from 2019
TFR annual rate of increase	1.950% for 2015
	2.400% for 2016
	2.625% for 2017-8
	3.000% from 2019
Salary annual rate of increase	Executives 1.50%
	White-collars 0.50%
	Blue-collars 0.50%

Changes in the actuarial value of employee benefits for the year were as follows:

	Employee benefits
(thousands of Euros)	
Actuarial value at 12.31.2013	8,950
Interest cost	206
Benefits paid	(2,181)
Actuarial gains/losses	674
Actuarial value at 12.31.2014	7,649

The 2013 financial statements include the provision of €250,000 with regard to the new management plan based on Phantom Share Performance for 2011-2012-2013, because, in spite of the deterioration of the general macro economic situation, current and future, one of the pre-set targets was reached.

28. Non-Current Provisions for Risks and Charges

The balance at December 31, 2014 was as follows:

	12.31.2013	Other changes	Provisions	Drawings	12.31.2014
(thousands of Euros)					
Provisions for future charges	4,806	(73)	1,674	(2,293)	4,114
Provisions for losses on investments			20		20
Total	**4,806**	**(73)**	**1,694**	**(2,293)**	**4,134**

With reference to the "Provision for future charges", the utilization in the period, equal to €2.3 million, is firstly due to the use of the redundancy fund (€2 million) and the provision set aside for the costs for the dismantling of the Marzabotto mill buildings as well as the definition of several ongoing disputes.

The provision for the year, equal to €1.7 million, refers mainly to the costs deriving from redundancy procedures and to provisions needed to cover costs of future staff layoffs totaling €1.3 million. Provision has also been made for the cost of future hedging of the new landfill site at the Villa Santa Lucia mill (€0.4 million).

The other changes include the release of a portion of the excess provision following the agreement of a tax settlement for the year 2008 relating to the tax audit which ended in 2011 regarding commercial relations between suppliers in so-called black listed countries, primarily Switzerland.

The provision for "Provision for losses on investments" refers to the subsidiary Reno De Medici UK Ltd.

29. Trade payables

"Trade payables" to third-party suppliers were €50.6 million (€58.3 million as at December 31, 2013) and are all due within less than 12 months. They are stated net of trade discounts and adjusted for any returns or rebates agreed with the counterparty.

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Trade payables	50,581	58,336	(7,755)
Current trade payables total	**50,581**	**58,336**	**(7,755)**

The net reduction in payables compared with the previous year was mainly determined by the decrease in production costs (raw materials and services, primarily energy).

30. Payables to Group Companies

Payables to Group companies arise from commercial relations with Group companies and are settled under normal market conditions.

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Payables to subsidiaries	712	494	218
Total payables to subsidiaries	**712**	**494**	**218**
Payables to associates and joint ventures	2,203	3,841	(1,638)
Total payables to associates and joint ventures	**2,203**	**3,841**	**(1,638)**
Total payables to Group companies	**2,915**	**4,335**	**(1,420)**

The table below shows a breakdown of current payables to subsidiaries:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Reno De Medici Arnsberg GmbH	73		73
RDM Blendecques S.A.S.	387		387
Cartiera Alto Milanese S.p.A. in liquidation	9		9
Emmaus Pack S.r.l.	5	25	(20)
Reno De Medici Ibérica S.l.u.	31	42	(11)
R.D.M. Ovaro S.p.A.	207	427	(220)
Total payables to subsidiaries	**712**	**494**	**218**

"Payables to associates and joint ventures" continues to be dominated by the payable to the Careo Group and also features the smaller premium payable to Pac Service S.p.A, as shown the table below:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Pac Service S.p.A.	154	152	2
Total payables to associates	154	152	2
Careo S.r.l.	1,948	3,295	(1,347)
Careo S.A.S.	18		18
Zar S.r.l.	83	267	(184)
Manucor S.p.A.		127	(127)
Total payables to joint ventures	2,049	3,689	(1,640)
Total payables to associates and joint ventures	2,203	3,841	(1,638)

31. Other payables to Group Companies

The item "Other payables to Group companies" classified in the current section represents the cash pooling payable to Group companies. As at December 31, 2013, it also represented the portion subject to repayment in the next 12 months relating to the loan supplied by Reno De Medici Arnsberg GmbH (€714,000).

The non-current portion breaks down as follows:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Reno De Medici Arnsberg GmbH		714	(714)
Total other non-current payables to subsidiaries		714	(714)
Total other non-current payables to Group companies		714	(714)

The non-current portion refers to a loan supplied by Reno De Medici Arnsberg GmbH for a sum of €0.7 million. At December 31, 2014 the loan for which the portion will be repaid within 12 months is still in existence.

The breakdown of the current portion of payables of a financial nature is given below:

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
Cartiera Alto Milanese S.p.A. in liquidation	1,418	1,705	(287)
Reno De Medici Arnsberg GmbH	12,618	12,130	488
RDM Blendecques S.A.S.	13	610	(597)
R.D.M. Ovaro S.p.A.	9,171	6,985	2,186
Reno De Medici Ibérica S.l.u.	414		414
Total other current payables to subsidiaries	23,634	21,430	2,204
Careo S.r.l.	2,445	615	1,830
Total current other payables to joint ventures	2,445	615	1,830
Total other current payables to Group companies	26,079	22,045	4,034

32. Current taxes

The item as at December 31, 2014 represents the payable to the Treasury for IRES pertaining to the year ended excluding payments on account, while at December 31, 2013 it also included the payment to the Treasury of IRAP.

	12.31.2014	12.31.2013	Change
(thousands of Euros)			
IRES payables	178	383	(205)
IRAP payables		300	(300)
Total current taxes	178	683	(505)

33. Non-Recurring Transactions and Abnormal and/or Unusual Transactions

Significant Non-Recurring Events and Transactions

The effects of non-recurring transactions, as defined in Consob Communication no. DEM/6064293, are shown in the income statement and described in the notes to the relevant items.

The financial position, results and cash flows of Reno De Medici S.p.A. have not been affected by any events and significant non-recurring transactions. This refers to transactions or events which do not occur frequently as part of normal operations.

Positions or Transactions Deriving from Abnormal and/or Unusual Transactions

In 2014 there were no atypical and/or unusual transactions defined by the above-mentioned Consob communication DEM/6064293 implemented by the Company. Abnormal and/or unusual transactions are transactions which due to their size, their importance, the nature of the counterparties, their subject, the means of interpreting their price and the timing may give rise to doubt over:

- the completeness and accuracy of the information provided in the financial statements;
- conflicts of interest;
- the safeguarding of company assets;
- the protection of minority shareholders.

34. Contingent liabilities and commitments and other collateral given to third parties

More information on the principal disputes in which the Company is involved can be found in the "Other information" section of the Directors' Report.

Commitments and collateral given to third parties include:

- sureties of €4.1 million issued in favor of the Province of Belluno regarding the landfill site at the Santa Giustina (BL) mill;
- a surety of €421,000 issued in favor of the Region of Lazio regarding the landfill site at the Villa Santa Lucia (FR) mill;
- sureties of €2.3 million issued to the Comieco consortium;
- sureties of €67,000 issued in favor of the customs authorities;
- a surety of €90,000 issued in favor of the Province of Milan;
- a surety of €386,000 issued in favor of the Province of Frosinone;
- a surety of €395,000 issued in favor of the Cassa Conguaglio;
- a surety of €72,000 issued in favor of the Polytechnic Institute of Milan;
- a surety of €88,000 issued in connection with property leases;
- a surety of €177,000 issued in favor of Stogit S.p.A.;
- sureties of €228,000 issued in favor of Terna S.p.A.;

- a surety of €718,000 issued in favor of the Revenue Agency for Carta Service Friulana S.r.l. and Cartiera Alto Milanese in liquidation S.p.A.;

- a surety of €1.8 million issued in favor of Unicredit;

- a surety of €8.7 million issued in favor of Andritz.

