



ANNUAL FINANCIAL
STATEMENTS AS AT
DECEMBER 31, 2015

GRUPPO
SANFAUSTINO
PRINT&MULTICHANNEL COMMUNICATION

BUSINESS COMMUNICATION / LABEL&PACKAGING / GED / E-PROCUREMENT / SERVIZI DI STAMPA

I N D E X

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

REPORT OF THE AUDITING FIRM TO CONSOLIDATED FINANCIAL STATEMENT

REPORT OF THE BOARD OF AUDITORS TO CONSOLIDATED FINANCIAL STATEMENTS

POLIGRAFICA S. FAUSTINO S.P.A. FINANCIAL STATEMENTS

REPORT OF THE AUDITING FIRM TO FINANCIAL STATEMENT

REPORT OF THE BOARD OF AUDITORS TO FINANCIAL STATEMENTS

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

REPORT ON REMUNERATION



UNI EN ISO 9001 N.412



UNI EN ISO 14001 N.182



BS OHSAS 18001 N.053

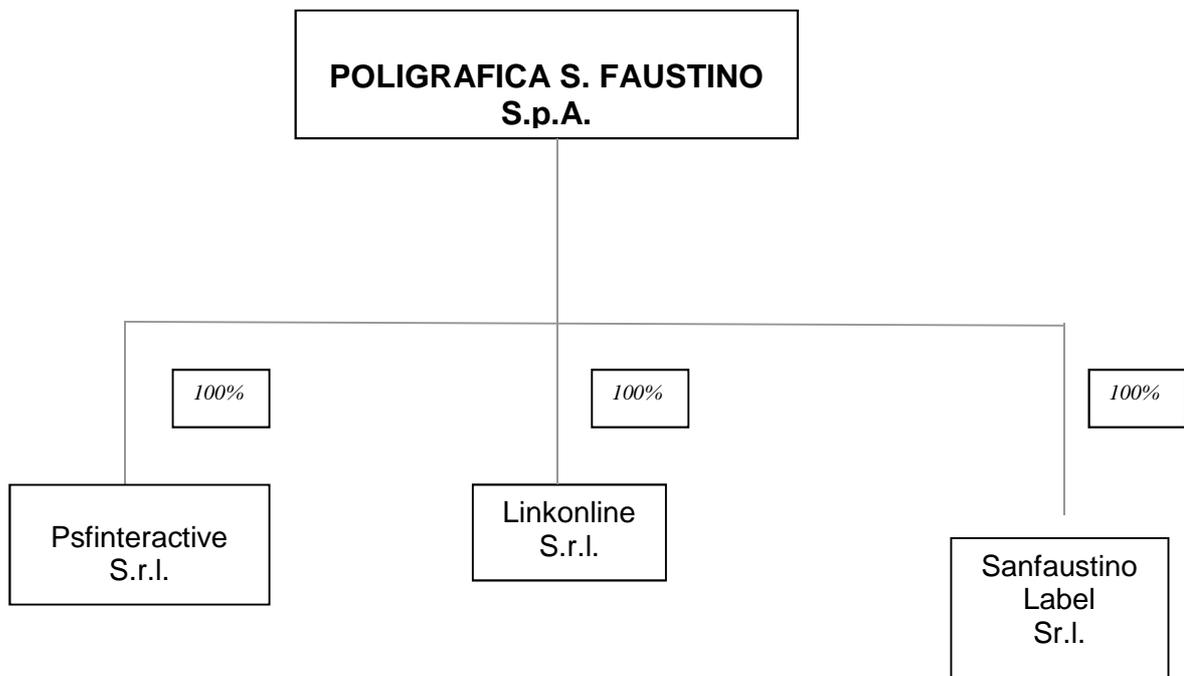


POLIGRAFICA S. FAUSTINO S.P.A. GROUP CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015



The mark of
responsible forestry

THE GROUP



Subsidiary companies:

Psfinteractive S.r.l. communication agency
sole proprietorship

Litografia Spada S.r.l. printing of labels
sole proprietorship

Linkonline S.r.l. leader in distribution of consumer products for informatics
sole proprietorship

NEWS ON THE GROUP MANAGEMENT

MARKET EVOLUTION AND NEW STRATEGIC FOCUSES

The Holding Poligrafica S. Faustino S.p.A. closed the year 2015 with a decrease compared to the previous year.

2016 will be characterized by the development of the paper converting character projects, for the promotional and advertising area customized to the needs of the larger players in the "business to consumer" world.

The development of the world linked to the multi-channel synergy with other Group companies will continue, similarly to the market related to direct marketing that has not expressed its true potential yet.

As for Linkonline S.r.l., which in 2015 recorded a satisfactory increase in sales, the major R & D are aimed at strengthening and introduction of new tools of the online platform for the reduction of the harvest timing of orders and the delivery process optimization.

Also in 2016 the Linkonline the most relevant activities will be aimed at strengthening the system that allows you to calculate the forecast of orders: Linkonline, on behalf of the client, automatically supplies the calculation of consumable material in relation to seasonality.

The platform aims to strengthen customer loyalty and to get the recognition of Linkonline as a specialist and market leader in the supply of consumable services for big retail chains.

The decrease of Psfinteractive S.r.l. in the year 2015 is due to the period of economic stagnation and the necessary reorganization in the second half of the year. In 2016 they will continue the traditional activities and there will still be a greater sales push of web marketing services in all its peculiarities.

The accounting year 2015 of the subsidiary Sanfaustino Label S.r.l. closed with a loss of modest amount due to the inactivity. For next year promises it is expected a resumption of activities in the field of labels with complementary commercial strategies and policies and synergistic with the holding Poligrafica S. Faustino S.p.A..

FINANCIAL AND ECONOMICS HIGHLIGHTS

A breakdown of sales by business is provided in the table below:

NET SALES (Euro million)	2015	Peso	2014	Peso
- Graphic products	26.16	66.0%	28.95	70.1%
- Web agency services	1.02	2.6%	1.27	3.1%
- Commercial area	12.43	31.4%	11.09	26.8%
Sales	39.61	100.0%	41.31	100.0%
(abroad)	(2.81)	(7.1%)	(3.01)	(7.3%)

As shown above, the decline in Group turnover (equivalent to the average 4.1%) was mainly recorded in the sector of traditional graphics industry and was only partly counterbalanced by the recovery of the commercial sector sales favored by a large activity of marketing. It is noted, finally, the modest importance of web communication sector-agency at the end of 2014 had been the subject of a sale of the business unit.

Below are economic highlights for the Group at December 31, 2015:

CONSOLIDATED INCOME STATEMENT	31/12/15	31/12/14
(Euro million)		
Sales	39.62	41.31
Other operating income and revenues	0.53	0.85
Total operating revenues and income	40.15	42.16
Materials and change in inventory	(23.27)	(23.89)
Services	(9.93)	(10.51)
Payroll costs	(3.42)	(3.93)
Other net operating costs (revenues)	(2.42)	(2.40)
Total operating costs	(39.04)	(40.73)
EBITDA	1.11	1.43
Depreciation, amortization and gain/loss on non-current disposal	(0.58)	(0.56)
EBIT	0.53	0.87
Financial net income (cost)	(0.13)	(0.24)
Income before tax	0.40	0.63
Income taxes	(0.33)	(0.42)
Net result for the period	0.07	0.21
<i>Minority interest</i>	-	-
<i>GROUP interest</i>	<i>0.07</i>	<i>0.21</i>

Given the aforementioned dynamics of revenues, the higher incidence of sales consumption (58.7% compared to 57.8% in 2014) was only partially counterbalanced by the significant reductions in absolute terms and / or in terms of percentage, the cost of services and personnel, while there were savings in net other operating items. The decrease in revenues and the aforementioned dynamic operational cost has therefore generated its EBITDA reduction, now stands at 2.8% of revenues (it was 3.4% in 2014). A similar decline recorded EBIT in both absolute terms and as a percentage (1.3% compared to 2.1% the previous year). Conversely significantly improve the results of the financial sector in which recorded net financial expenses substantially halved.

The allocation of the results for detailed sector highlights separately the web communication sector, while less than 5% of total revenues, provide a better assessment of group dynamics.

PRODUCTIVE GRAPHIC AREA

(Euro/million)	2015	2014	Var.
Sales and other operating income	26.51	29.31	(2.80)
Purchases and inventory change	(12.98)	(14.56)	1.58
Services	(8.31)	(8.99)	0.68
Personnel costs	(2.39)	(2.67)	0.28
Other net operating revenues (expenses)	(2.13)	(2.01)	(0.12)
Total operating costs	(25.81)	(28.23)	2.42
EBITDA	0.70	1.08	(0.38)
Depreciation and amortization	(0.49)	(0.52)	0.03
EBIT	0.21	0.56	(0.35)
Net financial income (expense)	(0.06)	(0.13)	0.07
Before tax result	0.15	0.43	(0.28)

Tax	(0.21)	(0.30)	0.09
Net result	(0.06)	0.13	(0.19)
<i>Minority interest</i>	-	-	
<i>GROUP interest</i>	(0.06)	0.13	

COMMERCIAL AREA

The following data refer to the subsidiary Linkonline S.r.l., specialized in the commercial sector, and are gross of intercompany eliminations.

(Euro/million)	2015	2014	Var.
Sales and other operating income	12.48	11.11	1.37
Purchases and inventory change	(9.63)	(8.67)	(0.96)
Services	(1.40)	(1.03)	(0.37)
Personnel costs	(0.87)	(0.80)	(0.07)
Other net operating revenues (expenses)	(0.16)	(0.18)	0.02
Total operating costs	(12.06)	(10.68)	(1.38)
EBITDA	0.42	0.43	(0.01)
Depreciation and amortization	(0.06)	(0.01)	(0.05)
EBIT	0.36	0.42	(0.06)
Net financial income (expense)	(0.07)	(0.10)	0.03
Before tax result	0.29	0.32	(0.03)
Tax	(0.11)	(0.09)	(0.02)
Net result	0.18	0.23	(0.05)
<i>(all attributable to the Group)</i>			

COMMUNICATION WEB AGENCY AREA

The following data refer to the subsidiaries Psfinteractive S.r.l. and To Italy S.r.l. in liquidation, and are gross of intercompany eliminations

(Euro/million)	2015	2014	Var.
Sales and other operating income	1.16	1.74	(0.58)
Purchases and inventory change	(0.66)	(0.66)	-
Services	(0.22)	(0.49)	0.27
Personnel costs	(0.16)	(0.46)	0.30
Other net operating revenues (expenses)	(0.14)	(0.21)	0.07
Total operating costs	(1.18)	(1.82)	0.64
EBITDA	(0.02)	(0.08)	0.06
Depreciation and amortization	(0.02)	(0.02)	-
EBIT	(0.04)	(0.10)	0.06
Net financial income (expense)	(0.01)	(0.02)	0.01
Before tax result	(0.05)	(0.12)	0.07
Tax	-	(0.03)	0.03
Net result	(0.05)	(0.15)	0.10
<i>(all attributable to the Group)</i>			

INVESTMENTS

During the accounting year the investments, for Euro 0.39 million, have regarded for Euro 0.17 million implementations of applicative software of the platform for the documental managing services and immaterial assets for Euro 0.22 million.

RESEARCH AND DEVELOPMENT ACTIVITIES

During the year 2015, the Holding has carried out research and development activities with internal resources.

The R & D has focused in the development of projects linked to the label & packaging with the introduction of new solutions that will have a commercial development in the year 2016.

the processing flows have been digitized and reorganized, together with the management of orders aimed at the reduction of non-compliance to achieving excellence process.

For further and more specific considerations on R & D in the other Group companies, refer to that reported in the previous section on the evolution of the market and the new strategic guidelines.

PERSONNEL

The table below indicates the Group personnel as at year's end:

	31/12/15	31/12/14
Managers	4	4
Clerical employees	61	55
Manual workers	14	14
Total	79	73

Linkonline S.r.l has n. 17 employees (1 manager and 16 salespeople) as at December 31, 2015 (+4 compared to the previous year).

The PSF Group, in the field of graphics production (included Sanfaustino Label S.r.l.), recorded a net increase of staff equal to n. 5 units compared to the previous year. Psfinteractive reduced the staff of 3 employees.

CONSOLIDATED NET FINANCIAL POSITION

Euro/mln	2015	2014
Cash and banks	4.56	2.66
Short term bank and leasing loans	(5.53)	(6.01)
Total A) short term	(0.97)	(3.35)
Medium-long term bank and leasing loans	(2.49)	(0.74)
Total B) medium/long term	(2.49)	(0.74)
Net financial position (A+B)	(3.46)	(4.09)

The further overall reduction in net debt, which also has repositioned more on a medium to long term types, benefiting mostly the flows generated by working capital dynamics.

The table below provides a breakdown of the consolidated balance sheet structure

CONSOLIDATED	31-dec-15	31-dec-14	Var.
	Euro/mln	Euro/mln	Euro/mln
A) Net current assets			
Trade receivables	14.64	14.03	0.61
Inventory	2.05	2.28	(0.23)
Other current assets	0.62	0.59	0.03
Trade payables	(12.13)	(11.63)	(0.50)
Other current liabilities	(1.42)	(1.47)	0.05
A) Total net current assets	3.76	3.80	(0.04)
B) Net fixed assets			
Intangible assets	1.43	1.40	0.03
Tangible assets	4.19	4.41	(0.22)
Financial investments	-	0.01	(0.01)
Other non-current assets	2.10	2.45	(0.35)
B) Total net fixed assets	7.72	8.27	(0.55)
C) Medium and long term liabilities	0.93	0.96	(0.03)
D) Invested capital (A+B-C)	10.55	11.11	(0.56)
Covered by:			
E) Net financial debt			
Short term loans	5.53	6.01	(0.48)
Cash and banks	(4.56)	(2.66)	(1.90)
Medium/long term debt	2.49	0.74	1.75
E) Net financial debt	3.46	4.09	(0.63)
F) Equity			
Capital stock	6.16	6.16	-
Reserves	0.93	0.86	0.07
	7.09	7.02	0.07
Minority interest	0	0	0
F) Total Equity	7.09	7.02	0.07
G) Total coverage (E+F)	10.55	11.11	(0.56)

FINANCIAL RISK MANAGING

The holding works in the graphic-promotional sector exclusively on demand and, considering the particular productive typology, must adjust the production and the provisioning politics to the specific requests of the clients.

The strong competitors and the lack of standard pricelist-products determine the necessity to have price politics that are often influenced by the promotional budget at the clients' disposal. Till the end of the previous accounting year, the Group Poligrafica S. Faustino has always had only one reference market (the promotional one), with a modest exception of the communication agency activity of the controlled Psfinteractive. With the precise goal to diversify the reference markets and, in order to limit the different risk typologies, in 2008 Poligrafica S. Faustino S.p.A. acquired Linkonline S.r.l., company that operates in the consumables sector that are destined to the retail sector. Through this operation the Group Poligrafica S. Faustino has been developing a strategy aimed at collecting all possible synergies in particular about the commercial integration of the loyal clients.

Each company of the Group is commercially autonomous but responds to strategies that are planned by the Direction of the Holding.

Similarly, each company has a financial autonomy; although the treasury is not correctly canalised on the Group, the financial fluxes of each company are managed by a central function. The financial direction of the Group manages the relations among different banks and analyses the different risks and offers indications about the credit risks, and in particular each time there are contracts with new clients. The financial management 's activity is concerned with keeping the relations with many banks and carries on the analysis of different risks favouring indications on the credit risks, and in particular when there are contacts with new clients.

The change risk, given the absolute irrelevance of the transactions (both passive and active) also beyond the Euro area, is equal to zero. The supplying market of raw materials isn't affected by indirect consequences bound to the dollar.

As far as the credit risk is concerned, above all in front of the huge costs of the transactions and of the clients is limited. It is to be considered that the medium unity amount of the transitions is modest and the analysis of the credit positions already expired or soon to be expired are linked to a fortnight expiry date.

About the liquidity risk, the relationship between own and others' money has always been positive particularly considering the Holding.

Concerning the interest rate risk, it is generated by short and long term flexible rate financial debts; only one component referring to a loan recently has been joined to a derivative hedging instrument.

RELATED PARTIES

Except for the fees paid to members - directors, the Group made significant transactions with the related company Etichette Nika S.r.l..

In particular, during the year, the following transactions were carried out under normal market conditions:

	Euro/000
Purchase for sale products and obtained manufacturing	(2,047)
Active rentals	56
Various charge backs	25

As at December 31, 2015 the followings positions are open:

	Euro/000
Etichette NIKA (client)	27
Etichette NIKA (supplier)	(846)

ECONOMIC HIGHLIGHTS OF GROUP COMPANIES

Poligrafica S. Faustino S.p.A. (Holding)

Revenues and operating income of the parent company registered a decline of 8.6% which, although accompanied by significant reductions in operating costs, has not, however, allowed to consolidate the marginal data recorded in 2014. In particular, the decrease in incidence of supply and in personnel costs was not exactly related to a decrease in services and other operating costs, which have incorporate significant fixed components inside. These trends have created an impact on EBITDA down 1% (0.74 mln or 2.7% compared to 1.11 million or 3.7% in 2014) compared to the previous year.

The decrease in absolute terms has had an impact on the operating profit (EBIT) decreased from Euro 0.44 to Euro 0.18 million.