There are mortgages totalling €13.2 million attached to the Ovaro (UD) mill assets, guaranteeing three loans granted to the subsidiary R.D.M. Ovaro S.p.A. by the Banca Mediocredito del Friuli Venezia Giulia S.p.A. (€11.9 million) and by the regional finance company Friuli Venezia Giulia S.p.A. (€1.3 million), whose residual value at December 31, 2014 was €9.9 million.

As part of the sale of the Ovaro mill to R.D.M. Ovaro S.p.A., Reno De Medici S.p.A. and FRIULIA S.p.A respectively obtained a call option, exercisable between June 27, 2014 and June 27, 2017, and a put option, exercisable between June 27, 2015 and June 27, 2017, on FRIULIA S.p.A.'s stake in R.D.M. Ovaro S.p.A. Ovaro S.p.A.

Furthermore, with reference to the equity investment in Manucor, relations between the shareholders are governed by a series of agreements which provide for, among other things:

  - a lock-up period ending May 31, 2013;

  - -where the shareholders accept an offer from a third party for the purchase of 100% of the company's share capital (including during the lock-up period), a drag-along obligation;

  - at the end of the lock-up period, a drag-along right for shareholders if only one of them indicates a willingness to sell its shares in the company to third parties;

  - after three years from the date the agreement was signed, and at its own initiative, the right for Intesa Sanpaolo to set in motion a contractually established procedure for the sale of its holding to Reno De Medici, and, in such an event, for the other shareholders to express their own intent to sell their holdings to Reno De Medici. Reno De Medici shall not be under any obligation to purchase such holdings. Should the parties fail to reach an agreement, Intesa Sanpaolo shall be entitled to seek offers for its holding and for the holdings of the other shareholders on the open market, at terms and conditions that protect the investments made. In such an event, all shareholders shall be obliged to sell their shares;

  - after four years from the date the agreement was signed, the possibility (by way of a call option) for Reno De Medici to purchase all the holdings of the other shareholders at their market value as at the exercise date.

It is recalled that Reno De Medici approved the increase in the capital of Mancur, however it resolved not to underwrite it in order to concentrate on its core business.

35. Related-Party Transactions

For details of the transactions, refer to the paragraph “Key events” in the Directors’ Report.

The disclosures on related-party transactions required under IAS 24 and Consob Communication no. 6064293 of July 28, 2006 can be found in Annex A to these financial statements “Breakdown of Related-Party and Intragroup Transactions as at December 31, 2014” and in the “Related-Party Transactions” section of the Directors’ Report.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The analysis and disclosures required by IFRS 7 – Financial Instruments: Disclosures are provided below.

This analysis compares the situation at the reporting date December 31, 2014 with the situation as at December 31, 2013, and it refers to the separate financial statements of the Parent Company.

All figures are stated in thousands of Euros.

The section below provides information about the impact of financial instruments on the statement of financial position and on the income statement.

Impact of Financial Instruments on the Financial position

The table below shows the carrying amount of each type of financial asset and liability in the separate statement of financial position.

	12.31.2014		12.31.2013	
	Book value	Fair value	Book value	Fair value
(thousands of Euros)				
Cash and cash equivalents	2,087	2,087	2,278	2,278
Loans and receivables	49,008	49,008	57,676	57,676
Trade receivables	35,968	35,968	43,885	43,885
Other receivables from associates and joint ventures	7,243	7,243	4,145	4,145
Other receivables	5,797	5,797	9,647	9,647
Available-for-sale financial assets	0	0	0	0
Financial liabilities at amortized cost	(129,272)	(134,079)	(145,226)	(145,226)
Unsecured medium- and long-term bank loans at amortized cost	(14,547)	(16,633)	(800)	(834)
Secured medium- and long-term bank loans at amortized cost	(11,122)	(13,843)	(30,225)	(31,901)
Short-term bank loans for use of commercial facilities	(17,582)	(17,582)	(22,232)	(22,232)
Trade payables	(53,496)	(53,496)	(62,671)	(62,671)
Other payables to Group companies	(26,078)	(26,078)	(22,759)	(22,759)
Other payables	(6,447)	(6,447)	(6,539)	(6,539)
Financial liabilities at fair value through profit and loss	(36)	(36)	(82)	(82)
Hedging derivatives	(250)	(250)	(588)	(588)
	(78,463)	(83,270)	(85,942)	(85,942)
Unrecognized profits (losses)	(4,807)		(1,710)	

Having examined the financial models and criteria used to estimate the fair values of the above-mentioned financial instruments, further details are provided below on the individual items.

Derivative instruments

In general, the fair value of derivatives is calculated according to mathematical models using directly observable input data (such as an interest rate curve).

The Parent Company's only derivative instruments indexed to interest rates are interest rate swaps. A discounted cash flow model is used to measure these instruments, whereby the fair value of a derivative is given by the sum of the present values of future cash flows estimated on the basis of the riskless curve of the deposit rates, futures and swaps at the reporting date.

From January 1, 2009, the Company adopted amendments to IFRS 7 for financial instruments measured at fair value. The amendments to IFRS 7 identified a measurement hierarchy based on three levels:

- Level 1: inputs used in measurements are represented by quoted prices in active markets for identical assets and liabilities to those subject to measurement;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the financial asset or liability, both directly (prices) and indirectly (derived from prices);
- Level 3: in the event that observable inputs are not available, and therefore market activity is modest or non-existent for the asset or liability subject to measurement, the inputs are non-observable.

	Classification	12.31.2014	Fair value as at the date of the financial statements based on:		
			Level 1	Level 2	Level 3
(thousands of Euros)					
Derivative instruments on interest rates	Non-current derivative instruments	**18**		18	
Derivative instruments on interest rates	Current derivative instruments	**268**		268	

As at December 31, 2014, the Parent Company did not hold any foreign-exchange derivative instruments or any derivative instruments indexed to commodity prices.

Loans

The aggregate under review consists of all medium- and long-term loans. These were measured by calculating the net present value of the future flows generated by the financial instrument, taking into account the principal repayment plans defined in the loan agreements.

In the case of indexed loans, future interest rates were estimated by calculating the forward rates implicit in the quoted euro deposit rates, futures and swaps riskless curve as at December 31, 2014 and December 31, 2013.

Future flows were discounted on the basis of the same euro yield curve as at December 31, 2014 and December 31, 2013.

Financial Assets

The table below provides a breakdown of financial assets:

	12.31.2014	12.31.2013
(thousands of Euros)		
Non-current financial assets		
Non-derivative financial assets	*0*	*191*
Total	0	0
Current financial assets		0
Non-derivative financial assets	2,087	2,278
Cash pooling current account	7,243	4,145
Total	9,330	6,423

Financial Liabilities

The table below provides a breakdown of financial liabilities:

	12.31.2014	12.31.2013
(thousands of Euros)		
Non-current liabilities		
Non-derivative liabilities	*(11,240)*	*(19,334)*
Unsecured medium- and long-term bank loans at amortized cost	(10,930)	(477)
Secured medium- and long-term bank loans at amortized cost	(310)	(18,143)
Medium- and long-term loans from subsidiaries	-	(714)
Hedging derivatives	-	*(227)*
Non-hedging derivatives	*(18)*	*(54)*
Total	(11,258)	(19,615)
Current liabilities		
Non-derivative liabilities	*(58,089)*	*(56,682)*
Current portion of unsecured medium- and long-term bank loans at amortized cost	(3,617)	(323)
Current portion of secured medium- and long-term bank loans at amortized cost	(10,812)	(12,082)
Short-term bank loans for use of commercial facilities	(17,582)	(22,232)
Current portion of loans from subsidiaries	(714)	(714)
Cash pooling current account	(25,365)	(21,331)
Hedging derivatives	*(250)*	*(361)*
Non-hedging derivatives	*(18)*	*(28)*
Total	(58,357)	(57,071)

Loan Repayment Plans, Terms and Conditions

The terms and conditions of the loans are summarized in the table below.

	Currency	Nominal interest rate	Year of maturity	Nominal value at 12.31.2014	Carrying value	Nominal value at 12.31.2013	Carrying value
(thousands of Euros)							
Secured medium- and long-term bank loans at amortized cost				11,188	11,074	30,441	30,116
Intesa SanPaolo syndicated loan (tranche A)	Euro	Eur6m+spread	2016	7,258	7,165	15,701	15,432
Intesa SanPaolo syndicated loan (tranche B)	Euro	Eur6m+spread	2016	3,000	2,981	5,000	4,950
Banca Popolare Emilia Romagna	Euro	Eur6m+spread	2016	930	928	1,550	1,544
Intesa SanPaolo	Euro	Eur6m+spread	2016	-	-	8,190	8,190
Unsecured bank loans at amortized cost				14,641	14,460	778	778
MinIndustria 10686	Euro	fix	2014	-	-	154	154
Minindustria 11172	Euro	fix	2017	477	477	624	624
Banca popolare di Lodi	Euro	Eur3m+spread	2017	4,606	4,581	-	-
Banca popolare di Bergamo	Euro	Eur3m+spread	2019	9,557	9,402	-	-
Total medium- and long-term loans	Euro			25,829	25,534	31,219	30,894
Short-term bank loans as use of commercial facilities				17,581	17,581	22,220	22,220
Used portfolio	Euro	Euribor+spread	n/a	6,081	6,081	4,335	4,335
Pre-paid invoices	Euro	Euribor+spread	n/a	3,000	3,000	3,066	3,066
Export loans	Euro	Euribor+spread	n/a	6,000	6,000	11,899	11,899
Import loans	Euro	Euribor+spread	n/a	2,500	2,500	2,920	2,920
Total short-term loans	Euro			17,581	17,581	22,220	22,220
Total interest-bearing liabilities	Euro			43,410	43,115	53,439	53,114

Other Financial Instruments

The fair value of receivables from customers, payables to suppliers and other financial assets and liabilities falling due contractually during the year has not been calculated insofar as the carrying amount of the financial instrument is virtually the same.

Other Information

The table below provides a breakdown of changes in the equity hedging reserve:

(thousands of Euros)	
Reserve 12.31.2013	(196)
Fair value adjustment of cash flow hedge derivatives	348
Tax effect of fair value adjustment of cash flow hedge derivatives	*(96)*
Transfers to the income statement	*(38)*
Tax effect of transfers to the income statement	*11*
Reserve 12.31.2014	29

The figure for hedge accounting represents the release of the reserve when the cash flows for outstanding loans occurred, while the figure for fair value is the accrual to reserves.

Credit Risk

This section describes in both quantitative and qualitative terms the exposure to credit risk and the way in which this is managed.

Risk Exposure

Core business exposure to credit risk at the reporting date was as follows:

	12.31.2014	12.31.2013
(thousands of Euros)		
Gross trade receivables	37,843	46,352
- provision for bad and doubtful debts	(1,875)	(2,467)
Total	35,968	43,885

Overdue or Impaired Financial Assets

The table below provides a breakdown of the seniority of trade receivables, net of individual write-downs:

	Overdue receivables				
December 31, 2014	More than 60 days	From 31 to 60 days	From 0 to 30 days	Non-overdue receivables	Total
(thousands of Euros)					
Italy	1,055	183	1,182	27,796	30,216
EU	197	11	126	2,307	2,641
Rest of world	203	138	603	2,167	3,111
Total	**1,455**	**332**	**1,911**	**32,270**	**35,968**

	Overdue receivables				
December 31, 2013	More than 60 days	From 31 to 60 days	From 0 to 30 days	Non-overdue receivables	Total
(thousands of Euros)					
Italy	779	189	1,562	29,969	32,499
EU	216	16	224	3,880	4,336
Rest of world	53	2	2,197	4,798	7,050
Total	**1,048**	**207**	**3,983**	**38,647**	**43,885**

As at December 31, 2014 the Parent Company's overdue receivables improved in absolute value dropping from €5.2 million to €3.7 million. They represent 10.3% of the total portfolio compared to 11.9% reported in the previous year.

How Credit Risk is Managed

As a general rule, the Group's commercial risk management policy is to insure all client receivables, excluding those of the Italian customers, with leading insurance companies. Any uninsured or non-insurable positions, in particular Italian customers, are constantly monitored by the appropriate Corporate Functions.

Non-recourse receivable assignment agreements were also entered into.

The internal procedures for carrying out a creditworthiness assessment involve collecting and analyzing qualitative and quantitative information and the use of external data bases and commercial information. The policies adopted have to date allowed for limiting losses on receivables, which were equal to zero in 2014.

Market Risk

Market risk is defined as the risk that the fair value or the cash flows associated with a financial instrument will fluctuate because of changes in market variables such as exchange rates, interest rates, the prices of raw materials, and stock prices.

The market risk to which the Parent Company was exposed during 2011 may be broken down as follows:

- currency risk;
- interest rate risk;
- commodity risk.

The scale of these risks and the way in which they are managed is described below.

Currency Risk

The Parent Company's exposure to currency risk derives from:

- trade receivables/payables denominated in currencies other than the functional currency (euro);
- liquidity held in foreign-currency current accounts;

Other than the euro, which is the functional currency, the main currencies in which the Parent Company carries out its commercial activities are the United States dollar and the British pound. Exposure to other currencies is negligible.

In 2014, the Parent Company managed the marginal imbalance between investments and funds in the same currency by using a natural-hedging approach and by carefully and continually monitoring market conditions; as a result, it was not deemed necessary to resort to hedging derivatives.

The Parent Company’s exposure in euros is shown below, based on the official ECB exchange rates as at December 31, 2014 and December 31, 2013, as reported in the following table:

ECB exchange rates	12.31.2014	12.31.2013
(per euro)		
USD	1.2141	1.3791
GBP	0.7789	0.8337
CHF	1.2024	1.2276
CAD	1.4063	1.4671

The table below provides a breakdown of the Parent Company’s exposure to currency risk, based on the notional amount of the exposure expressed in thousands of euros.

	12.31.2014				12.31.2013			
	USD	GBP	CHF	CAD	USD	GBP	CHF	CAD
(thousands of Euros)								
Trade receivables	2,384	21	-	-	3,425	240	(1)	-
Trade payables	(1,492)	-	(1)	-	(1,650)	-	-	(26)
Cash pooling towards Subsidiaries	-	(780)	-	-	-	-	-	-
Cash and cash equivalents	834	171	1	-	1,498	1,972	2	1
Net exposure	1,727	(588)	-	-	3,273	2,212	1	(25)

Sensitivity Analysis of Currency Risk

In order to measure the possible effects of changes in the reporting-date exchange rates on the statement of financial position and income statement, assumptions were made (at December 31, 2014 and December 31, 2013) as to variations in the value of the euro against the major foreign currencies.

Two scenarios were envisaged: an appreciation and a depreciation of 10% in the euro against the other currencies. For each of the two scenarios, the gain or loss arising from transactions outstanding as at December 31, 2014 and December 31, 2013 was then calculated. In this way, it was possible to determine the effect on the income statement and on shareholders’ equity had exchange rates been subject to changes as assumed.

The tables below provide a summary of the results of this analysis, indicating the additional effect on the actual figures recognized at the reporting date. These re-measurements based on changes in the exchange rate affect only profit or loss for the year and therefore only the income statement.

10% appreciation of the euro		10% depreciation of the euro	
(thousands of Euros)	Gain or loss	(thousands of Euros)	Gain or loss
December 31, 2014		**December 31, 2014**	
USD	(157)	USD	192
GBP	53	GBP	(65)
CHF		CHF	
CAD		CAD	
Total	**(104)**	**Total**	**127**

December 31, 2013		**December 31, 2013**	
USD	(298)	USD	364
GBP	(201)	GBP	246
CHF		CHF	
AUD	2	AUD	(3)
Total	**(497)**	**Total**	**607**

How Currency Risk is Managed

The main objective of the Parent Company's currency-risk management policy is to limit the exposure to foreign currency arising from exporting finished goods to and importing raw materials from foreign markets. The following guidelines are used in pursuing this policy:

- inflows and outflows in the same currency are offset (natural hedging);
- recourse is made to forward sales or to export loans in the same currency. These transactions were arranged by using a notional amount and due date which correspond to those of the expected cash flows (if the amount is significant), so that any changes in the cash flows arising from the forward transactions, as the result of the appreciation or depreciation of the euro against the other currencies, are substantially offset by a corresponding change in the expected cash flows of the underlying positions;
- forward sales are hedged. There were no outstanding transactions of this type at the reporting date.