The result before taxes is positive for Euro 0.13 mln (0.32 mln compared to 2014) against the savings on the financial components. The net result was a loss of small amount (Euro 0.08 million), given the still significant impact of taxation.

Subsidiaries

Here below we are summarizing the accounting period's activity of the subsidiary companies Psfinteractive S.r.l. (100%), Sanfaustino Label (formerly Litografia Spada) S.r.l. (100%) and Linkonline S.r.l. (100%):

Psfinteractive S.r.l. sole proprietorship

Psfinteractive S.r.l. is the communication agency of Poligrafica S. Faustino Group. It is a high specialized company for Internet based solutions. The core activity is the “e-business strategy, design and development”.

The year ended on 31.12.2015 recorded a production value amounting to Euro 0.99 million considerably lower than the figure recorded in the previous year (EUR 1.36 million) and a negative net result of 0.05 million (compared with a loss of 0.15 million in 2014). This decrease in revenues is certainly attributable to the phase of redefinition of business strategies resulting from the sale of a business unit, which was no longer profitable, completed the previous year. The company was in fact the subject of a deep operational and structural reorganization that would allow recovery of margins in the coming year. The results of the current year can therefore not be considered fully representative because they have paid the effects of the transactions described above. The same results, however, were not entirely negative, if taken together and in comparison with that recorded in the previous year.

Sanfaustino Label S.r.l. (formerly Litografia Spada) sole proprietorship

The company owned for 100% by Poligrafica S. Faustino S.p.A. is specialized in the production of labels.

The company during the year remained largely inactive. From 2016 has restarted its activities in the field of labels to light of a different commercial and production strategy defined by the Holding in the traditional graphic industry. The net profit (IAS) recorded a modest loss (0.04 million euro).

Linkonline S.r.l. sole proprietorship

Linkonline S.r.l., company specialized in the trade of consumption products, has offered the group the chance to realize new synergies in the services sectors for the great distribution and the highly qualified institutional clients: banks, assurance companies, gdo.

In the accounting year 2015 LOL reported revenues of 12.48 million, an increase of 12% over the previous year (11.11 million in 2014) and recorded a positive EBITDA of 0.42 million. That EBITDA is substantially in line with the figure reported in the previous year, thanks to the efficiencies on procurement and operating costs which counterbalanced the significant increase in trade and marketing costs, needed to boost the recovery in sales. The final net result amounted to a profit of 0.18 million (0.23 million in 2014).

FURTHER INFORMATION ABOUT OWNERSHIP STRUCTURE

As required by art. 123-bis of the “*Testo Unico della Finanza*”, the information referred to in paragraphs 1 and 2 of such article have been submitted in a separate report from the annual report (Report on corporate governance and ownership structures) always approved by the Board of Directors.

The above document is also available on the website of Company's website at [www.psf.it / investor relations / corporate governance / reports](http://www.psf.it/investor-relations/corporate-governance/reports)
http://investor.psf.it/uk/page.asp?id_sez=48&id_sub=56&id_com=79

SUBSEQUENTS EVENTS AFTER THE CLOSURE OF THE ACCOUNTING PERIOD

There are no further events after the closure of the year that may have an impact on the data concerned in the present survey.

FORESEEABLE BUSINESS DEVELOPMENT

In 2016, the activities will be focused on projects related to the label & packaging world for three areas (wine & spirits, promotional, industrial-product) with the market introduction of new solutions and products related to the promotion area.

The control and management platform (cantoalto.it) will also allow you to have full control of the spending and 24/7 tracking of order and delivery processes.

On behalf of the Board of
Directors
The Chairman
Alberto Frigoli

CONSOLIDATED BALANCE SHEET

STATEMENTS OF PATRIMONIAL – FINANCIAL SITUATION	31/12/15	31/12/14
ASSETS Euro (.000)		
NON CURRENT ASSETS		
Tangible fixed assets	4,188	4,418
Intangible assets	1,426	1,403
Equity investments	3	3
Non-current receivables	546	774
Deferred tax assets (prepaid taxes)	1,554	1,677
Total non-current assets	7,717	8,275
CURRENT ASSETS		
Inventories	2,049	2,283
Trade receivables	14,639	14,029
Tax receivables	109	104
Other current receivables	517	485
Current financial assets	0	0
Cash and banks	4,554	2,660
Total current assets	21,868	19,561
TOTAL ASSETS	29,585	27,836
NET EQUITY AND LIABILITIES		
NET EQUITY		
Share capital	6,162	6,162
Other reserves	1,234	1,234
Own shares	(749)	(749)
Retained earnings (loss)	447	374
<i>Total equity attributable to Holding Company</i>	<i>7,094</i>	<i>7,021</i>
<i>Minority interests</i>	<i>0</i>	<i>0</i>
Total Net Equity	7,094	7,021
NON-CURRENT LIABILITIES		
Loans	2,490	740
Employee severance indemnity and retirement reserves	688	719
Reserves for risks and contingencies	0	0
Deferred tax liabilities	243	243
Other non-current liabilities	0	0
Total non-current liabilities	3,421	1,702
CURRENT LIABILITIES		
Loans	5,527	6,015
Trade payables	12,125	11,630
Tax payables	398	415
Other payables	1,020	1,053
Total current liabilities	19,070	19,113
TOTAL NET EQUITY AND LIABILITIES	29,585	27,836

COMPLESSIVE INCOME STATEMENTS	31/12/15	31/12/14
Euro (.000)		
OPERATING REVENUES		
Sales	39,614	41,313
Other operating income and revenues	532	850
Total operating revenues and income	40,146	42,163
OPERATING COSTS		
Materials	23,036	23,686
Change in inventory	234	202
Services	9,930	10,508
Payroll costs	3,418	3,931
(less) Costs for capitalized in-house work	(4)	(136)
Other net operating costs (revenues)	2,429	2,539
Total operating costs	39,043	40,730
EBITDA	1,103	1,433
Depreciation and amortization (-)	(579)	(557)
Capital gains (losses) on disposal of non-current assets	-	-
Write-downs/write backs of non-current assets	-	-
EBIT	524	876
Proventi finanziari	38	35
Oneri finanziari	(166)	(282)
BEFORE TAX RESULT	396	629
Income taxes	(327)	(418)
Net result for the period	69	211
Revenues referred to net equity	4	1
Costs referred to net equity		
Profit (loss) global	73	212
Profit (loss) for the period attributable to		
Net result for Group interest	73	212
Net result for minority	0	0

It should be noted that in 2015 an amount of Euro 4 thousand was allocated directly in equity without going through the income statement in accordance with IAS 39 regarding the method of accounting for cash flow hedges , in respect of a derivative type of IRS coverage on a variable rate.

**CONSOLIDATED CASH FLOW STATEMENTS
(indirect method)**

	2015	2014
A. Cash flows from operating activities		
Profit (loss) of the accounting year	69	211
Taxes	327	418
interest expense / (interest income)	128	247
(Gains)/ losses on the disposal of assets	(86)	(95)
1. Profit (loss) before income taxes, interest, dividends and capital gains / losses on disposal	438	781
Allocations to provisions	46	56
Amortisation of intangible assets	579	557
Adjustments for non-cash items that had no counterpart in the CCN	625	613
2. Cash flow before changes in CCN	1,063	1,394
Decrease / (increase) in inventories	234	203
Decrease / (increase) in trade receivables and to the Group	(610)	1,758
Increase / (decrease) in trade payables and to the Group	495	(953)
Other changes in net working capital	206	(366)
Variation of CCN	325	642
3. Cash flow after variation of CCN	1,388	2,036
Interest received / (paid)	(135)	(243)
(taxes paid)	(261)	(248)
Use of funds	(78)	(264)
Other adjustments	(474)	(755)
Cash flow of income management (A)	914	1,281
B. Cash flow of investments		
Property, plant and equipment (Investments)	(221)	(92)
Price of disinvestments	101	162
Immaterials asset (Investments)	(166)	(251)
Shareholding and other non-current payables Price of disinvestments	-	6
Cash flow from investing activities (B)	(286)	(175)
C. Cash flow from financing		
Increase in short-term borrowings from banks	(1,135)	(613)
Turning funding	6,140	2,295
repayment of loans	(3,743)	(2,728)
Third's means	1,262	(1,046)
Other variations	4	1
equity	4	1
Net cash flow from financing activities (C)	1,266	(1,045)
Increase (decrease) in cash (a ± b ± c)	1,894	61
Cash and cash equivalents at beginning of the year	2,660	2,599
Cash and cash equivalents at the end of the year	4,554	2,660

TABLE OF MOVEMENTS IN CONSOLIDATED EQUITY

Euro/000

CONSOLIDATED NET EQUITY	31/12/2014	Destination result	Other Movements	Result	31/12/2015
Capital Stock	6,162				6,162
Reserve Shares Premium	244				244
Own shares reserve	749				749
Own shares	(749)				(749)
Revaluation reserve	241				241
Legal reserve	210	1			211
Other and new reserves	(47)	210	4		167
Gain (loss) period	211	(211)		69	69
TOTAL Group equity	7,021	0	4	69	7,094
Minority reserves					
Minority result					
Total Minority Equity	0	0		0	0
TOTAL CONSOLIDATED	7,021	0	4	69	7,094

CONSOLIDATED NET FINANCIAL POSITION

Euro (000)

NET FINANCIAL POSITION	31 Dec 15	31 Dec 14
LIQUIDITY AVAILABLE	4,554	2,660
DEBTS TOWARDS BANKS (SHORT TERM)	(5,504)	(5,961)
DEBTS TOWARDS OTHERS (SHORT TERM)	(23)	(54)
TOTAL POSITION AT SHORT TERM (A)	(973)	(3,355)
DEBTS TOWARDS BANKS BEYOND THE SHORT TERM.	(2,474)	(702)
DEBTS TOWARDS OTHERS BEYOND THE SHORT TERM.	(16)	(38)
TOTAL POSITION AT MEDIUM/LONG TERM (B)	(2,490)	(740)
NET FINANCIAL POSITION (A+B)	(3,463)	(4,095)

The debts towards other financiers at short and middle term are exclusively made of funds deriving from financial allocations on plants and machineries whose payback is now predicted within 2 accounting years. During the accounting year, no leasing contract has been turned on.

For a correct analysis of the financial dynamics please see to what is shown in more details in the statement of cash flows.

In order to better define the changes in the Group's net financial position, we are here below detailing the financial position specifically attributable to Linkonline S.r.l. (commercial sector):

NET FINANCIAL POSITION LINKONLINE	31 Dec 15 Euro (000)	31 Dec 14 Euro (000)
LIQUIDITY AVAILABLE	1,386	986
DEBTS TOWARDS BANKS (SHORT TERM)	(2,043)	(2,324)
DEBTS TOWARDS OTHERS (SHORT TERM)	-	-
TOTAL POSITION AT SHORT TERM (A)	(657)	(1,338)
DEBTS TOWARDS BANKS BEYOND THE SHORT TERM,	-	-
DEBTS TOWARDS BANKS BEYOND THE SHORT TERM,	-	-
TOTAL POSITION AT MEDIUM/LONG TERM (B)	0	0
NET FINANCIAL POSITION (A+B)	(657)	(1,338)

PRELIMINARY STATEMENTS

The 2015 consolidated accounting period report has been made following the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). This was issued in thousands of Euro and was compared with the consolidated data of the previous accounting period that were collected with an homogeneity of principles. It is formed by the balance sheet, the profit and loss account, the statement of sources and application of funds, variations of shareholder's equity sheet and the comment notes.

The consolidated profit and loss account was issued according to the principle of the historic cost except for some revaluations of the material fixed assets in the previous accounting periods.

AREA BASIS APPLICATION OF THE INTERNATIONAL ACCOUNTING PRINCIPLES

Premise

The consolidation area has changed compared to the previous year in respect of the inclusion of the newly-formed To Italy in detail and includes the following companies:

Poligrafica S. Faustino S.p.A., holding company, operates mostly in 3 business areas:

- printed forms (promotional items, business papers and others);
- self-adhesive labels and flexible packaging;
- documental managing.

Psfinteractive S.r.l. is a Group's company, controlled for 100% by Poligrafica S. Faustino, involved in communication activities through telematics webs, in the elaboration of multimedia communication projects, in the production and commercialization of software. Moreover, Psfinteractive manages the files and bank dates, the promotional actions also through internet and intranet, the development of services aimed to the use of digital and computer systems.

Sanfaustino Label S.r.l.: it deals with the production of labels and is seated in Castrezzato (BS). Poligrafica S. Faustino S.p.A. holds 100% since 2009.

Linkonline S.r.l.: it is a commercial society that is active in the distribution of consumption computer products: Poligrafica S. Faustino S.p.A. acquired the 100% in February 2008. In 2010, the place of business of the company was transferred from Cogliate (MB) to Castrezzato (BS).

List of companies

Holding	Head office	Capital Stock
Poligrafica S. Faustino S.p.A.	Castrezzato	Euro 6.161.592,12

Subsidiaries consolidated with integral method	Head office	Capital Stock		Control
Psfinteractive S.r.l.	Castrezzato	Euro 20,000	100%	Direct
Sanfaustino Label S.r.l.	Castrezzato	Euro 20,000	100%	Direct
Linkonline S.r.l.	Castrezzato	Euro 100,000	100%	Direct

There are no other companies excluded from the consolidation.

BASIS OF CONSOLIDATION

The accounting value of shares is cancelled in favour of the net balance, following the acquirement of gains and losses of the controlled companies according to the global integration method; both positive and negative differences that come from such elimination is evaluated and attributed to positive and negative assets and/or to the net patrimony balance according to the specific elements that have originated such differences.

Minority shareholders' interests in equity or net income, if any, are classified separately, under "minority reserves" and "minority result".

Intercompany payables and receivables as well as income and expenses relating to the companies included in consolidation (on a line by line basis) are deleted. In particular, income or loss, if significant, resulting from intercompany transactions with third parties that has not been realized yet, is deleted.

Segment information

A segment is a distinctly identifiable part of a Group which supplies a combination of related products and services (business segment) or supplies products and service in a specific economic area (geographical segment). The PSF Group substantially operates in just one business segment (personalized graphic products), except for the web agency activity performed by Psfinteractive which, however, is not relevant (less than 5%) compared with total Group activity. Similarly the market business area involves Euro area with local market absolute priority. Starting from 2008 first quarter, after the acquisition of Linkonline S.r.l., company for the distribution of consumption products for computers, all the data referred this company are given separately. Please see about this what was reported in the Group's going.

ACCOUNTING PRINCIPLES

Accounting tables and schemes

Consolidated balance-sheet includes the minimum content required by international accounting standards which consists of the distinction in current and non-current assets and liabilities, based on the expectation to be realized within or after twelve months from the balance sheet date.

Income statement is based on the structure by nature.

The income statements is presented on the basis of a structure for what kind of cost.

The cash-flow statements is prepared on the basis of the indirect method.

Consolidated balance sheet not include items representative of value to asset held to sell and asset and liabilities included in disposals' group held to sell because there are not such case.

We inform that company controlled by Poligrafica S. Faustino S.p.A. prepare the report in application of international accounting standards; we apply appropriated adjustments required from IAS/IFRS to make them consistent with those of the holding and to aggregate financial statements all drawn according to international accounting standard.

The main accounting principles applied in the preparation of quarterly report are summarized here below:

Property, plant and equipment

They are stated at cost or revaluated cost (deemed cost) net of accumulated depreciation (except for land which is not depreciated). The cost of purchase or production includes additional charges and the direct and indirect production costs. Building cost includes a revaluation undertaken in the past based on a specific monetary revaluation regulation. Anyway, the revaluated cost does not exceed the market value of buildings.

Depreciation of tangible assets is computed on a straight line basis set on the residual useful life of assets and their impairment. A review is periodically carried out to assess impairment of assets. Tangible assets include an amount (not significant) related to implementation cost of leased building, depreciated on a straight line basis set on the residual time of lease contract.

Types	Useful life
Buildings	33
Light buildings	10
Plants	10
Particular plants and machineries	4-7
Other fixtures and fittings, tools and equipment	4-5
Furniture	8
Electronic Machines	5
Transport machines	4-5
Value increasing on third's goods	(according to duration of the allocation contract)

Leased assets

Fixed assets acquired via finance lease contracts are accounted for using the financial method and are shown among assets at purchased value less depreciation applying the same policy followed for owned tangible assets. Set against this the amounts payable to the leasing companies are posted among short and medium/long-term payables. In addition the portion of interest relating to the period is posted among financial expenses.

Goodwill

Goodwill is the difference between the purchase price and fair value of subsidiaries' identifiable assets and liabilities on the date of acquisition.

As regards acquisitions completed prior to the date of IFRS adoption, PSF decided for not applying IFRS No. 3 (concerning business combination) and consequently goodwill emerging in relation to past acquisition has not been recalculated following the option provided by IFRS No.1. Therefore goodwill has been posted in accordance with Italian GAAP net of amortisation posted as up to December 31, 2003 and net of any losses due to a permanent reduction in value.

As from transition date, goodwill is not amortized – since it is an intangible asset with an indefinite useful life- but it is periodically subject to impairment test to check for any reduction in value.

Other intangible assets

According to IAS No. 38, other intangible assets, acquired or internally produced, are booked only if it is probable that the use of asset will generate future economic benefits and when the asset cost can be measured reliably.

In particular other intangible assets include development cost of Cantoalto platform, used for the e-commerce and productive procedures concerning personalized graphic products. During the accounting year the development costs of 2 new products have been capitalised (patented products) and the costs for further implementation of the different platforms.

Booked costs are amortized on a straight line basis and set on their estimated useful life and/or future use.

Impairment of asset value

With reference to tangible and intangible assets, at each balance-sheet date the Group performs an impairment test in order to verify the existence of impairment losses; when the booked value exceeds the recoverable amount the impairment losses are charged to the income statement of the period.

Investments and other non-current assets

Investments in not relevant companies are stated at purchase cost, adjusted, when needed, to reflect impairment, if any.

Debt securities are valued at their realizable value.

Inventories

Inventories are stated at the lower of market value and purchase or production cost. The individual items of inventory, to which different valuation methods have been applied, are valued at cost, calculated using the weighted average cost method.

Receivables

Receivables are stated for the value expected to be collected.

Current financial assets

Financial assets not held on a permanent basis are carried at the higher of purchase cost and the amount expected to be received upon sale of the same ("fair value" based on market prices). Differences arising from value market comparison are charged to income statement.

Owns' shares

Owns' shares held by the company at the end of the accounting year are registered with the buying cost. As required by the reference International principles, the total cost of the owns' shares is registered as diminishing values in the net patrimony. Similarly, the positive and/or negative differentials deriving from the transactions of the own shares are enlisted among the reserves.

Reserves for risks and contingencies

Reserves for risks and contingencies are provisioned to cover losses and debts, the existence of which is certain or probable, but whose amount or date of occurrence cannot be determined at the end of the accounting period. The disposition is made only when an implicit legal bound exists and the amount of it can be estimated.

Employee severance indemnity

The employee severance indemnity represents the amount accrued by staff pursuant to the provisions of legal provisions and current labor contracts, net of any advance payments, if any. The normative variations imposed by 2007 National financial law oblige that from 2007 companies a total devolution of the shares achieved during the accounting year, according to the employees' choices of each company in favour of a complementary assurance or in favour of the INPS (with non-purpose full exception for less important subsidiary). Thanks to this, except for the share of annual revaluation, the severance indemnity fund is destined to diminish slowly as a consequence of dismissals and or sums paid in advance.

The application of the IAS 19, previously evaluated in a not significant way (positive effect on net equity), is less important considering the above described aspects.

Payables

Payables are stated at their face value.

Loans

Loans are initially recognised at cost, net of related cost of acquisition. This value is adjusted to allow for any difference between initial cost and repayment value.

Revenue recognition

Revenues are posted net of return sales, discounts, allowances and bonuses, as well as of the taxes and duties directly associated with sale of goods and rendering of services.

Sales revenues are recognised when the company has transferred the significant risks and rewards associated with ownership of the goods.

Income taxes

Provisions for tax liabilities are determined based on analytical calculations of taxes payable in the current financial year by individual companies in compliance with current tax legislation. In addition, should there be any temporary un-deductible income and expenses, booked on an accrual basis,

the related prepaid/deferred taxes are posted to the income statement. Deferred tax assets arising from fiscal loss were detected in face of new regulation on tax deferred, give the specific requirements of reasonable of the same. Similarly deferred and prepaid tax arising from consolidation and IFRS adjustments are posted to the income statement too.

NOTES TO CONSOLIDATED BALANCE SHEET

NON-CURRENT ASSETS

(DATA IN THOUSAND EURO)

- Buildings, plants and machinery

Balance at 31/12/15	4,188
Balance at 31/12/14	4,418
Variation	(230)

Lands

Historical Cost	1,047
Revaluation	0
Devaluation	0
Balance at 31/12/14	1,047
Increase	0
Disposals	0
Balance at 31/12/15	1,047

Buildings

Cost (413/91 revaluation included for Euro 249 thousand)	5,672
Accumulated depreciation	(2,912)
Balance at 31/12/14	2,760
Acquisitions / Increase	44
Disposals	-
Depreciation	(170)
Balance at 31/12/15	2,634

Plants and machinery

Historical Cost	15,811
Accumulated depreciation	(15,297)
Balance at 31/12/14	514
Increase	166
Disposals	(2,201)
Use funds	2,192
Depreciation	(225)
Balance at 31/12/15	446

Other fixtures, fittings, tools and equipment

Historical cost	634
Accumulated depreciation	(586)
Balance at 31/12/14	48
Increase	7
Disposals	(124)
Use funds	119
Depreciation	(22)
Balance at 31/12/15	28

Other tangible assets	
Historical cost	1,507
Accumulated depreciation	(1,459)
Balance at 31/12/14	48
Increase	4
Disposals	(73)
Use funds	73
Depreciation	(19)
Balance at 31/12/15	33

- Intangible assets

Balance at 31/12/15	1,426
Balance at 31/12/14	1,403
Variation	23

Description	Value at 31/12/14	Increase	Amort.	Other variation	Value at 31/12/15
Goodwill	1,086				1,086
Development costs	165	112	(72)		205
Software	152	54	(71)		135
	1,403	166	(143)		1,426

As in the IFRS 3 the goodwill as intangible asset with indefinite lives is not systematically amortized anymore but follows the impairment test.

Because goodwill does not generate independent cash flows, or may be subject to separate sale, the individual units (companies) to which the goodwill is referred, have been identified as Cash Generating Unit (C.G.U.).

The accounting amount of CGU (carrying value) referred to the consolidated financial statements as at 31/12/2015, is summarized in the table below. Values are shown in thousands of Euro:

Company	Stake	Goodwill	Other tangible and intangible assets	Accounting amount of CGU in PSF as at 31 12 2015
Linkonline S.r.l.	100%	691	40	1,123
Psfinteractive S.r.l.	100%	395	22	389

As at December 31, 2015, the “impairment” analysis was replaced and led by an expert employee by using the financial fluxes excreted by the economic and financial plans of 5 year duration (2016-2020) approved by the Boards of Directors of the controlled companies Linkonline S.r.l. and Psfinteractive S.r.l. dated March 7, 2016 and based on reasonable principles and coherently sustainable with the best evaluation.

For the CGU Sanfaustino Label, any required impairment test has not made, taking into account the related goodwill has already been eliminated in the financial statements as of 31/12/12 after the results of the impairment test.

At the closure date of this Financial Statements, the verification of the recoverable value of the CGU to which the starting were allocated, was made by confronting the accounting value of such unities with the usage value represented by the actual value of the future financial fluxes that it is evaluated will be commonly used by one company and by the dismissing of the same at the end of its life.

The expected cash flows within the aforementioned period (2016-2020) were discounted at a rate of 10.2636%, before tax, corresponding to the weighted average cost of capital (WACC). The company estimated at the end of the explicit period of the plan, the terminal value representative of the expected cash flows over the planning period of the plan as a perpetual capitalization of cash flow last year of the plan (2020), by determining the ratio between the latter and a WACCtv of 12.5138% (conservatively higher than the WACC used to discount the flows of the plan).

Taking into account the results and predictable results on the subsidiaries, the impairment test are not disclosed anything to configure additional impairments compared to the adjustments already made in the past year.

Development costs collect the costs for the building up and implementation of IT platforms of e-commerce that are used also in the productive managing of the graphic supports. The period increased values are linked to the development and / or implementation of products bound to the application of new applicative technologies (productive and commercial). Among the software costs are capitalized internal costs for Euro 4 thousand.

- Investments and other non-current credits

Financial investments	31/12/15	31/12/14
Equity investments in other companies	3	3
Other receivables	546	774
	549	777

Equity investments in other companies relate to small interests in the consortia Conai, Corepla and Comieco. The credits towards others beyond the short term are constituted by supplying securities for Euro 5 thousand, Euro 18 thousand tax credits for reimbursement claims and for Euro 523 thousand of the residual value in a medium to long term boasted by a third companies in the face of sale of fixed assets, intangible assets and / or business units with installment payment plans.

- Investments and other non-current credits

Balance at 31/12/15	1,554
Balance at 31/12/14	1,677
Variation	(123)

The credits for taxes anticipated and/or active postponements had the following modifications:

Deferred tax assets as at 31.12.12	1,901
- reversal tax losses to offset profits	(97)
- on 2013 temporary losses and reversal from previous year	37
- on 2013 fiscal loss of To Italy (newly formed)	13
Deferred tax assets as at 31.12.13	1,854
- reversal tax losses to compensation profits	(170)
- on 2014 temporary differences	43
- other reversal tax	(50)
Deferred tax assets as at 31.12.14	1,677
- reversal tax losses to compensation profits	(117)
- on 2015 temporary differences	21
- other reversal tax and other adjustments	(27)

Deferred tax assets as at 31.12.15	1,554
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The overall benefit of tax losses concerns accounting exclusively the Parent Company and the effects related to tax losses of subsidiaries have been fully absorbed and / or canceled. This benefit, especially in light of the expected IRES reduction since 2017 (from 27.5% to 24.0%), would amount for the Holding for € 1,755 K / Euro and yet it is accounted for in the budget for only 1,403 K / Euros, with a non-accounted latent positive differential 352 K / Euro. The other amounts for total Euro 151 thousand are originating from temporary tax recoveries of various kinds as well as differentials for IAS adjustments.

CURRENT ASSETS

Description	31/12/15	31/12/14	Variation
Inventories	2,049	2,283	(234)
Trade receivables	14,639	14,029	610
Tax receivables	109	104	5
Other receivables	517	485	32
Cash and banks	4,554	2,660	1,894
Total current assets	21,868	19,561	2,307

In particular as at December 31, 2015 Linkonline (**commercial area**) points out the following data:

LINKONLINE S.r.l.	31/12/15	31/12/14	Variation
Inventories	793	839	(46)
Trade receivables	4,369	4,493	(124)
Tax receivables	3	-	3
Other receivables	4	16	(12)
Cash and banks	1,386	986	400
Total current assets	6,555	6,334	221

- Inventories

Inventories	31/12/15	31/12/14
Raw materials	201	174
Finishing Products	569	750
Finished Products	1,279	1,359
	2,049	2,283

The "Raw materials and consumables" item includes various types of papers, inks and less important consumables. The decrease is largely associated with the downturn in orders.

The "finished goods and goods for resale" item includes articles in-house produced as well as other resale goods such as easy reading other goods to commercialise of Linkonline S.r.l..

The "Work in progress" includes work in progress includes goods in the process and contracts for web services not yet completed by 31 December.

- Accounts receivables

Balance at 31/12/15	14,639
Balance at 31/12/14	14,029
Variation	610

Description	31/12/15	31/12/14
Toward client:		
Italy	14,471	13,901
CEE Area	362	329
Extra-CEE Area	67	23
(less) allowance for doubtful accounts	(261)	(224)
Total	14,639	14,029

The Credits devaluation fund was used during the year for Euro 113 thousand and revaluated for a total amount of Euro 150 thousand. The total balance put aside by the individual companies is considered sufficient to cover positions of dubious accomplishment, however not very significant.

- Taxes receivables

Balance at 31/12/15	109
Balance at 31/12/14	104
Variation	5

Details of receivable from tax administration:

Receivable from the administration	31/12/15	31/12/14
Other	32	70
VAT receivable	5	5
D.L. 66/2014 receivables	72	29
	109	104

- Other current receivables

Balance at 31/12/15	517
Balance at 31/12/14	485
Variation	32

Details of "other receivables":

Composition	31/12/15	31/12/14
Various credits	329	313
Prepayments and accrued income	188	172
	517	485

Details of prepayments and accrued income:

Description	31/12/15	31/12/14
Others accrued income	-	3
Prepaid rental costs	31	38
Financial prepaid costs	16	38
Deferred on other expenses	141	93
	188	172

- Current financial activities

The group has no financial activities that are not fixed assets.

- **Cash at bank and in hand**

Description	31/12/15	31/12/14
Banks	4,550	2,655
Credit notes	-	-
Cash	4	5
	4,554	2,660

The balance represents cash on hand and at banks and similar items at December 31, 2015. The change of Cash/Bank balances is adequately explained in the consolidated cash – flow statement.

NET EQUITY

Balance at 31/12/15	7,094
Balance at 31/12/14	7,021
Variation	73

The elements that determine the Shareholder's equity may be so listed:

Equity	31/12/15	31/12/14
Capital stock	6,162	6,162
Share premium account	244	244
Own share buying reserve	749	749
Revaluation reserve	241	241
Reserves	1,234	1,234
Owns' shares	(749)	(749)
Legal reserve	211	210
Other reserves and retained earnings	167	(47)
Profits (loss) accumulated	69	211
Profit (loss) for the financial period	447	374
Total group equity	7,094	7,021
Capital and reserves of third parties	0	0
Period Profit (loss) of third parties	0	0
Minorities interests	0	0
Total group equity	7,094	7,021

Variations of the net patrimonial data can be seen in the relative prospect. During 2015 accounting year the Holding has partially achieved the acquirement of owns' shares. Therefore, to a total amount of 1,194,107 shares corresponding to the entire social capital, owns' shares are 61,840, corresponding to 5.18% and are registered with a medium value of 12.11.

FROM HOLDING TO CONSOLIDATED EQUITY AND RESULT

Here below there is the reconciliation prospect between the net patrimony and the Holding result and those emerging from this consolidation:

(Euro/000)	Result	Net Equity
Holding	(81)	7,047
Subsidiary companies result (IAS)	92	92
Other consolidation adjustment	58	(45)
Net equity and result	69	7,094
Allocation to result and minorities' result	0	0
Net equity and Group's result	69	7,094

Result for share

Details of result for share calculated dividing Group's net result by number of issued shares:

Profit (loss) for share	2015	2014
Total ordinary shares	1,194,107	1,194,107
Total preference share	0	0
Average number of ordinary shares	1,194,107	1,194,107
Average number of preference shares	0	0
Net result Euro/000	69	211
Profit (loss) for share <i>In Euro unit</i>	0.0577	0.1767

They Bear no indication of the diluted earnings per share because the Company has not issued bonds convertible into equity securities.

NON-CURRENT LIABILITIES

- Loans

Balance at 31/12/15	2,490
Balance at 31/12/14	740
Variation	1,750

Description	31/12/15	31/12/14
- Amounts due to banks (medium/long term)	2,474	702
- Amounts due to Leasing company (medium/long term)	16	38
	2,490	740

Medium and long-term loans are paid by the parent company and comprehend:

- Euro 2.474 million per quota to M / L of loans with credit institutions, increased by 1.772 K / EUR during the year.
- Euro 16 thousand for medium to long term portion of finance leases (equaled 38K / Euro at the end of the previous year); during the year there have not been new finance leases turned on.

New loans were obtained by the Parent Company during the year for a total of original 6,140 K / Euro (for n. 9 loans). In particular 4 loans totaling 1,700 K / EUR have a duration of 12 months, 3 loans totaling 3,800 K / EUR have a duration of 36 months, a loan of Euro 500 K / Euro has a duration of 4 years and finally a loan of 140 K / euros with a duration of 60 months.

In relation to two loans for a total amount of 2 million euro, 2 derivative contracts were signed with hedging rates to apply until the deadline of 36 months since their start. The effects of fair value of such derivatives are absolutely resulted to be irrelevant and have been included among the reserves in shareholders' equity at 31/12/2015.

- Employee severance indemnity and retirement reserves

Balance at 31/12/15	688
Balance at 31/12/14	719
Variation	(31)

Description	Balance at 31/12/14	Decrease	Increase	Balance at 31/12/15
Employee severance indemnity	580	(41)		539
Agents' termination indemnity	139		10	149
	719	(41)	10	688

It is here to precise that the net decrease of the TFR for a total of Euro 41 thousand for a component equal to Euro 63 thousand is used to resign and Euro 13 thousand for advances / advances and take into account provisions for Euro 36 thousand net of tax replacement for Euro 1 thousand (see 2007 National Fiscal Norms).

- Deferred tax liabilities

Balance at 31/12/15	243
Balance at 31/12/14	243
Variation	-

Deferred taxes liabilities are composed for Euro 40 thousand by fiscal postponed effects on the fiscal operations already made in the previous accounting period, to whom the postponed net fiscal effects that originate from the funding structures and by the application of different accounting principles following the IAS. In particular the deferred tax effect amounting to Euro 124 thousand on the goodwill of Psfinteractive is included

In particular, deferred tax liabilities were:

Composition	Euro/000
Deferred tax liabilities at 31.12.13	225
Return on amortizations	(4)
Net fiscal effect on IAS revisions in the 2014 accounting year and corresponding returns.	22
Deferred tax liabilities at 31.12.14	243
Return on amortizations	(5)
Net fiscal effect on IAS revisions in the 2015 accounting year and corresponding returns.	5
Deferred tax liabilities 31.12.15	243

- Other non-current liabilities

Balance at 31/12/15	0
Balance at 31/12/14	0
Variation	0

At the end of the exercise there are no debt positions beyond the 12 months.

CURRENT LIABILITIES

Description	31/12/15	31/12/14	Variation
Loans (short term debt)	5,527	6,015	(488)
Trade payables	12,125	11,630	495
Tax payables	398	415	(17)
Other payables	1,020	1,053	(33)
Total current liabilities	19,070	19,113	(43)

The dynamic of the short term payments is coherent with what has been above described and considers the effects on the financial fluxes underlined in the specific consolidated balance sheet.