As a general rule, the currency-risk management policy recommends maximizing the use of natural hedging and, in any case, excludes recourse to transactions involving complex derivatives, e.g. those with barriers.

The Administration and Finance Department of RDM is responsible for monitoring currency risk and recommends suitable currency-risk hedging strategies to keep exposure within the limits agreed with senior management.

Interest Rate Risk

Financial liabilities exposing the Parent Company to interest rate risk are, for the most part, medium- and long-term floating-rate indexed loans.

The table below sets out the positions that are subject to interest rate risk, separating fixed-rate from floating-rate exposure in terms of the nominal value of the financial instruments.

However, the exposure to interest rate risk arising from loans is partially mitigated by entering into interest rate swap agreements designed to hedge the volatility of future cash flows indexed to market rates.

	12.31.2014	%	12.31.2013	%
(thousands of Euros)				
Floating-rate medium- and long-term loans	(10,717)	15.4%	(10,585)	13.9%
Floating-rate medium- and long-term loans hedged by IRS	(310)	0.4%	(7,680)	10.1%
Fixed-rate medium- and long-term loans	(324)	0.5%	(477)	0.6%
Fixed-rate medium- and long-term loans from subsidiaries	-	0.0%	(714)	0.9%
Total non-current liabilities	**(11,351)**	**16.3%**	**(19,456)**	**25.5%**
Floating-rate medium- and long-term loans	(7,089)	10.2%	(7,165)	9.4%
Floating-rate medium- and long-term loans hedged by IRS	(7,370)	10.6%	(5,120)	6.7%
Fixed-rate medium- and long-term loans	(153)	0.2%	(323)	0.4%
Floating-rate short-term bank loans as use of commercial facilities	(17,582)	25.3%	(22,232)	29.2%
Fixed-rate medium- and long-term loans from subsidiaries	(714)	1.0%	(714)	0.9%
Floating-rate cash pooling with subsidiaries and joint ventures	(25,365)	36.4%	(21,331)	28.0%
Total current liabilities	**(58,273)**	**83.7%**	**(56,885)**	**74.5%**
Total (floating rate)	(35,387)	50.8%	(39,981)	52.4%
Total (fixed rate or hedged floating rate)	(34,237)	49.2%	(36,359)	47.6%
Total	**(69,624)**	**100.0%**	**(76,341)**	**100.0%**

Sensitivity Analysis of Interest Rate Risk

A sensitivity analysis of the financial instruments exposed to interest rate risk was performed upon preparation of the financial statements. The following assumptions were used in the model:

- for bank current-account exposure and spreads settled by interest rate swaps, financial income/expense was recalculated by applying +/-50 bps to the interest rate payable, multiplied by the carrying amounts and for a period equal to the financial year;
- for loans with a repayment plan, the change in financial expense was calculated by applying +/-50 bps to the loan interest rate payable at each refixing date, multiplied by the outstanding principal during the year;
- the change in the fair value of interest rate swaps at the reporting date was calculated by applying +/-50 bps to the euro riskless curve of the deposit rates, futures and swaps at the reporting date.

		Profit (loss)		Shareholders' Equity	
		Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps
(thousands of Euros)					
December 31, 2014					
Cash flows during the year		(267)	267		
	Cash flows from derivatives	*31*	*(31)*		
	Intragroup accounts	*(118)*	*118*		
	Floating-rate loans	*(180)*	*180*		
Effectiveness of hedges				34	(30)
Net sensitivity of financial flows		(267)	267	34	(30)
December 31, 2013					
Cash flows during the year		(177)	176		
	Cash flows from derivatives	*54*	*(55)*		
	Intragroup accounts	*(110)*	*110*		
	Floating-rate loans	*(121)*	*121*		
Effectiveness of hedges				85	(85)
Net sensitivity of financial flows		(177)	176	85	(85)

An analysis of these scenarios demonstrated that changes in interest rates had little impact on the income statement and shareholders' equity. Cash flow hedges considerably restrict the impact on financial expense recognized in the income statement.

How Interest Rate Risk is Managed

The Parent Company uses various debt instruments according to the nature of its financial requirements. In particular: it uses short-term debt to fund working capital requirements and medium- and long-term financing to cover investments in the core business.

The techniques used most often are:

- advances for short-term requirements;
- loans for medium- and long-term requirements. These instruments, which are arranged with leading banks, are mainly indexed to floating rates which are subject to revision every three or six months.

The Parent Company's current risk management policy aims to reduce the variability of the financial expense incurred on its debt and of the related effects on results. The practical objectives in terms of risk management therefore involve stabilizing the cash flows linked to the cost of servicing debt in line with budget forecasts.

From an operational point of view, the Parent Company sets about achieving this goal by using derivatives in the form of interest rate swaps (IRS).

In line with the features of the transactions carried out and its risk management objectives, the Parent Company has decided to structure its hedging relations using a cash flow hedge approach.

Specifically, the hedging relations involve converting floating-rate loan payments to fixed-rate payments. This is carried out by using interest rate swaps, under which the Parent Company receives a flow of payments from the counterparty bank at the same floating rate as its debt, less the spread. In exchange, the Group makes payments at a fixed rate. The consolidated position (debt + IRS) is therefore a fixed-rate liability of which the amount of financial expense is certain (the aim of cash flow hedging).

The present hedging policy excludes the recourse to transactions involving complex derivatives.

As at the reporting date, the risk of variability in cash flows linked to floating-rate debt was hedged by derivative financial instruments.

Commodity Risk

In terms of the nature of the business carried out by RDM, commodity risk is the risk that the profit for the year will be reduced by incurring higher costs to purchase raw materials for the mills. This risk is part of the broader category of market risk where the cost of the raw material is dependent on changes in a quoted index.

In October 2013, the Group entered into contracts for the supply of natural gas for 2014 on a quarterly basis, at a fixed price, for each of the first two supply quarters. This method makes it possible to limit commodity risk for the first part of the year. The amounts relating to the subsequent quarters are negotiated and confirmed at different and subsequent times for the needs of plants by benefiting from the current price trend in energy commodities. All prices are stated in euros per unit of volume or primary energy contained therein.

At the end of November 2013, the Group entered into contracts for the supply of electricity at prices linked to several continental energy markets. Supply prices are agreed with spreads that are fixed in relation to these markets in order to limit commodity risk, and are expressed in euros per unit of electricity.

As at December 31, 2014, there were no outstanding derivative instruments for hedging commodity risk.

A sensitivity analysis was not performed on this category of risk because, as at the date of preparation of the financial statements, it was not considered material in terms of its impact on the income statement and on RDM's business margins.

How Commodity Risk is Managed

The nature of the Parent Company's business entails exposure to fluctuations in the price of electricity, natural gas and certain chemicals derived from petroleum (such as latexes) and fibrous raw materials.

Natural gas supply contracts are at a fixed price, and are entered into at least three months before the supply period. Electricity is purchased at a price indexed to amounts set in continental electricity markets, such as those published by entities responsible for these markets.

In order to contain price pressure on raw materials such as chemicals and fibrous products, the Parent Company aims to diversify its suppliers and its supply markets.

The Parent Company's current policy does not allow the use of derivative instruments with complex payoff plans. It can, however, enter into technical forms of hedging with leading banks.

Liquidity Risk

Liquidity risk can take the form of difficulty in obtaining the funds required to satisfy scheduled contractual commitments at market conditions.

This may mean there are insufficient resources available to meet financial obligations under the agreed terms and conditions and at the pre-determined due dates, or it may mean the business is required to settle its financial liabilities earlier than the scheduled due date.

For each contract maturity date, the analysis aimed to measure the cash flows deriving from the various types of financial liability held as at December 31, 2014 and December 31, 2013.

Depending on their nature, financial liabilities were separated into non-derivative and derivative financial liabilities. Given the different accounting treatments, the latter were subdivided into liabilities where the derivative had been formally designated as a hedge, and had turned out to be effective, and liabilities where the derivative was not subject to hedge accounting.

The main assumptions relating to the Parent Company's financial requirements which were used to carry out the analyses were as follows:

- cash flows are not discounted;
- cash flows are allocated to their respective time bands on the basis of the first possible payment date envisaged by the contractual terms and conditions (the worst-case scenario);
- all instruments held at the reporting date for which payments have been contractually designated are included; planned future commitments which have not yet been recognized in the financial statements are not included;
- if the amount payable is not fixed (e.g. future interest payments), financial liabilities are measured at market terms and conditions at the reporting date;
- cash flows also include the interest that the Parent Company will pay up to the due date of a debt, measured at the reporting date and calculated on the basis of market forward interest rates.

December 31, 2014	Carrying value	Contractual financial flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
(thousands of Euros)							
Cash and cash equivalents	2,087	2,087	2,087				
Trade receivables	35,968	35,968	35,968				
Other receivables from associates and joint ventures	7,243	7,243	7,243				
Other receivables	5,797	5,797	5,400		284		113
Medium- and long-term bank loans	(25,669)	(30,476)	(6,887)	(6,650)	(8,745)	(8,193)	
Short-term bank loans for use of commercial facilities	(17,582)	(17,582)	(17,582)				
Other payables to Group companies	(25,364)	(25,364)	(25,364)				
Financial payables to subsidiaries	(714)	(721)	(362)	(359)			
Hedging derivatives	(250)	(250)	(131)	(82)	(37)		
Non-hedging derivatives	(36)	(36)	(18)	(12)	(6)		
Trade payables	(53,496)	(53,496)	(53,496)				
Other payables	(6,447)	(6,447)	(6,447)				
Total	(78,463)	(83,277)	(59,589)	(7,103)	(8,504)	(8,193)	113

December 31, 2013	Carrying value	Contractual financial flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
(thousands of Euros)							
Cash and cash equivalents	2,728	2,728	2,728				
Trade receivables	43,885	43,885	43.885				
Other receivables from associates and joint ventures	4,145	4,145	4,145				
Other receivables	9,647	9,647	9.192		303		152
Medium- and long-term bank loans	(31,025)	(32,956)	(6,612)	(6,559)	(13,247)	(6,539)	
Short-term bank loans for use of commercial facilities	(22,232)	(22,232)	(22,232)				
Other payables to Group companies	(21,331)	(21,331)	(21,331)				
Financial payables to subsidiaries	(1,429)	(1,517)	(393)	(384)	(741)		
Hedging derivatives	(588)	(591)	(210)	(152)	(199)	(30)	
Non-hedging derivatives	(82)	(82)	(28)	(24)	(26)	(4)	
Trade payables	(62,671)	(62,671)	(62,671)				
Other payables	(6,539)	(6,539)	(6,539)				
Total	(85,493)	(87,515)	(60,066)	(7,119)	(13,910)	(6,573)	152

The first section of the tables compares the carrying value of the financial liabilities with the total value of cash flows that – given the market conditions at the reporting date – are expected to be received from or paid to counterparties. The second section of the tables shows a breakdown by time period of the total cash flows, which make up the item "Contractual financial flows".

How Liquidity Risk is Managed

The Group's financial activity is centered largely on the Parent Company Reno De Medici S.p.A., which, on the basis of consolidated practice inspired by prudence and stakeholder protection, negotiates credit facilities with banks and continually monitors the cash flows of the individual Group companies.

The Group's management policies involve continually monitoring liquidity risk with a view to mitigating said risk by maintaining sufficient liquidity and/or short-term deposits with prime counterparties and by having access to short-term credit facilities backed mainly by receivables from domestic and foreign clients.

ANNEXES

The information in the annexes mentioned below forms an integral part of these Notes to the Financial Statements.

Annex A: Breakdown of related-party and intragroup transactions as at December 31, 2014

Annex B: Equity investments in subsidiaries and associates

Annex C: Information pursuant to article 149-duodecies of the Consob Issuer Regulations

ANNEX A – BREAKDOWN OF RELATED-PARTY AND INTRAGROUP TRANSACTIONS AS AT DECEMBER 31, 2014

The additional disclosures on related-party transactions, as required by Consob Communication no. 6064293 of July 28, 2006, are provided below.

RECEIVABLES, PAYABLES, REVENUES AND COSTS WITH GROUP COMPANIES

The tables below provide a breakdown of transactions carried out in 2014 and 2013 with direct and indirect subsidiaries, and with associates and joint ventures. Transactions between Reno De Medici S.p.A. and other Group companies, whether of an industrial, financial or service-related nature, are carried out under market conditions taking into consideration the quality of the goods and services provided.

INTRAGROUP RECEIVABLES AND PAYABLES

	Current assets				Non-current liabilities	Current liabilities			
	Receivables from subsidiaries		Receivables *from joint ventures and associates*		Payables to subsidiaries	Payables to subsidiaries		Payables to joint ventures and associates	
December 31, 2014	trade (1)	financial (2)	trade (1)	financial (2)	financial (3)	trade (4)	financial (5)	trade (4)	financial (5)
(thousands of Euros)									
Careo S.r.l.			225					1,948	2,445
Careo S.A.S.								18	
Cartiera Alto Milanese S.p.A. in liquidation	828					9	1,418		
Emmaus Pack S.r.l.	5,529	1,532				5			
Pac Service S.p.A.								154	
RDM Blendecques S.A.S.	999	5,339				387	13		
RDM Ovaro S.p.A.	720					207	9,171		
Reno De Medici Arnsberg Gmbh	590					73	12,617		
Reno De Medici Ibérica S.l.u.	718					31	414		
ZAR S.r.l.				372				83	
Total	**9,384**	**6,871**	**225**	**372**	**-**	**712**	**23,633**	**2,203**	**2,445**

	Current assets				Non-current liabilities	Current liabilities			
	Receivables from subsidiaries		Receivables fromjoint ventures and associates		Payables to subsidiaries	Payables to subsidiaries		Payables to joint ventures and associates	
December 31, 2013	trade (1)	financial (2)	trade (1)	financial (2)	financial (3)	trade (4)	financial (5)	trade (4)	financial (5)
(thousands of Euros)									
Careo S.r.l.			374					3,295	615
Cartiera Alto Milanese S.p.A. in liquidation	5,942						1,706		
Reno De Medici Arnsberg Gmbh	667				714		12,130		
Reno De Medici UK Ltd	34	664							
Emmaus Pack S.r.l.	5,927	1,467				25			
Pac Service S.p.A.								152	
Manucor S.p.A.								127	
RDM Blendecques S.A.S.	1,832	1,364					610		
Reno De Medici Ibérica S.l.u.	964	560				42			
Carta Service Friuliana S.r.l.			127						
ZAR S.r.l.				90				267	
RDM Ovaro S.p.A.	819					427	6,985		
Total	**16,185**	**4,055**	**501**	**90**	**714**	**494**	**21,431**	**3,841**	**615**

(1) See statement of financial position – total of item “Group trade receivables” classified in “Current assets”

(2) See statement of financial position – total of item “Other Group receivables” classified in “Current assets”“

(3) See statement of financial position – total of item “Other Group payables” classified in “Non-current liabilities”

(4) See statement of financial position – total of item “Group trade payables” classified in “Current liabilities”