Similarly to what reported for current assets, Here is the data specifically attributable to the commercial sector (Linkonline S.r.l.):

LINKONLINE S.r.l.	31/12/15	31/12/14
Loans (short term debt)	2,043	2,324
Trade payables	3,479	3,362
Tax payables	85	74
Other payables	182	177
Total current liabilities	5,789	5,937

- Bank loans

Balance at 31/12/15	5,527
Balance at 31/12/14	6,015
Variation	(488)

Description	31/12/15	31/12/14
- Owed to banks - short term loans	5,504	5,961
- Debts towards Leasing company in short term	23	54
	5,527	6,015

The debts towards the banks within 12 months represent the passive exposures of the Group's companies for about Euro 2,495 thousand. The remaining quote in brief term, of the loans signed by the Holding (Euro 3,009 thousand).

For further considerations you can see what has been reported about the loans between non-current liabilities.

- Accounts payable

Balance at 31/12/15	12,125
Balance at 31/12/14	11,630
Variation	495

Description	31/12/15	31/12/14
Trade payables:		
Italy	11,228	10,779
CEE Area	187	219
Area Extra-CEE	3	7
Towards clients of goods to deliver in different moments	707	625
Total	12,125	11,630

- Tax payable

Balance at 31/12/15	398
Balance at 31/12/14	415
Variation	(17)

Description	31/12/15	31/12/14
IRPEF (personal income tax)	302	298
VAT	46	54
IRES-IRAP (corporate income taxes)	50	63
	398	415

- Other current liabilities

Balance at 31/12/15	1,020
Balance at 31/12/14	1,053
Variation	(33)

Description	31/12/15	31/12/14
Owed to social institutes	265	325
Other payables	649	684
Accruals and deferred income	106	44
	1,020	1,053

Debts towards the others are almost totally formed by debts towards the employees for salaries to pay, holidays and fees for the Directors and others collaborator.

NOTES TO CONSOLIDATED INCOME STATEMENTS

Description	31/12/15	31/12/14	Var.
Operating revenues	40,146	42,163	(2,017)
Materials and change in inventory	(23,270)	(23,888)	618
Services	(9,930)	(10,508)	578
Personnel costs	(3,418)	(3,931)	513
Other operating costs (net)	(2,425)	(2,403)	(22)
EBITDA	1,103	1,433	(330)
Depreciation and amortization	(579)	(557)	(22)
EBIT	524	876	(352)
Net financial income (expense)	(128)	(247)	119
BEFORE TAX RESULT	396	629	(233)
Income tax	(327)	(418)	91
NET RESULT	69	211	(142)

Consolidated revenues decreased by 4.8% compared to the previous year compared with a decline in turnover in the traditional graphic arts industry together with the contraction of multimedia and web-agency not exactly balanced by the increases in the sales of the business sector. The increased incidence of consumption of sales (58.7% compared to 57.8% in 2014) was only partially offset by the significant reductions in absolute terms and / or in terms of incidence, for services and personnel costs, while there were net savings in other operating items. The decrease in revenues and the aforementioned dynamic operational cost has therefore generated EBITDA reduction, now standing at 2.8% of revenues (it was 3.4% in 2014). A similar decline recorded EBIT in both absolute terms and as a percentage (1.3% compared to 2.1% the previous year). Conversely the results of the financial sector significantly improved, in which the net recorded financial expenses substantially halved.

Here below there are the data of three areas in which the Group operates:

Productive GRAPHIC Area (Holding and Sanfaustino Label)

Description	31/12/15	%	31/12/14	%	Var.
Sales and other operating income and revenue	26,513	100.0	29,312	100,0	(2.799)
Materials and change in inventory	(12,984)	(49.0)	(14,559)	(49,7)	1.575
Services	(8,309)	(31.3)	(8,986)	(30,7)	677
Personnel costs	(2,389)	(9.0)	(2,674)	(9,1)	285
Other operating costs (net)	(2,129)	(8.0)	(2,013)	(6,8)	(116)
EBITDA	702	2.7	1,080	3,7	(378)
Depreciation and amortization	(495)	(1.9)	(523)	(1,8)	28
EBIT	207	0.8	557	1,9	(350)
Net financial income (expense)	(55)	(0.2)	(128)	(0,4)	73
BEFORE TAX RESULT	152	0.6	429	1,5	(277)
Income tax	(211)	(0.8)	(299)	(1,0)	88
NET RESULT	(59)	(0.2)	130	0,5	(189)

The productive sector recorded a decline of 9.5% revenues related to a reduction in operating costs (-8.6%) do not exactly proportional which has had a negative impact on EBITDA which is then decreased by one percentage point. The same effect is reflected in the decline in EBIT and to a lesser extent on the final result of the savings compared to net financial expenses and taxes.

Commercial Area (LINKONLINE – IAS)

INCOME STATEMENT before intercompany eliminations

Description	31/12/15	Peso %	31/12/14	Peso %	Var.
Sales and other operating income and revenue	12,479	100.0	11,108	100.0	1.371
Materials and change in inventory	(9,628)	(77.1)	(8,673)	(78.0)	(955)
Services	(1,400)	(11.2)	(1,030)	(9.3)	(370)
Personnel costs	(868)	(7.0)	(799)	(7.2)	(69)
Other operating costs (net)	(159)	(1.3)	(174)	(1.6)	15
EBITDA	424	3.4	432	3.9	(8)
Depreciation and amortization	(66)	(0.5)	(15)	(0.1)	(51)
EBIT	358	2.9	417	3.8	(59)
Net financial income (expense)	(68)	(0.6)	(100)	(0.9)	32
BEFORE TAX RESULT	290	2.3	317	2.9	(27)
Income tax	(110)	(0.9)	(85)	(0.8)	(25)
NET RESULT	180	1.4	232	2.1	(52)

The positive trend on the increase in the commercial sector revenues (+12.3%) has been stimulated by important marketing strategies that, while increasing the related costs of the services, have generated recovery of margins through the reduction of incidence of purchases, costs personnel and other operating costs. EBITDA is therefore substantially unchanged from the previous year, as there were no significant net change on the compensative dynamics detectable on other items.

Communication Area (Psfinteractive and To Italy)

Description	31/12/15	Peso %	31/12/14	Peso %	Var.
Sales and other operating income and revenue	1,154	100.0	1,743	100.0	(589)
Materials and change in inventory	(658)	(57.0)	(656)	(37.6)	(2)
Services	(221)	(19.2)	(492)	(28.2)	271
Personnel costs	(161)	(13.9)	(458)	(26.3)	297
Other operating costs (net)	(137)	(11.9)	(216)	(12.4)	79
EBITDA	(23)	(2.0)	(79)	(4.5)	56
Depreciation and amortization	(18)	(1.6)	(19)	(1.1)	1
EBIT	(41)	(3.6)	(98)	(5.6)	57
Net financial income (expense)	(5)	(0.4)	(19)	(1.1)	14
BEFORE TAX RESULT	(46)	(4.0)	(117)	(6.7)	71
Income tax	(6)	(0.5)	(34)	(1.9)	28
NET RESULT	(52)	(4.5)	(151)	(8.6)	99

(*)= To Italy only for 2014 because liquidated

The data for the "communication" sector, although not altogether relevant to the volume of the Group's business, are made explicit in order to better assess the effects that they have made in terms of not positive on the overall margins on 2015, and the previous year. The sector has undergone a reorganization is a result of the final settlement of To Italy be compared with

predictable margins recoveries for the communication agency (Psfinteractive) that has alienated a business unit no longer considered strategic and poorly remunerative. The results of the current year cannot be considered fully representative because they have discounted the effects of the transactions described above, as they are not negative if taken together and in comparison with that recorded in the previous accounting year.

REVENUES AND OPERATIVE PROCEEDS

Accounting year 2015	40,146			
Accounting year 2014	42,163			
Variation	(2,017)			
Variation %	-4.8%			
Operating revenues	2015	%	2014	%
- Graphic products	26,157	66.0	28,949	70.1
- Web agency services	1,024	2.6	1,274	3.1
- Commercial area	12,433	31.4	11,090	26.8
Revenues on sales and performance.	39,614	100.0	41,313	100.0
- Other revenues and proceeds	532		843	
- Regional contribution	-		7	
Other revenues and proceeds	532		850	
Total revenues and operative proceeds	40,146		42,163	

OPERATIVE COSTS

Accounting year 2015	39,043
Accounting year 2014	40,730
Variation	(1,687)
Variation %	-4.1%

Here below the main components of the operative costs:

Materials and change in inventories	2015	2014
Acquisitions of raw materials, consumable stock and goods	23,036	23,686
Change in inventories	214	74
Change in raw materials	20	128
	23,270	23,888
Sales incidence	58.7%	57.8%

The increased incidence of purchases on sales is largely related to a different procurement policy for certain types of production, unlike in the past it has favoured purchases of goods for resale and had caused a significant stock reduction.

Poligrafica S. Faustino Group – Consolidated Financial Statement as at December 31, 2015

Services	2015	2014
Outsourcing production	2,689	2,882
Motive power	259	265
Transports	1,215	1,198
Postal charges and services	1,492	1,885
Sales commissions	2,845	2,734
Consultant fees	485	666
Other costs	945	878
Total	9,930	10,508
Sales incidence	25.1%	25.4%
Personnel costs	2014	2014
Wages and salaries	2,424	2,816
Social security costs	773	900
Provision for severance indemnity	175	190
Other costs	46	25
Total	3,418	3,931
Variation %	(13,1%)	(12,4%)
Sales incidence	8.6%	9.5%

The personnel costs included all staff costs, including social charges, the costs of unused holidays allowances, additional bonuses and the allowances provided for by law and collective agreements. The change in the cost of the total labour is the effect of policies for the reorganization of the Group with the goal of significant recoveries in terms of productive efficiency.

Staff numbers	31/12/15	Average	31/12/14	Average
Staff	4	4	4	4
Managers	61	57	55	62
Employees	14	14	14	21
Total	79	75	73	87

Costs for capitalized in-house work	2015	2014
(to deduce)	(4)	(136)
Total	(4)	(136)

Other net operating costs (revenues)	2015	2014
Rental costs	439	587
Managers' fees	1,282	1,275
Statutory auditors' fees	43	43
Contingent revenues (non-recurring)	(85)	(122)
Contingent expenses (non-recurring)	50	59
Loss on non-recurrent credits (non-recurring)	-	50
Other provisions	10	18
Other generic expenses	690	629
Total	2,429	2,539
Total other costs and NET other operating (income)	2,425	2,403

Depreciation, value adjustments and realized	2015	2014
Depreciation of tangible assets (-)	(436)	(455)
Amortisation of intangible assets (-)	(143)	(102)
Write-downs/write backs of non-current assets	-	-
Total	(579)	(557)

For further considerations on the amortization and depreciation please see table of movements in tangible and intangible assets.

Financial income	2015	2014
Bank interests receivable	1	2
Other financial income	37	33
Exchange gain	-	-
Total	38	35

Financial expenses	2015	2014
Bank interests payable	(79)	(168)
Interests on medium long term loans	(83)	(109)
Interests on financial leasing.	(3)	(5)
Other financial charges	(1)	-
Losses gain	-	-
Total	(166)	(282)

NET FINANCIAL INCOME AND EXPENSES	(128)	(247)
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Net financial component is considerably reduced and consequently does not affect significantly the overall percentage margins.

Taxes	2015	2014
IRES	(111)	(55)
IRAP	(94)	(168)
Deferred taxes reversal included	(122)	(195)
Total	(327)	(418)

OTHER DISCLOSURES

Fees of Directors and Statutory Auditors

Considering the art. 123-ter of the “*Testo Unico della Finanza*”, the relative information to policy of the company in the matter of remuneration of the members of the administration organs, of the general managers and of the leaders with strategic responsibilities, the procedures used for the adoption and the performance of such policy and the remuneration of the above mentioned subjects and of the members of the supervisory organ and the general managers have been inserted in a distinguished relation (Report on the Remuneration) always approved by the Board of Directors.

The above document is also available on the website of Company’s website at www.psf.it / investor relations / corporate governance / reports:

http://investor.psf.it/uk/page.asp?id_sez=48&id_sub=56&id_com=79

**DISCLOSURE ACCORDING TO ARTICOLO 149-DUODECIES
OF CONSOB ISSUER REGULATION**

Pursuant to article 149-*duodecies* of Consob Issuer Regulation, the fees paid in 2014 for auditing services and other than auditing furnished by the same Independent Auditor for holding and subsidiaries company are set forth in the schedule below.

(euro/000)	Analisi S.p.A.
Auditing	86
Other services	-
Total	86

**Certification pursuant the article 81-ter of Consob Issuer Regulation no. 11971
of May 14, 1999 and subsequent changes and additions**

1. We, Alberto Frigoli, Emilio Frigoli and Giuseppe Frigoli, declare herewith as managing directors, together with Cristina Capitanio, account manager responsible for the accounting documents of Poligrafica S. Faustino S.p.A., confirm (considering all stated of art. 154-bis, paragraph 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998) as follows:

- the adequacy concerning the company characteristics and
- the factual application,

of the administrative and accounting procedures for the forming of the Consolidated Financial Statements as at December 31, 2015.

2. This concerning, no aspects of particular managing or strategic or existence of anomalies and problems also seen in the effecting procedure application emerged.

3. Herewith it is also confirmed that

3.1 Consolidated Financial Statements:

- a) it is made up in conformity with the international accounting principles acknowledged by the European Community according to the Regulation (CE) n. 1606/2002 of the European Parliament and Council, of July 19, 2002;
- b) corresponds to the results of the accounting reports and books;
- c) is made according to the International Financial Reporting Standards of the International Accounting Standards Board. It is furthermore apt to give a faithful representation of the patrimonial situation of the issuer and of the whole of the companies included in the consolidating.

3.2 The report of the Board of Director on the managing includes a reliable analysis of the going and the result of management, as well as the issuer situation and all subsidiaries, together with the description of the principal risks and uncertainties.

Castrezzato, March 11, 2016

The account manager responsible for
the accounting documents
Mrs. Cristina Capitanio

.....

Managing Directors

Alberto Frigoli

.....

Emilio Frigoli

.....

Giuseppe Frigoli

.....

POLIGRAFICA S. FAUSTINO SPA

**CONSOLIDATED FINANCIAL
STATEMENTS AS AT DECEMBER 31, 2015**

INDIPENDENT AUDITOR'S REPORT



**Independent Auditor's Report in accordance with articles 14 and 16 of
Legislative Decree 27.01.2010, n° 39**

To the shareholders of
Poligrafica S. Faustino S.p.A.
Via Valenca, 15
25030 Castrezzato (BS)

Report of the consolidated financial statements

We have audited the consolidated financial statements of Poligrafica S. Faustino S.p.A. and its subsidiaries (The Poligrafica S. Faustino Group), which comprise the statement of financial position as at December 31st, 2015, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree No. 38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) promulgated pursuant to art. 11, paragraph 3 of Legislative Decree No. 39/2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Poligrafica S. Faustino Group as at December 31st 2015 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and Italian regulations implementing art. 9 of Legislative Decree No. 38/05.

Report on compliance with other laws and regulations

Opinion on the consistency of the report on operations and of certain information presented on corporate governance and ownership structure with the consolidated financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information presented in the report on corporate governance and ownership structure required by article 123-bis, paragraph 4 of Legislative Decree No. 58/98, which are the responsibility of the directors of Poligrafica S. Faustino S.p.A., with the consolidated financial statements of Poligrafica S. Faustino S.p.A.. In our opinion, the report on operations and of the information presented in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Poligrafica S. Faustino S.p.A. as at December 31st 2015.

Reggio Emilia, March 30, 2016

Analisi S.p.A.

(signed on the original)

Francesco Notari
(Partner)

This report has been translated into the English language solely for the convenience of International readers. The Italian original remains the definitive version.



POLIGRAFICA S. FAUSTINO SPA
Seated in 25030 CASTREZZATO (Brescia), Via Valenca no. 15
Capital Stock Euro €6,161,592.12
REA Brescia 250377
Fiscal Code and Brescia Firms' Register 01251520175
VAT Number 00614280980

**REPORT OF THE BOARD OF AUDITORS AT CONSOLIDATED
FINANCIAL STATEMENTS – ACCOUNTING YEAR 2015**

Dear Shareholders,

the Consolidated Financial Statements of Poligrafica S. Faustino Group as at December 31, 2015 has been carried out by the Holding Poligrafica S. Faustino S.p.A. in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and is composed by the Statements of Patrimonial Situation, by the Income Statement, by the Cash-flow Statements, by the tables of movements in equity and by the comment notes.

The report provides the details about the managing and, in particular, the considerations about the patrimonial, fiscal and financial aspects. Moreover, the immaterial immobilizations have been inscribed as positive values following the instructions of the I.A.S 38; the survey includes the description of the Group's research and development activities, of the relevant events occurred after the closure of the 2015 accounting Balance sheets and some short considerations on the predictable evolution of the 2016 managing evolution.

The Board of Auditors has purchased a documentation examination and has declared it correct and in conformity with the present civil norms.

The Financial Statements and the Economic Account have been confronted with the Consolidated Balance sheet of 2014 that has been remade according to the same IFRS principles for homogeneity of criteria and values.

The Board of Auditors acknowledges that the consolidated companies, of which we give a list with the details at the art. 39 of the Legislative Decree 127/91, have been justly found out and following the art. 26 of the Legislative Decree.

The Group's consolidated balance sheet reports the Balance sheets of the companies included in the consolidated, all closed at December 31 and approved by their company organs.

The explicative notes contain all the most significant evaluation criteria that coincide with those of the Holding, compared with those elaborated by the 2014 accounting year.

The balance entries are represented with the indication and motivation, for the most significant quantitative variations of the consolidated Balance for the 2014 accounting year.

In the comment notes the adopted consolidation techniques have been illustrated. The patrimonial situations and the economic account already carried out following the required models by the Legislative Decree 127/1991 have been reclassified following the presentation criteria that are utilised for the predisposition of the IFRS balances. The adopted principles for the 2015 balance consolidation are those used for the previous accounting year, in particular:

- a) the participations in companies included in the consolidation have been deleted as a consequence of their net equity fractions, following the global integration method, art 31, paragraph 2, a);

- b) the eventual shares of the economic result and the net equity of the subsidiaries of other people's competence are expressed in specific entries of the Income Statements and Statements of Patrimonial Situation, art. 31 paragraph 3 and 4;
- c) the costs and revenues have been deleted, the credits and debts among the companies included in the consolidation sheet and the proceedings and significant losses after operations among companies not yet accomplished at the balance date, art. 31 paragraph 2 b), c) d);
- d) the possible ratifications of the balance sheets to delete fiscal posts and other ratifications of consolidation considering their postponed fiscal effect.

The Board of Auditors, considering the intercourses with the Auditing Firm Analisi S.r.l., charged by Poligrafica S. Faustino shareholders' meeting for the consolidated Balance revision of the Group Poligrafica S. Faustino, doesn't have any remarks to do on the Group's consolidated balance for the 2015 accounting year.

Castrezzato (Brescia), March 16, 2016

The Board of Auditors
Rag. Umberto Bisesti
(signed on the original)

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UNI EN ISO 9001 N.412



UNI EN ISO 14001 N.182



BS OHSAS 18001 N.053



POLIGRAFICA S. FAUSTINO S.P.A.
25030 CASTREZZATO (BS) - Via Valenca, 15
Capital stock fully paid Euro 6.161.592,12
Fiscal Code and No. of "Registro Imprese of Brescia"
01251520175
R.E.A. of Brescia No. 250377

FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2015



The mark of
responsible forestry

REPORT OF THE BOARD OF DIRECTORS

MARKET EVOLUTION AND NEW STRATEGIC FOCUSES

The 2015 accounting year closed with a decrease compared to 2014. 2016 will be characterized by the development of projects of the paper sector for the promotional and advertising area, which will be customized according to the needs of the largest players in the "business to consumer" world. The development linked to multi-channel will continue, in synergy with the other companies of the Group, and with the direct marketing sector that has not yet expressed its full potential.

FINANCIAL AND ECONOMIC HIGHLIGHTS

NET SALES (Million Euro)	2015	2014	Variation
Sales	26,275	29,041	(2,766)
(abroad)	(2,770)	(3,008)	

The value refers to the total turnover records a decrease of about 9.5% over the previous year, with particular reference to the orders of the promotional and advertising sector.

The export revenues is equal to Euro 2.77 million (equal to 10.5% of sales) and achieved a decrease of 8% in comparison to the previous accounting year.

Here below the results of the balance sheet of Poligrafica S. Faustino S.p.A. at December 31, 2015, compared with the previous accounting year's data:

Poligrafica S. Faustino S.p.A.	31/12/15	31/12/14
INCOME STATEMENT (million Euro)		
Sales	26.27	29.04
Other operating income and revenues	0.92	0.71
Total operating revenues and income	27.19	29.75
Materials and change in inventory	(13.08)	(14.67)
Services	(8.80)	(9.21)
Payroll costs	(2.20)	(2.09)
Other net operating costs (revenues)	(2.38)	(2.67)
Total operating costs	(26.46)	(28.64)
EBITDA	0.73	1.11
Depreciation and amortization	(0.55)	(0.67)
EBIT	0.18	0.44
Financial net income (cost)	(0.05)	(0.12)
Income before tax	0.13	0.32
Income taxes	(0.21)	(0.28)
Net result for the period	(0.08)	0.04

Revenues and operating income of Poligrafica S. Faustino have registered a decrease of 8.6% which, together with changes in operating costs, resulted in decrease in margins for about one percentage point. In particular, the incidence of reductions in staff costs and consumption, have reduced the impact on the reduction in EBITDA (now equal to 2.8% of sales) compared to the previous year (it was 3.8% in 2014).

Net operating income (EBIT) was therefore affected by the same dynamics and decreased from Euro 0.44 million in 2014 to Euro 0.18 million in 2015.

Finally, the pre-tax result remained in positive territory of Euro 0.13 million (0.32 million in 2014) while the final result showed a modest overall deficit as a result of the negative impacts of taxation.

INVESTMENTS

Investments for the exercise are essentially irrelevant (equal to Euro 0.33 million) have regarded the implementation of the applicative and managerial software (for Euro 0.12 million) and increase of plants and machineries for euro 0.17 million beyond the material tangible assets for an investment of euro 0.04 million.

RESEARCH AND DEVELOPMENT ACTIVITIES

During the year 2015, the company has carried out research and development activities with internal resources.

The R & D has focused in the development of projects linked to the label & packaging with the introduction of new solutions that will have a commercial development in the year 2016.

the processing flows have been digitized and reorganized, together with the management of orders aimed at the reduction of non-compliance to achieving excellence process.

SAFETY, ENVIRONMENT, QUALITY

By means of the Management System for Security, was adopted a tool that has the purpose of:

- maintaining awareness of the consistency of the company's mission with the principles of policy for health and safety at work;
- establish objectives consistent with the above policy;
- ensuring the availability of adequate resources to the implementation of the Policy.

All Poligrafica S. Faustino S.p.A. employees, and in particular the managers and the Area responsible people, must monitor and check periodically that the above mentioned principles are observed.

Such goals, in a system dynamical optic, are constantly evolving and the commitment of the Board of Directors is to get a continuing improvement in welfare and safety matters concerning the workers by respecting the law.

On August 26, 2014 the company has obtained the certification of the management system of safety of workers according to the standard OHSAS 18001: 2007.

For a sustainable development, the environment protection is a primary goal for PSF that is engaged in its continuous getting better.

The most important company functions, following the guidelines of the Board of Directors, is directly involved in the achievement of this commitment and in the definition of measurable goals that may allow to verify periodically such politics by all the interest bearers, and to verify the adequacy of the resources to them destined.

After this said, on 17.06.2011 FSC certification has been obtained (the inspection process is conducted in forests or forest plantations to assess how these are handled with respect to a given set of principles and criteria of good management) issued by Forest Steward Council, a non-governmental, non-profit organization, aimed at the preservation and improvement of the

environment and forest resources in the world as well, on 27.01.2014, the certification of the environmental Management System according to the UNI EN ISO 14001.

Through the Quality Managing Direction – certified in 2000 – Poligrafica S. Faustino wants to offer a higher efficiency standard to satisfy the necessities and expectations of its clients, through a continuous improving way, fully observing the laws.

It is confirmed again in 2013 to maintain the quality management system certification according to the standard UNI EN ISO 9001:2008, issued on 01.03.2000 and last renewed on 26.03.2015.

A system has been conceived that represents an important surplus that evaluates the organisation and its resources through the standardisation of the company processes

PERSONNEL

The table below indicates Poligrafica S. Faustino personnel as at year's end:

	31/12/15	31/12/14
Managers	3	3
Clerical employees	41	38
Manual workers	14	14
Total	58	55

NET FINANCIAL POSITION

Euro/mln	2015	2014
Cash and banks	3.13	1.67
Short term bank and leasing loans	(3.46)	(3.22)
Total A)	(0.33)	(1.55)
Medium-long term bank and leasing loans	(2.49)	(0.74)
Total B)	(2.49)	(0.74)
Net financial position (A+B)	(2.82)	(2.29)

In the table below are the analysis of the financial structure:

POLIGRAFICA S. FAUSTINO S.p.A.	31-Dec-15	31-Dec-14	Var.
	Euro/mln	Euro/mln	Euro/mln
A) Shareholders' equity of the year			
Trade receivables	10.42	9.85	0.57
Inventories	1.20	1.22	(0.02)
Other current receivables	0.54	0.43	0.11
Trade payables	(8.50)	(8.17)	(0.33)
Other payables	(1.03)	(1.08)	0.05
A) Total shareholders' equity	2.63	2.25	0.38
B) Net fixed assets			
Intangible assets	0.22	0.18	0.04
Tangible fixed assets	4.16	4.39	(0.23)
Financial fixed assets	1.54	1.53	0.01
Non- current receivable	1.98	1.85	0.13
B) Total fixed assets	7.90	7.95	(0.05)
C) Funds medium/long term and non-financial liabilities	0.66	0.79	(0.13)

D) Invested capital (A+B-C)	9.87	9.41	0.46
Covered by:			
E) Net financial indebtedness			
Financial debts in short run	3.46	3.22	0.24
Availability and financial loan in short run	(3.13)	(1.67)	(1.46)
Financial debts in medium/long run	2.49	0.74	1.75
E) Total borrowing (liquidity)	2.82	2.29	0.53
F) Owners' equity			
Share capital	6.16	6.16	-
Reserves	0.89	0.96	(0.07)
F) Total own resources	7.05	7.12	(0.07)
G) Total coverage (E+F)	9.87	9.41	0.46

FINANCIAL RISK MANAGING

The Company works in the graphic-promotional sector exclusively on demand and, considering the particular productive typology, must adjust the production and the provisioning politics to the specific requests of the clients.

The financial management's activity is concerned with keeping the relations with many banks and carries on the analysis of different risks favouring indications on the credit risks, and in particular when there are contacts with new clients.

The change risk, given the absolute irrelevance of the transactions (both passive and active) also beyond the Euro area, is equal to zero. The supplying market of raw materials isn't affected by indirect consequences bound to the dollar.

As far as the credit risk is concerned, above all in front of the huge costs of the transactions and of the clients is limited. It is to be considered that the medium unity amount of the transitions is modest and the analysis of the credit positions already expired or soon to be expired are linked to a fortnight expiry date.

About the liquidity risk: the relationship between own and others' money has always been positive. In recent years, the net financial position was significantly affected by a general lengthening of proceeds that are not counterbalanced by a similar postponement in payment times.

Nonetheless the present financial structure, characterised by modest debts in relation to the capitalisation, together with the existence of significant real estate investments free from bonds and mortgages, determine objective solidity indicators that guarantee the possibility to enter into new credit lines, if necessary.

Concerning the interest rate risk, it is generated by short and long term flexible rate. On two loans started out in the year 2015 two hedging derivatives were activated that still have not seen any major financial impact

OWNS' SHARES

During 2015 accounting year, as a consequence of a particular going of the Italian Stock Exchange, the Holding has partially achieved the acquirement of owns' shares.

Therefore, to a total amount of 1,194,107 shares corresponding to the entire social capital, owns' shares are 61,840, corresponding to 5.18% and are registered with a medium value of 12.11.

RELATED PARTIES

Poligrafica S. Faustino S.p.A. Group is characterized by important productive and commercial integrations in the field of the graphic realizations.

In particular, Poligrafica S. Faustino S.p.A. (holding) made the following transactions with other companies of the Group:

Sanfaustino Label S.r.l. : re-debts miscellaneous expenses for Euro 8 thousand.

Psfinteractive S.r.l.: sales for Euro 7 thousand, re-debts of common costs for Euro 112 thousand, obtained manufacturing and services for Euro 82 thousand

Linkonline S.r.l. : sales for Euro 91 thousand and re-debts for services and expenses for Euro 375 thousand; buying for Euro 8 thousand.

It should also be noted that during the year PSF implemented from the liquidation of To Italy S.r.l. a credit amount of Euro 114 thousand due to a third customer for the sale of software. During the year 2015 it was performed by the subsidiary Psfinteractive S.r.l. a similar operation to acquire a credit of 450,000 euro originated from the sale of a business unit completed by the subsidiary in 2014.

Except for the fees paid to members - directors, PSF made significant transactions with the related company Etichette Nika S.r.l. following the sale to it of part of the labels branch in the previous accounting year.

With NIKA during the accounting year, the following transactions were carried out under normal market conditions:

	Euro/000
Purchase for sale products and obtained manufacturing	(2,047)
Active rentals	56
Sale materials	25

As at December 31, 2015 the followings positions are open:

	Euro/000
Etichette NIKA (client)	27
Etichette NIKA (supplier)	(846)

SHARES HELD BY DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGER AND THEIR SPOUSES (EXCL. THOSE LEGALLY SEPARATED) AND UNDER AGE CHILDREN

Information about shares held by Directors, Statutory Auditors, General Managers and their spouses are included in the Report prepared by art. 123-ter of the “*Testo Unico della Finanza*”, (Report on Remuneration) always approved by the Board of Directors.

The above document is also available on the website of society at www.psf.it / investor relations / corporate governance / reports:

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=79

ADDITIONAL INFORMATION ON THE OWNERSHIP

As required by art. 123-bis of the “*Testo Unico della Finanza*”, the information referred to in paragraphs 1 and 2 of such article have been submitted in a separate report from the annual report (Report on corporate governance and ownership structures) always approved by the Board of Directors.

The above document is also available on the website of society at www.psf.it / investor relations / corporate governance / reports:

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=79

SEATS

The company doesn't have secondary or other seats.

SUBSEQUENT EVENTS AFTER THE CLOSURE OF THE ACCOUNTING PERIOD

There are no further events after the closure of the year that may have an impact on the data concerned in the present report.

FORESEEABLE BUSINESS DEVELOPMENT

In 2016 there are no significant commercial boost initiatives of commodity products related to traditional printing.

The commercial action Poligrafica S. Faustino will be strengthened as "Global Printing Company" that is a player which thanks to a team of product specialists, brokers experts, and a robust production network, could be the ideal partner for companies to undertake the procurement and management of communication printable materials, consumable materials and communication in general.

It will continue even in 2016, a specific development efforts and promoting projects related to multi-channel, which is the result of synergies with other companies in the Group.

PROPOSAL FOR RESULT ALLOCATION

The Board proposes to carry forward the loss of Euro 81,328 achieved during the year

On behalf of the Board of Directors
The Chairman
Alberto Frigoli

POLIGRAFICA S. FAUSTINO S.p.A.
FINANCIAL STATEMENTS
According to I.A.S./I.F.R.S

FINANCIAL STATEMENTS

STATEMENT OF PATRIMONIAL – FINANCIAL SITUATION

Euro (unit)	31/12/15	31/12/14
ASSETS		
NON CURRENT ASSETS		
Tangible fixed assets	4,165,719	4,393,330
Intangible assets	216,605	182,419
Equity investments	1,535,425	1,531,704
Non-current receivables	543,321	306,822
Deferred tax assets (prepaid taxes)	1,434,362	1,543,414
Total non-current assets	7,895,432	7,957,689
CURRENT ASSETS		
Inventories	1,198,031	1,219,971
Trade receivables	9,869,465	9,088,559
Receivables from subsidiaries	551,940	756,348
Tax receivables	63,523	32,641
Other current receivables	476,687	401,462
Current financial assets	0	0
Cash and cash equivalents	3,128,468	1,669,329
Total current assets	15,288,114	13,168,310
TOTAL ASSETS	23,183,546	21,125,999
NET EQUITY AND LIABILITIES		
NET EQUITY		
Share capital	6,161,592	6,161,592
Own shares (-)	(749,085)	(749,085)
Reserves	1,235,745	1,232,432
Retained earnings and net result for the period	398,310	478,803
Total Net equity	7,046,562	7,123,742
NON-CURRENT LIABILITIES		
Loans (medium/long term)	2,489,752	740,206
Employee severance indemnity and retirement reserves	485,350	523,673
Risks' fund	48,421	136,279
Deferred tax liabilities	126,364	130,935
Other non-current liabilities	0	0
Total non-current liabilities	3,149,887	1,531,093
CURRENT LIABILITIES		
Loans (short term)	3,459,173	3,216,223
Trade payables	8,412,857	7,974,617
Payables to subsidiaries	86,624	200,906
Tax payables	287,325	289,362
Other payables	741,118	790,056
Total current liabilities	12,987,097	12,471,164
TOTAL NET EQUITY AND LIABILITIES	23,183,546	21,125,999

INCOME STATEMENT

Euro (unit)	31/12/15	31/12/14
OPERATING REVENUES		
Sales	26,275,212	29,040,789
Other operating income and revenues	918,556	705,206
Total operating revenues and income	27,193,768	29,745,995
OPERATING COSTS		
Materials	(13,054,559)	(14,531,273)
Change in inventory	(21,939)	(133,988)
Services	(8,795,055)	(9,209,931)
Payroll costs	(2,382,795)	(2,673,410)
(less) Costs for capitalized in-house work	0	0
Other net operating costs (revenues)	(2,201,746)	(2,090,028)
Total operating costs	(26,456,094)	(28,638,630)
EBITDA	737,674	1,107,365
Depreciation and amortization (-)	(509,605)	(528,194)
Capital gains (losses) on disposal of non-current assets		-
Write-downs/write backs of non-current assets		-
Other provisions	(48,421)	(136,279)
EBIT	179,648	442,892
Financial income	36,716	33,725
Financial expenses	(90,660)	(153,122)
BEFORE TAX RESULT	125,704	323,495
Income taxes	(207,032)	(288,286)
Net result for the period	(81,328)	35,209
Profits referred to net equity	4,148	917
Costs referred to net equity	0	0
Profit (Loss) global	(77,180)	36,126

Other income recognized directly in equity, without going through the income statement in accordance with IAS 39 relating to the fair value of the derivative of IRS type of coverage on a floating rate loan obtained in the course of the past year.