INTRAGROUP REVENUES

December 31, 2014	Revenues from sales (1)	Other revenues (2)	Financial income
(thousands of Euros)			
Careo S.r.l.		605	12
Cartiera Alto Milanese S.p.A. in liquidation	12,119	79	3
Emmaus Pack S.r.l.	12,146	113	54
Pac Service S.p.A.	3,785		
RDM Blendecques S.A.S.		1,361	162
RDM Ovaro S.p.A	94	596	
Reno De Medici Arnsberg Gmbh		2,684	
Reno De Medici Ibérica S.l.u.	5,242	643	3
Reno De Medici UK Ltd			28
Zar S.r.l.			2
Total	**33,386**	**6,081**	**264**

December 31, 2013	Revenues from sales (1)	Other revenues (2)	Financial income
(thousands of Euros)			
Careo S.r.l.		708	75
Cartiera Alto Milanese S.p.A. in liquidation	19,271	92	16
Reno De Medici Arnsberg Gmbh		2,691	
Emmaus Pack S.r.l.	12,893	140	42
Pac Service S.p.A.	3,688		
Manucor S.p.A.		(304)	
RDM Blendecques S.A.S.		1,415	85
Reno De Medici Ibérica S.l.u.	7,500	648	2
R.D.M. Ovaro S.p.A.	70	313	
Reno De Medici UK Ltd	(23)	163	21
Total	**43,399**	**5,866**	**241**

(1) See RDM income statement – "Revenues from sales – of which related parties" includes "Revenues from sales" intercompany and other related parties

(2) See RDM income statement – "Other revenues – of which related parties" includes "Other revenues" intercompany and other related parties

INTRAGROUP COSTS

	Cost of raw materials and services (1)		Financial expense
December 31, 2014	raw materials	services	
(thousands of Euros)			
Careo S.r.l.		5,034	15
Cartiera Alto Milanese S.p.A. in liquidation			13
Emmaus Pack S.r.l.	30		
RDM Blendecques S.A.S.	372		2
RDM Ovaro S.p.A.	31		238
Reno De Medici Arnsberg Gmbh		278	246
Reno De Medici UK LTD			
Reno De Medici Ibérica S.l.u.			16
ZAR S.r.l.	2,509		
Total	2,942	5,312	530

	Cost of raw materials and services (1)		Financial expense
December 31, 2013	raw materials	services	
(thousands of Euros)			
Careo S.r.l.		4,970	10
Cartiera Alto Milanese S.p.A. in liquidation			6
Reno De Medici Arnsberg Gmbh			276
RDM Blendecques S.A.S.			2
Emmaus Pack S.r.l.	65		
RDM Ovaro S.p.A.	24	(12)	127
Reno De Medici UK Ltd	72		
Reno De Medici Ibérica S.l.u.			37
ZAR S.r.l.	5,558		
Total	5,719	4,958	458

(1) See RDM income statement – “Cost of raw material – of which related parties” includes “Raw material and service costs” intercompany and other related parties

RECEIVABLES, PAYABLES, REVENUES AND COSTS WITH OTHER RELATED PARTIES

RECEIVABLES AND PAYABLES WITH OTHER RELATED PARTIES

The table below provides a breakdown of receivables and payables with related parties as at December 31, 2014 and at December 31, 2013:

	Current assets	Non-current assets	Current liabilities	Non-current liabilities
December 31, 2014	Receivables from third party customers	Non-current receivables	Payables to third party suppliers	Non-current payables
(thousands of Euros)				
Cascades Asia Ltd	265			
Cascades Canada Ulc	1			
Cascades Inc			1	
Cascades Groupe Produits Spec.			1	
Total	**266**	**-**	**2**	**-**
Share of item total	**0.98%**		**0.00%**	

	Current assets	Non-current assets	Current liabilities	Non-current liabilities
December 31, 2013	Receivables from third party customers	Non-current receivables	Payables to third party suppliers	Non-current payables
(thousands of Euros)				
Cascades Asia Ltd	362			
Cascades Canada Inc.			26	
Cascades Groupe Produits Spec.			1	
Total	**362**		**27**	
Share of item total	**1.28%**		**0.05%**	

(1) See statement of financial position – total of item “Other payables” classified in “Non current liabilities”

REVENUES AND COSTS WITH OTHER RELATED PARTIES

The tables below provide a breakdown of revenues and costs with other related parties during 2014 and 2013:

December 31, 2014	Revenues from sales (1)	Other revenues (2)
(thousands of Euros)		
Cascades Asia Ltd	959	-
Total	959	-
Share of item total	0.5%	0.0%

December 31, 2013	Revenues from sales (1)	Other revenues (2)
(thousands of Euros)		
Cascades Asia Ltd	2,566	
Cascades S.A.S.		1,204
Total	2,566	1,204
Share of item total	1.2%	6.7%

(1) See RDM income statement – "Revenues from sales – of which related parties" includes "Revenues from sales" intercompany and other related parties

December 31, 2014	Cost of raw materials and services (1)
(thousands of Euros)	
Cascades S.A.S.	24
Red. Im. S.r.l.	20
Total	44
Share of item total	0.0%

December 31, 2013	Cost of raw materials and services (1)
(thousands of Euros)	
Cascades Canada ULC	58
Cascades S.A.S.	72
Red. Im. S.r.l.	20
Total	150
Share of item total	0.1%

(1) See RDM income statement – "Cost of raw material – of which related parties" includes "Raw material and service costs" intercompany and other related parties

ANNEX B – EQUITY INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Equity investments of more than 10% of capital in unlisted stock companies or limited-liability companies as at December 31, 2014 (pursuant to article 126 of Consob Resolution no. 11971 of May 14, 1999 as subsequently supplemented and amended).

Cartonboard sector – subsidiaries

Cartiera Alto Milanese S.p.A. in liquidation

Milan – Italy

Direct ownership 100%

Emmaus Pack S.r.l.

Milan- Italy

Direct ownership 51.39%

RDM Blendecques S.A.S.

Blendecques – France

Direct ownership 100%

RDM Ovaro S.p.A.

Milan- Italy

Direct ownership 80%

Reno De Medici Arnsberg GmbH

Arnsberg – Germany

Direct ownership 94%

Indirect ownership 6% (through Cascades Grundstück GmbH & Co.KG).

Reno De Medici Ibérica S.l.u.

Prat de Llobregat- Barcelona- Spain

Direct ownership 100%

Reno De Medici UK Limited

Wednesbury – UK

Direct ownership 100%

Carta Service Friuliana S.r.l.

Milan- Italy

Direct ownership 100%

Services sector – subsidiaries

Cascades Grundstück GmbH & Co.KG

Arnsberg – Germany

Direct ownership 100%

Cartonboard and other industrial production sector - associates and joint ventures

Manucor S.p.A.

Milan- Italy

Direct ownership 22.75%

Pac Service S.p.A.

Vigonza- Padua- Italy

Direct ownership 33.33%

ZAR S.r.l.

Silea- Italy

Direct ownership 33.33%

Service sector

Careo S.r.l.

Milan – Italy

Indirect ownership 70%

Careo Gmbh

Krefeld – Germany

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

Careo S.A.S.

La Fayette – France

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

Careo Spain S.L.

Prat de Llobregat – Barcelona – Spain

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

Careo Ltd

Wednesbury – UK

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

Careo S.r.o.

Prague – Czech Republic

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

Careo KFT

Budapest- Hungary

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

Careo SP z.o.o.

Warsaw- Poland

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

ANNEX C: INFORMATION PURSUANT TO ARTICLE 149-DUODECIES OF CONSOB ISSUER REGULATIONS

The table below, prepared pursuant to Article 149-duodecies of the Consob Issuer Regulations, shows the 2014 fees for auditing and other services provided by the independent auditor Deloitte & Touche S.p.A. and by members of the Deloitte & Touch S.p.A. network.

DESCRIPTION	Service provider company	Recipient	2014 fees
			(thousands of Euros)
Statutory audit	*Deloitte & Touche S.p.A.*	*Subsidiaries*	*148*
	Deloitte & Touche S.p.A.	*Subsidiaries*	*52*
	Deloitte & Touche S.p.A. Network	*Subsidiaries*	*110*
Other auditing services	*Deloitte & Touche S.p.A.*	*Parent Company Reno De Medici S.p.A.*	*23*
	Network Deloitte & Touche S.p.A.	*Subsidiaries*	*44*
Total			*377*

BOARD OF STATUTORY AUDITOR'S REPORT

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CERTIFICATION OF SEPARATE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2014 PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AND LATER AMENDMENTS AND ADDITIONS.