**CONSOLIDATED CASH FLOW STATEMENTS
(indirect method)**

	2015	2014
A. Cash flows from operating activities		
Profit (loss) of the accounting year	(81,328)	35,209
Taxes	207,032	288,286
interest expense / (interest income)	53,951	119,426
(Gains)/ losses on the disposal of assets	(85,810)	(90,428)
1. Profit (loss) before income taxes, interest, dividends and capital gains / losses on disposal	93,845	352,493
Allocations to provisions	63,841	159,914
Amortisation of intangible assets	509,605	528,194
Adjustments for non-cash items that had no counterpart in the CCN	573,446	688,108
2. Cash flow before changes in CCN	667,291	1,040,601
Decrease / (increase) in inventories	21,940	133,988
Decrease / (increase) in trade receivables and to the Group	(573,688)	975,562
Increase / (decrease) in trade payables and to the Group	248,566	(867,806)
Other changes in net working capital	(202,591)	(21,071)
Variation of CCN	(505,773)	220,673
3. Cash flow after variation of CCN	161,518	1,261,274
Interest received / (paid)	(60,828)	(119,426)
(taxes paid)	(212,743)	(114,787)
Use of funds	(190,023)	(219,392)
Other adjustments	(463,594)	(453,605)
Cash flow of income management (A)	(302,076)	807,669
B. Cash flow of investments		
Property, plant and equipment (Investments)	(213,050)	(88,395)
Price of disinvestments	100,511	158,383
Immaterials asset (Investments)	(117,832)	(81,597)
Shareholding and other non-current payables (Investments)	(3,721)	-
Price of disinvestments	2,811	6,759
Cash flow from investing activities (B)	(231,281)	(4,850)
C. Cash flow from financing		
Increase in short-term borrowings from banks	(567,689)	(637,464)
Turning funding	6,140,000	2,095,000
repayment of loans	(3,579,815)	(2,506,978)
Third's means	1,992,496	(1,049,442)
Other variations	-	916
equity	-	916
Net cash flow from financing activities (C)	1,992,496	(1,048,526)
Increase (decrease) in cash (a ± b ± c)	1,459,139	(245,707)
Cash and cash equivalents at beginning of the year	1,669,329	1,915,036
Cash and cash equivalents at the end of the year	3,128,468	1,669,329

TABLES OF MOVEMENTS IN EQUITY

Euro (unit)

NET EQUITY	31/12/2014	Destination Result	Other moviments	Result of Accounting year	31/12/2015
Capital Stock	6,161,592				6,161,592
Own shares (-)	(749,085)				(749,085)
Own share reserve	749,085				749,085
Reserve shares premium	243,620				243,620
Revaluation reserve	241,206				241,206
Legal reserve	209,605	1,760			211,365
Other reserves	232,510	33,449	4,148		270,107
Gain (loss) period	35,209	(35,209)		(81,328)	(81,328)
TOTAL	7,123,742	0	4,148	(81,328)	7,046,562

Other movements was allocated directly in equity without going through the income statement in accordance with IAS 39 regarding the method of accounting for cash flow hedges, in respect of a derivative type of IRS coverage on a variable rate loan obtained during the last year.

NET FINANCIAL POSITION

Euro (unit)

NET FINANCIAL POSITION	31 Dec 15	31 Dec 14
LIQUIDITY AVAILABLE	3,128,468	1,669,329
DEBTS AT SHORT TERM TO BANKS	(3,436,427)	(3,162,105)
DEBTS AT SHORT TERM TO OTHER BACKERS	(22,746)	(54,118)
TOTAL POSITION AT SHORT TERM (A)	(330,705)	(1,546,894)
DEBTS BEYOND SHORT TERM TO BANKS	(2,474,183)	(701,891)
DEBTS BEYOND SHORT TERM TO OTHER BACKERS	(15,569)	(38,315)
TOTAL POSITION AT MEDIUM / LONG TERM (B)	(2,489,752)	(740,206)
NET FINANCIAL POSITION (A+B)	(2,820,457)	(2,287,100)

The financing short-term consist negative balance of c/c to Euro 426 million, the current portion of loans and financing for Euro 2,172 million shares and principal amount due within 12 months, relating to finance leases for Euro 23 thousand.

Amounts due to banks beyond the short term are related to the shares to be redeemed mortgage liabilities from banks, due after one year but not later than the next five years.

During the accounting year, n. 9 funding have been started for a total amount of Euro 6,140 thousand with maturities from 12 to 60 months. The amount of Euro 15 thousand is related to residual debts beyond the short-term finance lease entered into in prior years. During the accounting year 2 financial leases have been terminated and no further similar contacts have been stipulated.

For further financial information, please see the cash flow statement table.

ACCONUTING STANDARDS AND VALUTATION CRITERIA

The 2015 accounting year statements was carried according to the International Financial reporting Standards (IFRS) of the International Accounting Standards Board (IASB). This includes also all the valid International Accounting Standards (IAS). Homogeneous criteria are used also for the previous accounting year. It is made by the balance sheet, the financial and income statement, the variations of the net balance and by the notes of comment. The Holding balance sheet, similarly to the net consolidated statements, was carried out according to the historic costs except for some evaluations of the material immobilizations in the previous accounting years.

Financial and income Statement tables

In the balance sheet there is the essential content based on International accounting principles and has the distinction between current and non-current assets and liabilities, according to their attitude to get realized within 12 months since the reference date.

The income statement is developed according to a cost-based structure.

Here below the accounting principles and evaluation criteria applied to the dates.

Buildings, plants and machinery

They are stated at cost or revaluated cost (deemed cost) net of accumulated depreciation (except for land which is not depreciated). The cost of purchase or production includes additional charges and the direct and indirect production costs. Building cost includes a revaluation undertaken in the past based on a specific monetary revaluation regulation. Anyway, the revaluated cost does not exceed the market value of buildings.

Depreciation of tangible assets is computed on a straight line basis set on the residual useful life of assets and their impairment. A review is periodically carried out to assess impairment of assets.

Tangible assets include an amount (not significant) related to implementation cost of leased building, depreciated on a straight line basis set on the residual time of lease contract.

The useful life is calculated on years and is:

Types	Useful life
Buildings	33
Light buildings	10
Plants	10
Particular plants and machineries	4-7
Other fixtures and fittings, tools and equipment	4-5
Furniture	8
Electronic Machines	5
Transport machines	4-5

Leased assets

Fixed assets acquired via finance lease contracts are accounted for using the financial method and are shown among assets at purchased value less depreciation applying the same policy followed for owned tangible assets. Set against this the amounts payable to the financial lessor are posted among short- and medium/long-term payables. In addition the portion of interest relating to the period is posted among financial expenses.

Other intangible assets

According to IAS No. 38, other intangible assets, acquired or internally produced, are booked only if it is probable that the use of asset will generate future economic benefits and when the asset cost can be measured reliably. In particular are included costs for software management and development costs of new products/services.

Booked costs are amortized on a straight line basis and set on their estimated useful life and/or future use, starting from the effective moment of their use and considering the correlated benefits.

Impairment of asset value

With reference to tangible and intangible assets, at each balance-sheet date the Company performs an impairment test in order to verify the existence of impairment losses; when the booked value exceeds the recoverable amount the impairment losses are charged to the income statement of the period.

Investments and other non-current assets

Investments are stated at purchase cost, adjusted, when needed, to reflect impairment, if any. Debt securities are valued at their realizable value.

Inventories

Inventories are stated at the lower of market value and purchase or production cost. The individual items of inventory, to which different valuation methods have been applied, are valued at cost, calculated using the weighted average cost method.

Receivables

Receivables are stated for the value expected to be collected.

Current financial assets

Financial assets not held on a permanent basis are carried at the higher of purchase cost and the amount expected to be received upon sale of the same ("fair value" based on market prices). Differences arising from value market comparison are charged to income statement.

Owns' shares

Owns' shares held by the company at the end of the accounting year are registered with the buying cost. As required by the reference International principles, the total cost of the owns' shares is registered as diminishing values in the net patrimony .

Reserves for risks and contingencies

Reserves for risks and contingencies are provisioned to cover losses and debts, the existence of which is certain or probable, but whose amount or date of occurrence cannot be determined at the end of the accounting period. The disposition is made only when an implicit legal bound exists and the amount of it can be estimated.

Employee severance indemnity

The employee severance indemnity represents the amount accrued by staff pursuant to the provisions of legal provisions and current labour contracts, net of any advance payments, if any. the normative variations imposed by 2007 National financial law oblige that from 2007 companies a total devolution of the shares achieved during the accounting year, according to the employees' choices in favour of a complementary assurance or in favour of the INPS. Thanks to this, except for the share of annual revaluation, the severance indemnity fund is destined to diminish slowly as a consequence of dismissals and or sums paid in advance.

The application of the IAS 19, previously evaluated in a not significant way, is less important considering the above described aspects.

Payables

Payables are stated at their face value.

Loans

Loans are initially recognised at cost, net of related cost of acquisition. This value is adjusted to allow for any difference between initial cost and repayment value.

Revenue recognition

Revenues are posted net of return sales, discounts, allowances and bonuses, as well as of the taxes and duties directly associated with sale of goods and rendering of services.

Sales revenues are recognised when the company has transferred the significant risks and rewards associated with ownership of the goods.

Income taxes

Provisions for tax liabilities are determined based on analytical calculations of taxes payable in the current financial year in compliance with current tax legislation. In addition, should there be any temporary un-deductible income and expenses, booked on an accrual basis, the related prepaid/deferred taxes are posted to the income statement. Deferred tax assets arising from fiscal loss are included when recognize the future recoverability. Similarly deferred and prepaid tax arising from IFRS adjustments are posted to the income statement too. In this regard it should be stated that in light of regulatory changes have occurred regarding the possibility of using no more time limits of the tax benefit on losses carried forward, was written under the aggregate amount of such tax benefit. The directors believed that they could carry out such registration also supported by favorable outlook for the next few years adequately supported by specific tax and economic plans developed for this purpose.

EXPLANATORY NOTES

All amounts are in thousand Euro.

FIXED ASSETS

- Lands, buildings and machineries

Balance at 31/12/15	4,166
Balance at 31/12/14	4,393
Variation	(227)
Lands	
Historical Cost	1,047
Devaluation	0
Balance at 31/12/14	1,047
Increase	0
Disposals	0
Balance at 31/12/15	1,047
Buildings	
Cost (413/91 revaluation included for Euro 249 thousand)	5,672
Accumulated depreciation	(2,912)
Balance at 31/12/14	2,760
Increase	44
Disposals	0
Depreciation of the year	(170)
Balance at 31/12/15	2,634
Plants and machinery	
Historical Cost	13,607
Accumulated depreciation	(13,085)
Balance at 31/12/14	522
Increase	166
Net disposal	(2,190)
Used funds	2,181
Depreciation of the year	(229)
Balance at 31/12/15	450
Other fixtures, fittings, tools and equipment	
Historical Cost	307
Accumulated depreciation	(291)
Balance at 31/12/14	16
Increase	-
Net disposal	(76)
Used funds	70
Depreciation of the year	(8)
Balance at 31/12/15	2

Other tangible assets	
Historical Cost	1,247
Accumulated depreciation	(1,198)
Balance at 31/12/14	49
Increase	3
Net disposal	(73)
Used funds	73
Depreciation of the year	(19)
Balance at 31/12/15	33

- Intangible assets

Balance at 31/12/15	217
Balance at 31/12/14	182
Variation	35

Description	Value at 31/12/14	Increase	Amortiz.	Other variation	Value at 31/12/15
Development costs	166	109	(72)		203
Software	16	9	(11)		14
	182	118	(83)		217

The development costs include the costs for the construction and implementation of the informatics platforms of e-commerce used also in the managing of the graphic supports.

- Investments and other non-current receivable

	31/12/15	31/12/14
Investment in subsidiary companies	1,533	1,529
Investment in other companies	3	3
Other non-current receivable	543	307
Deferred tax assets	1,434	1,543
	3,513	3,382

Investment in subsidiary companies	Value at 31/12/15	Value at 31/12/14	Net variation
Sanfaustino Label S.r.l.	20	20	-
Psfinteractive S.r.l.	390	386	4
Linkonline S.r.l.	1,123	1,123	-
	1,533	1,529	4

KEY INFORMATION FOR SUBSIDIARY COMPANIES:

(Financial statement data according to the Italian accounting principles, which have been applied adjustment required by IAS / IFRS)

Subsidiaries

Psfinteractive S.r.l. sole proprietorship

Registered Office: Castrezzato (BS) Via Valenca, 17

Capital Stock: Euro 20,000

Shareholders' equity at 31/12/2015: Euro 242,550 (IAS)

2015 net result: Euro -52,141 (IAS)

Company Interest: 100%

Book Value: Euro 389,813

Sanfaustino Label (formerly Litografia Spada) S.r.l. sole proprietorship

Registered Office: Castrezzato (BS) Via Valenca, 15

Capital Stock: Euro 20,000

Shareholders' equity at 31/12/2015: Euro 107,056 (IAS)

2015 net result: Euro -36,067 (IAS)

Company Interest: 100%

Book Value: Euro 20,000

Linkonline S.r.l. sole proprietorship

Registered Office: Castrezzato (BS) Via Valenca, 15

Capital Stock: Euro 100,000

Shareholders' equity at 31/12/2015: Euro 508,844 (IAS)

2015 net result: Euro +180,463 (IAS)

Company Interest: 100%

Book Value: Euro 1,122,908

The differences as at December 31, 2015 between the participation costs and the net accounting assets of Linkonline S.r.l., Psfinteractive S.r.l. are justified by effective major values of the activities, in particular in relation to the acquired start up in the operations of company aggregation with such controlled companies.

During the accounting year no changes were made to the write-down the value of investments compared to the results of the analysis of "impairment" conducted by an independent expert.

As at December 31, 2015, the "impairment" analysis was replaced and led by an expert employee by using the financial fluxes excreted by the economic and financial plans of 5 year duration (2016-2020) approved by the Boards of Directors of the controlled companies Linkonline S.r.l. and Psfinteractive Sr. dated March 7, 2016 and based on reasonable principles and coherently sustainable with the best evaluation.

Taking into account the results and the results predicted effects on subsidiaries from the impairment test are not disclosed anything to configure additional impairment losses compared to the adjustments already made during the year.

Other non-current payables

The other non-current credits are comprised of guarantee deposits (Euro 5 thousand), credits for tax refunds from 2012 instances (Euro 15 thousand) and credits from third parties (Euro 523 thousand) in relation to the sale of assets and other fixed assets with installment payment plans.

Credit for deferred tax assets

Description	
Balance at 01.01.2015	1,543
Reversal to use losses carried	(117)
Taxed Account on funds credits	13
utilization of Taxed Account on funds credits	(5)
Balance at December 31, 2015	1,434

It is important to notice that the fiscal recipient that derives from previous losses, as it results from incomes declaration "UNICO 2015" (year 2014) would be as follows also considering the reprocessing at a rate of 4% as required by the 2016 Stability Law referring to the year 2017:

	Useful fiscal losses	27.5% benefit
Da UNICO 2015	7,737,228	
Use by counting the budget (*)	(424,950)	
Availabe residual	7,312,278	1,754,947

(*) = on the basis of the best estimate within the Financial Statements.

To The above described benefits the deferred tax effect on taxed provisions for doubtful debts (31,516 euro equal to 24% of 131,318) and additional effects of ROL surpluses and interests not budgeted must be also added.

From the above table it is shown how the account balance recorded under deferred tax budget turns out to be significantly lower than the actual tax benefit available.

It is recalled, in fact, that the relevant tax regulations, as amended in 2011, allow the carry of the benefit arising from tax losses with no time limit, with the only restriction arising from countervailable losses up to a maximum of 80 % of the taxable income of each year.

This considered, the directors believe that we can confirm the recoverability of the amount recorded as assets in these financial statements also considering the predictable tax base also for the years to come.

- CURRENT ASSETS

Description	31/12/15	31/12/14	Variation
Inventories	1,198	1,220	(22)
Trade receivables	9,869	9,089	780
Receivables from subsidiaries	552	756	(204)
Tax receivables	64	33	31
Other current receivables	477	401	76
Cash and liquidity	3,128	1,669	1,459
Total current activities	15,288	13,168	2,120

The inventories are so made up:

Description	Value at 31/12/15	Value at 31/12/14	Variation
Raw materials	161	135	26
Finishing Products	550	566	(16)
Finished Products	487	519	(32)
	1,198	1.220	(22)

The trade receivables towards third parties is:

Description	31/12/15	31/12/14
Towards clients:		
Italy	9,627	8,916
Euro Area	362	329
Non-Euro Area	64	18
(less) Fund devaluated credits	(184)	(174)
Total	9,869	9,089

Please note that during the year, the provision for bad debts recorded decreases for use amounted to Euro 90 thousand results to be increased at the end of the accounting year thanks to a big sparing of Euro 100 thousand.

The detail of receivables from **subsidiary companies** is:

Subsidiary	Balance at 31/12/15	Balance at 31/12/14
Psfinteractive S.r.l. (*)	246	581
Sanfaustino Label S.r.l.	6	9
Linkonline S.r.l.	300	158
To Italy S.r.l. in liquidation	-	8
	552	756

(*) of which Euro 120 thousand as loan.