1. The undersigned Ignazio Capuano, as CEO and Stefano Moccagatta as Financial Reporting Executive of Reno De Medici S.p.A., certify, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of February 24, 1998:

- the suitability for the characteristics of the business and
- the effective implementation

of the administrative and accounting procedures pertaining to the preparation of the year-end financial statements for the period from January 1 to December 31, 2014.

2. No significant issues have emerged in this regard.

3. It is further certified that

3.1. the separate financial statements:

a) were prepared in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

b) are consistent with the figures reported in the relevant accounting books and records;

c) are able to provide a true and fair view of the financial position, the results and the cash flows of the issuer and of the companies whose accounts have been consolidated;

3.2. The Directors' Report comprises a reliable analysis of operating performance and results, as well as of the situation of the issuer and of the companies whose accounts have been consolidated, together with a description of the major risks and uncertainties to which they are exposed.

Milan, March 20, 2015

Chief Executive Officer	Financial Reporting Executive
/f/	/f/
Ignazio Capuano	Stefano Moccagatta

INDEPENDENT AUDITOR'S REPORT

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PROPOSED RESOLUTION

Dear Shareholders,

the 2014 separate financial statements, which we submit for your approval, show a profit of €3,424,558.50, which we propose to carry forward.

If you agree with this proposal, we invite you to approve the following resolution:

"The Ordinary Shareholders' Meeting of Reno De Medici S.p.A.:

- having examined the Directors' Report and all documents attached thereto;

- having examined the Report of the Board of Statutory Auditors;

- having seen the Separate Financial Statements as at 12.31.2014;

- having acknowledged the Report of Deloitte & Touche S.p.A.

resolves

• to approve the Directors' Report, the Report on Operations, inclusive of all other documents and Reports, and the Separate Financial Statements as at December 31, 2014;

• to approve the proposal made by the Board of Directors to allocate the profit of €3,424,558.50 for 2014 as follows:

- *€171,227.93 to the legal reserve pursuant to article 2430 of the Italian Civil Code;*
- *the remaining €3,253,330.57 to cover previous losses.*

• to instruct the Chairman of the Board of Directors and the Chief Executive Officer, separately, to take all such action necessary to publish and file the Financial Statements as at December 31, 2014".

Milan, March 20, 2015

On behalf of the Board of Directors

The Chairman

Signed

Robert Hall

SUMMARY TABLES OF THE KEY FIGURES FROM THE MOST RECENT FINANCIAL STATEMENTS OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES OF THE RENO DE MEDICI GROUP

In accordance with Article 2429, paragraphs 3 and 4, of the Italian Civil Code, summary tables of the key figures of Reno De Medici Group subsidiaries and associates as at December 31, 2014, as listed below, are attached hereto.

SUBSIDIARIES

Included in the scope of consolidation

Cartiera Alto Milanese S.p.A. in liquidation

Cascades Grundstück GmbH & Co.KG

Emmaus Pack S.r.l.

RDM Blendecques S.A.S.

RDM Ovaro S.p.A.

Reno De Medici Arnsberg Gmbh

Reno De Medici Ibérica S.l.u.

Reno De Medici UK Limited

Carta Service Friuliana S.r.l.

ASSOCIATES

Pac Service S.p.A.

JOINT VENTURES

Careo S.r.l.

Manucor S.p.A.

ZAR S.r.l.

Cartiera Alto Milanese S.p.A. in liquidation

Headquarter in Milan- Viale Isonzo, 25

Share capital €200,000

Statement of Financial Position

(thousands of Euros)		
Assets	12.31.2014	12.31.2013
Non-current assets	162	139
Current assets	3,036	9,302
TOTAL ASSETS	3,198	9,441
Liabilities and shareholders' equity	12.31.2014	12.31.2013
Shareholders' Equity	1,130	1,230
Provisions for Risks and Charges	185	170
Payables	1,883	8,041
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,198	9,441

Income Statement

(thousands of Euros)		
	12.31.2014	12.31.2013
Value of production	12,939	20,545
Cost of production	(12,796)	(20,218)
Operating profit	143	327
Financial income (expense)	(27)	(55)
Profit (loss) before taxes	116	272
Taxes for the year	(48)	(104)
Profit (loss) for the year	68	168

Cascades Grundstück GmbH & Co.KG

Headquarter in Arnsberg- Hellefelder Street, 51

Share capital €16,000

Statement of Financial Position

(thousands of Euros)		
Assets	12.31.2014	12.31.2013
Non-current assets	307	306
Current assets	2	5
TOTAL ASSETS	309	311
Liabilities and shareholders' equity	12.31.2014	12.31.2013
Shareholders' Equity	307	311
Provisions for Risks and Charges		
TFR		
Payables	2	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	309	311

Income Statement

(thousands of Euros)		
	12.31.2014	12.31.2013
Value of production		
Cost of production	(8)	(2)
Operating profit	(8)	(2)
Financial income (expense)		
Profit (loss) before taxes	(8)	(2)
Taxes for the year		
Profit (loss) for the year	(8)	(2)

Emmaus Pack S.r.l.

Headquarter in Milan - Viale Isonzo, 25

Share capital €200,000

Statement of Financial Position

(thousands of Euros)		
Assets	**12.31.2014**	**12.31.2013**
Non-current assets	518	437
Current assets	10,306	11,295
TOTAL ASSETS	**10,824**	**11,732**
Liabilities and shareholders' equity	**12.31.2014**	**12.31.2013**
Shareholders' Equity	793	1,414
Provisions for Risks and Charges	92	87
TFR	244	239
Payables	9,693	2,992
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,824**	**11,732**

Income Statement

(thousands of Euros)		
	12.31.2014	**12.31.2013**
Value of production	17,628	18,701
Cost of production	(17,496)	(17,826)
Operating profit	**132**	**875**
Financial income (expense)	(85)	(75)
Profit (loss) before taxes	**47**	**800**
Taxes for the year	(167)	(281)
Profit (loss) for the year	**(120)**	**519**

RDM Blendecques S.A.S.

Headquarter in Blendecques – Rue de L'Hermitage B.P. 53006

Share capital €1,037,000

Statement of Financial Position

(thousands of Euros)		
Assets	**12.31.2014**	**12.31.2013**
Non-current assets	7,185	7,105
Current assets	11,946	11,305
TOTAL ASSETS	**19,131**	**18,410**
Liabilities and shareholders' equity	**12.31.2014**	**12.31.2013**
Shareholders' Equity	(2,793)	(3,239)
Provisions for Risks and Charges		1,463
TFR	3,034	2,489
Payables	18,889	17,697
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**19,131**	**18,410**

Income Statement

(thousands of Euros)		
	12.31.2014	**12.31.2013**
Value of production	57,417	58,067
Cost of production	(58,714)	(59,310)
Operating profit	**(1,297)**	**(1,243)**
Financial income (expense)	(251)	(308)
Profit (loss) before taxes	**(1,548)**	**(1,551)**
Taxes for the year	(156)	(129)
Discontinued operations	500	
Profit (loss) for the year	**(1,204)**	**(1,680)**

Reno De Medici Arnsberg Gmbh

Headquarter in Arnsberg- Hellefelder Street, 51

Share capital €5,112,919

Statement of Financial Position

(thousands of Euros)		
Assets	**12.31.2014**	**12.31.2013**
Non-current assets	59,827	68,430
Current assets	42,176	37,668
TOTAL ASSETS	**102,003**	**106,098**
Liabilities and shareholders' equity	**12.31.2014**	**12.31.2013**
Shareholders' Equity	52,156	55,559
TFR	17,250	13,502
Payables	32,597	37,037
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**102,003**	**106,098**

Income Statement

(thousands of Euros)		
	12.31.2014	**12.31.2013**
Value of production	117,928	117,259
Cost of production	(114,945)	(116,560)
Operating profit	**2,983**	**699**
Financial income (expense)	(50)	(429)
Profit (loss) before taxes	**2,933**	**270**
Taxes for the year	(942)	(100)
Profit (loss) for the year	**1,991**	**170**

Reno De Medici Ibérica S.l.u.