Details of receivable from tax administration:

Description	31/12/15	31/12/14
VAT receivable		29
Treasury account held	-	-
IRAP receivables	60	-
D.L. 66/2014 receivables	4	4
Total	64	33

Details of other current receivables:

Composition	31/12/15	31/12/14
Other receivables	325	247
Accrued income and prepaid expenses	152	154
	477	401

Detail of accrued income and prepaid expenses:

Description	31/12/15	31/12/14
Prepaid expenses on commission	16	38
Prepaid expenses of rental	18	29
Others accrued	-	3
Other prepaid expenses	118	84
	152	154

- Cash and cash equivalents

Description	31/12/15	31/12/14
- Bank deposit	3,124	1,665
- Credit notes	-	-
- Cash	4	4
	3,128	1,669

The amount includes the liquidity and the existence of cash and values as at December 31, 2015. For a full evaluation of the financial dynamics, please see the cash flow statement.

- NET EQUITY

Reference should be made to the specific statement of changes in equity, it is to be noted that during the year 2015, there were no transactions involving treasury shares.

On a total amount of 1,194,107 shares (corresponding to the entire social capital), owns' shares are 61,840 (5.18%) with a single medium value of Euro 12.11.

Here below the informative table about the utilization of reserves:

Description	Value at 31/12/2015	Utilization possibility	Free amount	Last 3 accounting year utilization
Euro unit	(result not included)			Loss coverage (result not included)
Capital stock	6,161,592		0	
Capital reserve				
Share premium account reserve	243,620	A, B; C	(a)	(b)
Revaluation reserve	241,206	A, B, C	241.206	
Profit reserve				
Legal Reserve	211,365	B	0	
Other reserves	270,107	A,B	0	(b)
Own share Reserve	749,085		0	(c)

Legend:

A = for capital increase

B = for loss cover

C = for dividend distribution

(a) = according to the art. 2431 of civil code, share premium account may not be distributed until the legal reserve equal 20% of capital stock. As at December 31, 2015 the limit was 1,232,318 Euro and therefore share premium account will be available after increasing legal reserve of Euro 1,020,953.

(b) = cover of losses: in 2011 (for Euro 51,288) we used the share premium reserve to cover losses for the year 2010. In 2013 we used the same reserve to cover losses for the year 2012 (Euro 5,541,238). In 2013 were also used for other reserves Euro 793,729 against the loss component 2012 is not already covered by the share premium reserve. During 2014 accounting year other reserves have been used to level the loss of 2013 equal to Euro 475,650.

(c) = The reserve of the acquisition of own shares is equal to the amount for the acquisition of own shares, held at the end of the accounting year and bonded as assurance for them.

- **NON-CURRENT LIABILITIES**

Description	31/12/15	31/12/14	Variation
Loans (non current quota)	2,490	740	1,750
Employee severance indemnity	337	385	(48)
Retirement reserves	149	139	10
Provisions for losses	126	131	(5)
Deferred tax liabilities	48	136	(88)
Other non-current liabilities	-	-	-
Total non current liabilities	3,150	1,531	1,619

- Euro 2,474 thousand per quota to M/L of loans by credit institutions, increased by 1.772 K / euro compared to the previous year.

- Euro 16 thousand for medium-long term portion of finance leases (amounted to 38 K / Euro at the end of the previous year).

New loans were obtained during the year for a total of 6,140 K / E original (for n. 9 loans). In particular 4 loans totaling 1,700 K / EUR have a duration of 12 months, 3 loans totaling 3,800 K / EUR have a duration of 36 months, a loan of 500 K / Euro has a duration of four years and finally a loan of 140 K / Euro for 60 months.

In relation to two loans for a total amount of 2 million euro, some derivative contracts of hedging rates to apply until the deadline of 36 months were also signed. The effects of fair value of such derivatives gave absolutely irrelevant results and have been included among the reserves in shareholders' equity at 31/12/2015.

Variation employee severance indemnity:

Description	Euro/000
Balance at 31/12/2014	385
Paid for INPS	-
Amount of the year	5
Paid in advance	(13)
Resignations	(39)
Equivalent tax	(1)
Balance at 31/12/2015	337

The change in the pension fund agents is summarized below:

Description	Euro/000
Balance at 31/12/2014	139
Provisions	10
Use	-
Balance at 31/12/2015	149

Deferred tax liabilities variations:

Description	Euro/000
Balance at 31/12/2014	131
Provisions	-
Use	(5)
Balance at 31/12/2015	126

Liabilities for deferred taxes are determined by deferred tax effects on the fiscal cleaning of 2004 and net for the fields component together with the deferred tax effects arising from the application of different accounting principles according to IAS/IFRS. The reprocessing effect at the current rate of 24% (instead of 27.5%), although positive has not been registered as not considered relevant.

Other provisions include the provision of 48 K / EUR to cover the deficit of this subsidiary Psfinteractive in accordance with Italian GAAP.

- CURRENT LIABILITIES

Description	31/12/15	31/12/14	Variation
Loans (current quota)	3,459	3,216	243
Trade payables	8,413	7,975	438
Payables to subsidiaries	87	201	(114)
Tax payables	287	289	(2)
Other payables	741	790	(49)
Total current liabilities	12,987	12,471	516

The short-term funds consist of uncovered c/c to Euro 109 million, the current portion of c / advances amounting to Euro 318 thousand, the current portion of loans and financing for Euro 3,009 million shares and principal amount due within 12 months, relating to finance leases for Euro 23 thousand.

Please see the comments about the medium/long term financial negative values.

Here below the details for the **trade payables**:

Description	31/12/15	31/12/14
Trade payables:		
Italy	7,684	7,345
CEE Area	22	33
Extra-CEE area	3	7
Advance payment from clients	704	590
Total	8,413	7,975

Here below the detail for the **debts to subsidiary companies**:

Subsidiary	31/12/15	31/12/14
Psfinteractive S.r.l.	82	47
Sanfaustino Label S.r.l.	-	146
Linkonline S.r.l.	5	5
To Italy S.r.l. in liquidation	-	3
Total	87	201

Here below the detail for the **tax payables**:

Description	Balance at 31/12/15	Balance at 31/12/14
VAT	46	-
Irpef (a)	241	234
Ires	-	37
Irap	-	18
	287	289

(a) = including Euro 48 thousand for withholding on payments to professionals, associates and employees for Euro 193 thousand.

The detail for **other payables**:

Description	Balance at 31/12/15	Balance at 31/12/14
Social security institutions	193	242
Personnel	305	308
Customers	25	58
Other	152	148
Accrued charges and deferred earnings	66	34
	741	790

Engage

The Company has entered into two hedge derivatives related to loans rates of Euro 2 million. The valuation of these derivatives corresponds to activities of Euro 1 thousand allocated as an increase in capital reserves (liabilities were Euro 3 thousand the previous year), with the offsetting decrease in financial debts.

Poligrafica S. Faustino, as the Holding, as operator of the credit lines of the umbrella-type that can be used by itself and / or its subsidiaries.

INCOME STATEMENT

Description	31/12/15	31/12/14	Variation
Operating income and revenues	27,194	29,746	(2,552)
Materials and change in inventories	(13,076)	(14,665)	1,589
Services	(8,795)	(9,210)	415
Payroll costs	(2,383)	(2,674)	291
Other operating costs (revenues) -net	(2,202)	(2,090)	(112)
EBITDA	738	1,107	(369)
Depreciation and amortization	(558)	(664)	106
EBIT	180	443	(263)
Net financial income (expenses)	(54)	(120)	66
RESULT BEFORE TAX	126	323	(197)
Tax	(207)	(288)	81
NET RESULT	(81)	35	(116)

NOTES TO INCOME STATEMENTS

OPERATING INCOME AND REVENUES

Description	31/12/15	31/12/14
Sales	26,275	29,041
Other operating income and revenues	919	705
Total	27,194	29,746

The total sales of 2015 accounting year register a decrease of 9.5% in comparison with the previous accounting year. Here below a detailed report for productive families:

	2015	2014	Variation %
Graphic products	23,344	25,564	(8.7%)
Documental management	1,439	1,593	(9.7%)
Postal fees repayment	1,492	1,884	(20.8%)
	26,275	29,041	(9.5%)

The documents management service has been nearly totally entrusted to the subsidiary Psfinteractive that recognizes to PSF a share of expenses for uses structure.

The holding maintains the managing of the press services and posting correlated with the managing documentation.

The export sales amounted to Euro 2.77 million (10.5% of sales), decreased of 8% in comparison to the previous accounting year (Euro 3.01 million).

Other revenues (Euro 919 thousand) came from service re-payables towards other subsidiaries (488), services re-debts to third parts (192), appreciation on disposal (91), rewards from suppliers (1), rental income (110) and other (37).

MATERIAL PURCHASES AND CHANGE IN INVENTORIES

Description	31/12/15	31/12/14
Raw materials, goods and other purchases	13,054	14,531
Increase (decrease) in raw material inventory	(26)	117
Increase (decrease) in finished goods and WIP inventory	48	17
Total	13,076	14,665

The change in the cost of purchase of raw materials, consumables and goods, even if related to the change in inventories and the volume of business, suffers from significant and growing supply strategies of direct and semi-finished goods for resale.

In particular, purchases were for:

- raw materials of various types for Euro 938 thousand;
- consumables for Euro 50 thousand;
- semi-finished and finished products to Euro 12,066 thousand.

COST FOR SERVICES

Description	31/12/15	31/12/14	Variation %
Outsourcing production	2,689	2,882	(6.7%)
Motive power	259	265	(2.3%)
Transports	490	527	(7.0%)
Postal charges and services	1,492	1,885	(20.8%)
Sales commissions	2,073	1,866	+11.0%
Other commercial costs	487	413	+17.9%
Consultant fees	401	579	(30.7%)
Other costs	904	793	+14.0%
Total	8,795	9,210	(4.5%)

It is to point out the investment in the commercial structure whose improvement will be reflected on the gains above highlighted.

COST FOR PERSONNEL

Description	31/12/15	31/12/14
Wages and salaries	1,697	1,926
Social security costs	537	612
Provision for severance indemnity	125	129
Other costs	24	7
Total	2,383	2,674

The item is made up of all staff costs, including social charges, the costs of unused holiday allowances, additional bonuses and the allowances provided for by law and collective agreements. The decrease of the total cost for the personnel is related to the employment dynamics (see table below).

Among the social costs we have included in the 2014 accounting year the costs for employees mobility for Euro 46 thousand together with the use of social benefits which are not present in the current accounting year.

Staff numbers

	31/12/15	Average	31/12/14	Average
Managers	3	3	3	3
Clerical employees	41	38	38	41
Manual workers	14	14	14	16
Total	58	55	55	60

OTHER OPERATING COSTS (REVENUES)

Description	31/12/15	31/12/14	Variation
Rental costs	30	30	-
Rental	349	344	5
Losses on trade receivables	100	60	40
Loss on operations (non-recurrent)	-	-	-
Other provisions	10	18	(8)
Directors' fees	1,261	1,254	7
Statutory auditors' fees	32	32	-
Other generic expenses	455	434	21
Capitalization internal costs	-	-	-
Contingent revenues (non-recurring)	(71)	(99)	28
Contingent expenses (non-recurring)	36	17	19
Total	2,202	2,090	112

AMORTIZATIONS, DEPRECIATION AND VALUE ADJUSTMENTS

Depreciation and amortization	31/12/15	31/12/14
Depreciation of fixed assets	426	440
Amortization of intangible assets	84	88
Total depreciation and amortization	510	528
Provisions for losses subsidiaries (Psfinteractive)	48	136
Total	558	664

Depreciation of fixed assets include Euro 105 thousand related to assets acquired by leasing contracts, as required by IAS N.17.

FINANCIAL INCOME AND EXPENSE

Financial income	31/12/15	31/12/14
Bank interests receivable	1	1
Other financial income	36	33
Total financial income	37	34
Financial expenses	31/12/15	31/12/14
Bank interests payable	(5)	(42)
Interests on medium long term loans	(82)	(106)
Interests on financial leasing costs	(3)	(5)
Interests expenses and foreign exchange differences	(1)	-
Total financial expenses	(91)	(153)
NET Financial income and expenses	(54)	(119)

TAXES

	31/12/15	31/12/14
Ires of the accounting year	(29)	(38)
IRAP	(74)	(128)
IRES (corporate income tax)	(117)	(154)
Other deferred tax income (cost) including IAS application	13	32
Total taxes	(207)	(288)

Here below the table of reconciliation between income statement result and income (loss) for fiscal purposes:

Table of reconciliation between result and fiscal purposes	2015
(Euro/000)	
Result before tax	126
<u>Variation</u>	
Write-off of depreciation (not acceptable for fiscal purposes)	17
Temporary differences on advance FSC	48
Other temporary differences	-
Return of temporary differences on advance FSC	(19)
Permanent differences (increase)	373
Permanent differences (reduction)	(14)
Total net variations	405
Taxable income IRPEG/IRES	531
Decrease for fiscal losses (80%)	(425)
Taxable income IRES	106
Fees (IRES) 27.5%	29
Taxable income IRAP	1,881
IRAP (3.9%)	74

For more details, refer to tables of movements of credits and debits for deferred tax assets and liabilities.

TRANSACTION WITH SUBSIDIARY COMPANIES

In order to illustrate the integrated activities into the Group, here below the economical transitions made by Poligrafica S. Faustino S.p.A. with its subsidiary companies.

Revenues and other operating income	31/12/15	31/12/14
Sales and services to:		
- Sanfaustino Label S.r.l.	8	10
- Psfinteractive S.r.l.	118	131
- To Italy S.r.l. in liquidation	-	4
- Linkonline S.r.l.	465	236
Total	591	381
Operating costs	31/12/15	31/12/14
Outsourcing production by:		
- Sanfaustino Label S.r.l.	-	13
Outsourcing production by:		
- Linkonline S.r.l.	8	10
Services by:		
- Psfinteractive S.r.l.	82	47
Total	90	70

We remember that, during 2010 accounting year, the business unit of field labels was sold to the related company Etichette Nika S.r.l.. To the same company specific processing and production of labels for the resale for a total of Euro 2,047 thousand in year 2015 were then delegated. To the same company sales and services for a total of Euro 81 thousand were invoiced. All transactions with subsidiaries and related parties are conducted in a manner and according to market conditions.

DISCLOSURE ACCORDING TO ARTICOLO 149-DUODECIES OF CONSOB ISSUER REGULATION

Pursuant to article 149-*duodecies* of Consob Issuer Regulation, the fees paid in 2015 for auditing services and other than auditing furnished by the same Independent Auditor are set forth in the schedule below.

(euro/000)	Analisi S.p.A.
Auditing	55
Other services	-
Total	55

**Certification pursuant the article 81-ter of Consob Issuer Regulation n. 11971
of May 14, 1999 and subsequent changes and additions**

1. We, Alberto Frigoli, Emilio Frigoli and Giuseppe Frigoli, declare herewith as managing directors, together with Cristina Capitanio, account manager responsible for the accounting documents of Poligrafica S. Faustino S.p.A., confirm (considering all stated of art. 154-bis, paragraph 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998) as follows:

- the adequacy concerning the company characteristics and
- the factual application,

of the administrative and accounting procedures for the forming of financial statements as at December 31, 2015.

2. This concerning, no aspects of particular managing or strategic or existence of anomalies and problems also seen in the effecting procedure application emerged.

3. Herewith it is also confirmed that

3.1 Financial Statements

- a) it is made up in conformity with the international accounting principles acknowledged by the European Community according to the Regulation (CE) n. 1606/2002 of the European Parliament and Council, of July 19, 2002;
- b) corresponds to the results of the accounting reports and books;
- c) is made according to the International Financial Reporting Standards of the International Accounting Standards Board. It is furthermore apt to give a faithful representation of the patrimonial situation of the issuer and of the whole of the companies included in the consolidating.

3.2 The report of the board of director on the managing includes a reliable analysis of the going and the result of management, as well as the issuer situation and all subsidiaries, together with the description of the principal risks and uncertainties.

Castrezzato, March 11, 2016

The account manager responsible for
the accounting documents
Mrs. Cristina Capitanio

.....

Managing Directors

Mr. Alberto Frigoli

.....

Mr. Emilio Frigoli

.....

Mr. Giuseppe Frigoli

.....

POLIGRAFICA S. FAUSTINO SPA

FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

INDIPENDENT AUDITOR'S REPORT



**Independent Auditor's Report in accordance with articles 14 and 16 of
Legislative Decree 27.01.2010, n° 39**

To the shareholders of
Poligrafica S. Faustino S.p.A.
Via Valenca, 15
25030 Castrezzato (BS)

Report of the financial statements

We have audited the financial statements of Poligrafica S. Faustino S.p.A., which comprise the statement of financial position as at December 31st, 2015, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree No. 38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) promulgated pursuant to art. 11, paragraph 3 of Legislative Decree No. 39/2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and

the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Poligrafica S. Faustino S.p.A. as at December 31st 2015 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and Italian regulations implementing art. 9 of Legislative Decree No. 38/05.

Report on compliance with other laws and regulation

Opinion on the consistency of the report on operations and of certain information presented on corporate governance and ownership structure with the financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information presented in the report on corporate governance and ownership structure required by article 123-bis, paragraph 4 of Legislative Decree No. 58/98, which are the responsibility of the directors of Poligrafica S. Faustino S.p.A., with the financial statements of Poligrafica S. Faustino S.p.A.. In our opinion, the report on operations and of the information presented in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Poligrafica S. Faustino S.p.A. as at December 31st 2015.