Headquarter in Prat De Llobregat (Barcelona) calle Selva, 2

Share capital €7,466,578

Statement of Financial Position

(thousands of Euros)		
Assets	**12.31.2014**	**12.31.2013**
Non-current assets	4,282	5,040
Current assets	10,589	10,449
TOTAL ASSETS	**14,871**	**15,489**
Liabilities and shareholders' equity	**12.31.2014**	**12.31.2013**
Shareholders' Equity	5,838	6,816
Payables	9,033	8,673
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,871**	**15,489**

Income Statement

(thousands of Euros)		
	12.31.2014	**12.31.2013**
Value of production	29,935	33,358
Cost of production	(30,794)	(34,723)
Operating profit	**(859)**	**(1,365)**
Financial income (expense)	(119)	(95)
Profit (loss) before taxes	**(978)**	**(1,460)**
Taxes for the year		-
Profit (loss) for the year	**(978)**	**(1,460)**

Reno De Medici UK Limited

Headquarter in Wednesbury – Pacific Avenue, Parkway

Share capital €12,215,441

Statement of Financial Position

(thousands of Euros)		
Assets	**12.31.2014**	**12.31.2013**
Non-current assets		104
Current assets		3,098
TOTAL ASSETS		**3,202**
Liabilities and shareholders' equity	**12.31.2014**	**12.31.2013**
Shareholders' Equity	(504)	(203)
Provisions for Risks and Charges		
TFR		21
Payables	504	3,384
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,202**

Income Statement

(thousands of Euros)		
	12.31.2014	**12.31.2013**
Value of production	584	7,163
Cost of production	(833)	(8,816)
Operating profit	**(249)**	**(1,643)**
Financial income (expense)	(28)	(27)
Profit (loss) before taxes	**(277)**	**(1,670)**
Taxes for the year		
Profit (loss) for the year	**(277)**	**(1,670)**

Reno De Medici Ovaro S.p.A. (formerly Reno Logistica S.r.l. in liquidation)

Headquarter in Milan - Viale Isonzo, 25

Share capital €12,500,000

Statement of Financial Position

(thousands of Euros)		
Assets	**12.31.2014**	**12.31.2013**
Non-current assets	10,795	11,748
Current assets	27,196	24,855
TOTAL ASSETS	**37,991**	**36,603**
Liabilities and shareholders' equity	**12.31.2014**	**12.31.2013**
Shareholders' Equity	13,465	11,385
Provisions for Risks and Charges	177	189
TFR	2,441	2,308
Payables	21,908	22,721
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**37,991**	**36,603**

Income Statement

(thousands of Euros)		
	12.31.2014	**12.31.2013**
Value of production	43,731	43,558
Cost of production	(40,382)	(40,432)
Operating profit	**3,349**	**3,126**
Financial income (expense)	(57)	(242)
Profit (loss) before taxes	**3,292**	**2,884**
Taxes for the year	(1,071)	(951)
Profit (loss) for the year	**2,221**	**1,933**

Careo S.r.l. (*)

Headquarter in Milan - Viale Isonzo, 25

Share capital €100,000

Statement of Financial Position

(thousands of Euros)		
Assets	12.31.2014	12.31.2013
Non-current assets	823	761
Current assets	6,541	8,367
TOTAL ASSETS	7,364	9,128
Liabilities and shareholders' equity	12.31.2014	12.31.2013
Shareholders' equity	371	267
Non-current liabilities	3,153	2,904
Current liabilities	3,840	5,957
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,364	9,128

Income Statement

(thousands of Euros)		
	12.31.2014	12.31.2013
Value of production	13,061	13,378
Cost of production	(12,433)	(12,805)
Operating profit	628	573
Financial income (expense)	(34)	(177)
Profit (loss) before taxes	594	396
Taxes for the year	(270)	(279)
Profit (loss) for the year	324	117

(*) Figures refer to the consolidated data prepared for equity accounting used in the Reno De Medici Group Consolidated Financial Statements.

Manucor S.p.A.

Headquarter in Milan – Via Durini, 16/18

Share capital €10,000,000

Statement of Financial Position

(thousands of Euros)		
Assets	**12.31.2014**	**12.31.2013**
Non-current assets	71,370	78,498
Current assets	43,242	45,131
TOTAL ASSETS	**114,612**	**123,629**
Liabilities and shareholders' equity	**12.31.2014**	**12.31.2013**
Shareholders' equity	8,131	3,093
Non-current liabilities	68,258	22,828
Current liabilities	38,223	97,708
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**114,612**	**123,629**

Income Statement

(thousands of Euros)		
	12.31.2014	**12.31.2013**
Value of production	166,839	171,320
Cost of production	(175,291)	(174,836)
Operating profit	**(8,452)**	**(3,516)**
Financial income (expense)	(2,762)	(1,152)
Other income (expense)		
Profit (loss) before taxes	**(11,214)**	**(4,668)**
Taxes for the year	1,514	1,241
Profit (loss) for the year	**(9,700)**	**(3,427)**

PAC Service S.p.A.

Headquarter in Vigonza (PD) – Via Julia, 47

Share capital €1,000,000

Statement of Financial Position

(thousands of Euros)		
Assets	12.31.2014	12.31.2013
Non-current assets	2,310	2,518
Current assets	10,579	11,186
TOTAL ASSETS	12,889	13,704
Liabilities and shareholders' equity	12.31.2014	12.31.2013
Shareholders' Equity	6,166	5,885
Provisions for Risks and Charges	201	202
TFR	510	490
Payables	6,012	7,127
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,889	13,704

Income Statement

(thousands of Euros)		
	12.31.2014	12.31.2013
Value of production	19,896	17,380
Cost of production	(18,318)	(16,089)
Operating profit	1,577	1,291
Financial income (expense)	101	91
Extraordinary income (expense)	(34)	0
Profit (loss) before taxes	1,644	1,382
Taxes for the year	(553)	(458)
Profit (loss) for the year	1,091	924

Carta Service Friuliana S.r.l. (formerly RDM Tissue core S.r.l. in liquidation)

Headquarter in Milan - Viale Isonzo,25

Share capital €60,000

Statement of Financial Position

(thousands of Euros)		
Assets	12.31.2014	12.31.2013
Non-current assets	5	7
Current assets	42	168
TOTAL ASSETS	47	175
Liabilities and shareholders' equity	12.31.2014	12.31.2013
Shareholders' Equity	47	47
TFR		
Payables		128
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	47	175

Income Statement

(thousands of Euros)		
	12.31.2014	12.31.2013
Value of production		
Cost of production	(4)	(5)
Operating profit	(4)	(5)
Financial income (expense)	4	
Profit (loss) before taxes		(5)
Taxes for the year		
Profit (loss) for the year		(5)

Zar S.r.l.

Headquarter in Milan

Share capital €90,000

Statement of Financial Position

(thousands of Euros)		
Assets	**12.31.2014**	**12.31.2013**
Non-current assets	2	4
Current assets	7,087	4,037
TOTAL ASSETS	**7,089**	**4,041**
Liabilities and shareholders' equity	**12.31.2014**	**12.31.2013**
Shareholders' Equity	139	121
Payables	6,950	3,920
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**7,089**	**4,041**

Income Statement

(thousands of Euros)		
	12.31.2014	12.31.2013
Value of production	13,905	24,010
Cost of production	(13,887)	(23,978)
Operating profit	**18**	**32**
Financial income (expense)		(3)
Profit (loss) before taxes	**18**	**29**
Taxes for the year		
Profit (loss) for the year	**18**	**29**

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