Reggio Emilia, March 30, 2016

Analisi S.p.A.

(signed on the original)

Francesco Notari
(Partner)

This report has been translated into the English language solely for the convenience of International readers. The Italian original remains the definitive version.



POLIGRAFICA S. FAUSTINO SPA
Seated in 25030 CASTREZZATO (Brescia), Via Valenca no. 15
Capital stock €6,161,592.12
REA Brescia 250377

Fiscal Code and Brescia Firms' Register 01251520175 VAT Number 00614280980

Report of the Board of Auditors at Financial Statements as at December 31, 2015
(pursuant the article 153 of Legislative Decree 58/1998 and the article 2429,
paragraph 3, of Civil Code)

Dear Shareholders,

during the accounting year the Board of Auditors has accomplished its vigilance duties in the planned terms by the present regulation and by the CONSOB communication of April 6, 2001.

The year 2015 closed down compared to 2014.

Total sales decreased by 9.5%, with an incidence on EBITDA equal to 1% of flexion.

2016 will be characterized by the development of the paper industry for promotional and advertising area with synergy with the other companies of the group

Relevant operations

The other important operations of the company and its controlled have been illustrated in the managing report.

Unusual or atypical operations

The relevant operations in 2015 accounting year are to be found in the Report of the Board of Auditors. There are no unusual operations.

Intercompany transaction or with related parts

The intercompany transaction are of the ordinary kind and are essentially made of mutual exchanges of organising and marketing/commercial services. They have been regulated by applying normal conditions determined by objective criteria that reflect the effective function of the services and are purchased in the Company interest.

The operations with related parts are also ordinary and regulated through the same equity transparent criteria. Such operations, periodically illustrated by the Directors, are indicated in the Managing Report, in which the following economic effects are also reported.

Information required by the Consob Communication of April 6, 2001

We have watched out on the law and setting out charter observance.

We have obtained from the Administrators, every 3 months, details on the most relevant financial, commercial and economical operations carried out by the Company. We can reasonably assure that the activities purchased are conformed to the law and the By-laws and are not openly imprudent or under conflict of interest or in contrast with decisions passed by the assembly or such to damage the integrity of the social patrimony.

We have watched out in order to guarantee that the managing structure of the company is conformed to the principles of correct administration and to the instructions given to the controlled companies as per art. 114, paragraph 2 of Legislative Decree no. 58/1998. This happens thanks to the collection of information from the managing functions managers and

meetings with the revision Company, aimed at a mutual exchange of data and relevant information. As far as this is concerned, there are no particular remarks to be done.

We have watched out that the control system and the administrative/accounting system are adequate also in representing the managing aspects. This thanks to the obtaining of information from the managers of the different sectors, the examination of the company papers and the analysis of the results purchased by the Auditing Firm and by controlling the activities of the internal controller. We have been informed of the selection of the new manager responsible for the Security and of the new organization of this function; herewith we confirm that there is nothing to point out concerning the researches made by the Law officers, set up in prevision of Legislative Decree no. 231 of June 8, 2001, has gone on in its activity during which it hasn't found out events to be censured as it results in the periodical Reports drafted by the company organs.

In the Boards of Directors of the subsidiaries companies there are directors and/or managers of the Holding that guarantee a coordinated direction and a flux of constant news, also supported by accounting details. We have found out that the company is able to fulfil the communication duties as required by the law, as disposed in the art. 114, paragraph 2 of Legislative Decree no. 58/1998.

We have kept periodical meetings with representatives of the Auditors' Firm, pursuant the art. 150, paragraph 3, Legislative Decree no. 58/1998. There are no relevant data and information that can be pointed out in the present report.

The report for the 2015 accounting year is conform to the present norms and coherent with the deliberations of the Board of Directors and the results of the accounting balance; it contains a complete report of the operations and activities of the accounting year. The section concerning the related parts has been inserted, according to the principles IAS, in the integrative note.

The financial statements and the consolidated financial statements have been carried out following the instruments prescript by the present norms. The company Analisi S.p.A. has issued the reports of the accounting year balance and the consolidated Financial Statements. These ones don't contain references.

During 2015 Analisi S.p.A., in charge of the accounting revision, has developed for the companies of the Group the accounting activities.

From Analisi S.p.A. no comments have been issued.

On request of the Directors no links have been found between the Group and the revision company.

The Board of Auditors verified the correct application of the criteria and the procedures adopted by the Board to evaluate annually the independence of its members, making knows the results of such tests in its report to the Shareholders' meeting.

We have released statements according to art. 2389 of the Civil Code.

The company has joined the New Self-Discipline Code issued by the Corporate Governance of the listed companies by be Italian Stock Exchange. The already achieved actions assure the compliance of this version.

In one chapter of the Report of the Board of Auditors there are the details about the structure of the governed company as contemplated in the mentioned Self-Discipline Code.

The vigilance activity of the Board of Directors has been reported in meetings kept during 2015. We have also taken part to meetings of the Board and committees.

During the vigilance activity and according to information obtained by the revision partners, there haven't been omissions or censored facts or irregularities or significant facts to require to be pointed out to the control organs. With reference to the requests received by Consob, the Board is satisfied that the company has regularly the implementation of the same.

We have deposited at the Legal seat the files of the people in charge as per articles 153 of Legislative Decree no. 58/1998 and 144-*quinquiesdecies* of the Issuers' rules prepared in accordance with annex 5 *bis*.

The Board has verified successfully, that 3 of its Directors - Alberto Piantoni, Carlo Alberto Carnevale Maffè and Andrea Collalti - the independence requirements pursuant to the provisions of the TUF and the Self-Discipline Code for listed companies. As regards, in particular, the first two Directors, the Board recognized the possession of the requirement of

independence for the same even hold the office of director of the Company for more than nine of the last twelve years, in view of judgment consistently demonstrated and their professional qualities.

The Board of Auditors acknowledged that members Umberto Bisesti and Francesco Curone are in possession of the independence requirements, although holding the office of auditor of the Company for more than nine of the last twelve years, considering the autonomy of demonstrated judgment and their professional qualities.

The Board of Auditors has moreover watched out about the independence of the Auditing Firm, checking the respect of the normative dispositions concerned. During the Exercise there haven't had other accounting control services for the issuer or for the controlled by the aforesaid company.

During the carrying out of the activity, the Board of Auditors had a function coordination of Control Committee and Risk through an exchange of information with the responsible for the internal audit function and through the participation of the chairman of Board of Auditors in every meeting.

Meeting Proposals - Balance sheet as at 31/12/2015

The Board of Auditors is favourable of the approval of the Balance Sheet as at December 31, 2015.

Castrezzato, March 16, 2016

Rag. Umberto Bisesti

Dr. Francesco Curone

Rag. Mariagrazia Bisesti

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UNI EN ISO 9001 N.412



UNI EN ISO 14001 N.182



BS OHSAS 18001 N.053



REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

(according to articles 123-*bis* TUF and 89-*bis* Consob Issuer Regulation)

Issuer: POLIGRAFICA S. FAUSTINO S.P.A.

Website: www.psf.it

Exercise covered by the Report : 2015

Date of approval of the Report: March 11, 2016



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GLOSSARY

Code / Self-discipline Code: Self-discipline Code of quoted company approved on July 2014 by committee for corporate governance and approved by Borsa Italiana Sapa, Abi, Ania, Assogestioni, Assonime and Confindustria.

Cod. Civ. / C.C.: Civil Code.

Board: Board of Directors of Poligrafica S. Faustino S.p.A..

Issuer or Company: Poligrafica S. Faustino S.p.A..

Exercise: 2015 (exercise covered by the report).

Group: Poligrafica S. Faustino Group.

Instructions to the Market Rules: the Instructions to the Regulations for Organized and Managed Markets by the Italian Stock Exchange S.p.A. .

Consob Issuer Regulation: Regulation issued by Consob with decision n. 11971/1999 in matter of issuers.

Consob Market Regulation: Regulation issued by Consob with decision n. 16191/2007 in matter of markets.

Regulation Correlated parts Consob: the regulation issued by Consob with deliberation n.17221 of 12 March 2010 (as next modified) in matter of correlated parts.

Report: Report on corporate governance relation and ownership structure as required by art. 123-*bis* TUF.

By-laws: By-laws of Poligrafica S. Faustino latest changed by Extraordinary Shareholders' meeting of April 20, 2012.

TUF: Italian Legislative Decree of February 24, 1998, n. 58 (*Testo Unico della Finanza*).

1. ISSUER'S PROFILE

Poligrafica S. Faustino S.p.A., company listed at the MTA – Segment STAR of the Italian Stock Exchange S.p.A., accepted the Code. The Governance Structure is based on the traditional organizing model and is formed by the following organs: Shareholders' meeting, Board of directors (operating through the executive Directors and is assisted by the control committee and risk and committee for the remuneration), Board of Auditors and Auditing Firm.

The **Shareholders Meeting** is the organ that, with its deliberations, expresses the shareholders' will. The decisions taken in conformity with the law and the Code are for all the shareholders, the agreeing and disagreeing included, except for the latter the recess right when permitted. The meeting is summoned according to the law dispositions that concern all companies with quoted titles in matters that the law reserve to them.

The **Board of Directors**, and the single delegated counsellors, have the function to define the strategic addresses of the company and of the Group to it related and has the responsibility to manage. For this they have the greatest powers to achieve all the acts that they consider opportune to reach the company's aims, with the only exception of those that are expressly reserved to the meeting.

The **Board of Auditors** watch over the law observance and of the By-laws and has control functions on the managing and has to watch on: respect of the principles of good administration; adequacy of the organized structure of the company; the modality of a concrete actuation of the Code; correctness of the operations with correlated parts; the connection of the dispositions imparted to the controlled in relation with the bounds of communication to the market of privileged information. It must not be concerned with the accounting control, which is under the responsibility of an Auditing Firm appointed by the Shareholders' meeting among those enlisted in the CONSOB list.

The **Auditing Firm** analyses the regularity of the accounts and the correct recording of the managing facts of the accounts sheets and the consolidated balance sheet and that they are conformed to the norms. The revision company does also further services that have been given by the Board of directors, if they are not compatible with the accounting duties.

The Report illustrate corporate governance structure examined by Board on 11.03.2016 and give integrative information required by the law rules in matters of governance and ownership assets. In particular, the Holding thinks that the *Corporate Governance* System meets the needs and the recommendations of the Code and this considering the dimension and articulation of its own organs.

According to the art. 89-*bis* of Consob Issuers Regulation, in the following articles a detailed analysis is supplied on the respect of the conformity to the Code to which the company is part and the limited cases in which the Board of Directors has decided to accomplish or not to accomplish the applicative principles and criteria, giving the relative motivation.

The Corporate Governance Report can be found at company's website (www.psf.it / Investor Relations / Corporate Governance / Reports).

In the section Investor Relations / Corporate Governance / By-laws, it is also available the By-laws updated versions.

2. INFORMATION ABOUT OWNERSHIP (pursuant art. 123-bis, paragraph 1, TUF) as at 31/12/2015

a) Capital stock structure (pursuant art. 123-bis, paragraph 1, letter a), TUF)

Capital signed and paid is equal to € 6,161,592.12 and is composed by 1,194,107 ordinary shares with a nominal value of Euro 5.16.

Such shares give right to vote in the ordinary and extraordinary assemblies of the company according to law and chart norms and give further administrative and patrimonial rights predicted by the law for vote right actions.

Issuer's share negotiate on MTA Market – STAR Segment of Italian Stock Exchange.

There are no incentives plans with a stock sharing base (stock option, stock gran, etc.) that imply increases, also free, of the social capital.

b) Restrictions to the transferring of shares (pursuant art. 123-bis, paragraph 1, letter b), TUF)

There are no restrictions to the transferring of shares.

c) Relevant participants to the Capital (pursuant art. 123-bis, paragraph 1, letter c), TUF)

The Issuer meets the requirements of Art. 1, paragraph 1, letter. w-quater.1 TUF (turnover of less than € 300 million and average capitalization of the last calendar year of less than € 500 million), therefore, it can be considered a SME. For these companies, the minimum threshold set for the reporting obligation as per Art. 120, paragraph 2, TUF is 5% instead of 2% (amended provision art. 20 of Decree Law no. 91 of 24.06.2014, converted with amendments by Law no. 116 of 11.08.2014).

With regard to the significant shareholdings please refer to Table n. 1 attached to this Report.

d) Special rights (pursuant art. 123-bis, paragraph 1, letter d), TUF)

The Extraordinary Shareholders' Meeting of 24.04.2015 amended Article. 7 of the By-laws in order to introduce the so called vote "Plus" in accordance with art. 127-quinquies of the TUF.

The shares of increased vote, also known by the term "loyalty share" have been introduced in Italy with Decree Law 91/2014, converted into Law 116/2014 (competitiveness decree). In this way, it has overcome the traditional principle of "one share - one vote", because it is possible to express, according to the Articles of By-law, a vote superior to one but not bigger than two, and this with reference to the actions that one shareholder has held for a consecutive period of not less than twenty-four months after inclusion in a special list.

Dimension of the benefit, vesting period and legitimizing real law.

The benefit of the increased vote is attributed to the fullest extent of the law, i.e. a double vote per share exclusively in favour of the owner with the right to vote.

To enjoy the benefit the share must have belonged to the same shareholder for a continuous period of at least twenty-four months from the date of registration in the Special Register (i.e. the minimum period by art. 127-quinquies, paragraph 1, TUF) referred to below.

Establishment of a Special List, legitimacy to enlist and recognition to refuse the benefit.

A special list was set up - Special List - to be held in accordance with article 143-quater of the Issuers Regulation at the headquarters of the Company. The Board on 15.05.2015 has defined the criteria for its maintaining in compliance with the applicable regulations (the procedure for registration is available on the website www.psf.com / Investor Relations / Corporate Governance /

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Loyalty Share) and appointed the Corporate Affairs person in charge of keeping and managing the said Special List.

The appointee will provide the registration and updating of the list according to a monthly basis. All registration requests received each month, will be noted in the list on the 5th trading day of the month, and in any event within the record date envisaged by current regulations. These schedules will, however, be appropriate in any subsequent regulatory action in the matter.

The Shareholder requesting the registration in the Special List must present proper documentation and release a special certificate for more effective verification of the legitimacy assumptions.

The registered person can always request cancellation (total or partial) from the Special List, as can always give up the benefit of double voting that is eventually matured.

The cancellation, however, achieved when there are no more reasons for the increase of the vote.

Transfer (direct or indirect) of the real right of eligibility and of extraordinary operations of the Company (capital increase). Effects on the regulation of the benefit of double voting.

According to art. 127-d, paragraphs 3 and 4 of the TUF, the benefit of the vote plus is deleted if the share is transferred after payment or for free, as well as in case of direct or indirect sale of controlling stakes in companies or entities that hold shares of plus vote exceeding the limit provided by Article 120, paragraph 2, of the TUF.

The right to vote plus is kept in case of succession to the death while lapses in the case of merger and division of the owner of the shares. As regards, however, the assumptions of the capital increase, the benefit is extended proportionally much in the case of free capital increase, as in the case of capital increase with new contributions.

Effects of the increase of voting for the purpose of quorum of the meeting and for the exercise of minority rights.

The increase voting also computes to determine the constitutive and deliberative quorum that refer to the capital tax rates.

Otherwise, the voting increase has no effect on other rights accruing from voting under certain capital rates.

e) Employees shareholding: modality right to vote (pursuant art. 123-bis, paragraph 1, letter e), TUF)

There are no regulated systems of shareholding of the employees.

f) Restriction in the right to vote (pursuant art. 123-bis, paragraph 1, letter f), TUF)

There are no restriction in the vote right.

g) Shareholders' agreements (pursuant art. 123-bis, paragraph 1, letter g), TUF)

Issuer doesn't know agreements according to the art. 122 TUF.

h) Clauses of change of control (pursuant art. 123-bis, paragraph 1, letter h), TUF) and disposition concerning OPA (pursuant articles 104, paragraph 1-ter and 104-bis, paragraph 1)

The Issuer hasn't concluded significant agreements yet that acquire efficiency and that extinguish or that can be modified in case of a control of the signing society.

The company's By-laws doesn't involve:

- exceptions to the dispositions on passivity rule of art. 104, paragraph 1 and 1-bis of TUF;
- the application of the rules of neutralisation of art. 104-bis, paragraph 2 and 3 of TUF.

i) Appointment to increase the social capital and authorization to own share buying (pursuant art. 123-bis, paragraph 1, letter m), TUF)

The Board has not been delegated to increase the social capital as per art. 2443 of Cod. Civ. and cannot issue participative financial instruments.

Shareholders' meeting of Poligrafica S. Faustino S.p.A. of 24.04.2015 has authorised, according to the art. 2357 of C.C., the acquirement of one or more solutions until the previous day in which the shareholders' meeting will approve the 2015 balance sheet and with a maximum period of 18 months, for a maximum of 238,821 ordinary shares, and in such an extent that the number of the own shares will never overcome the fifth part of the Capital Stock, considering also the shares eventually held by the controlled companies at a minimum price per share of Euro 1.00 and a maximum of Euro 50.00.

For the actuation of the resolution it was given the Board of directors and the Chairman and his managing directors, separately or through specialized intermediaries, the permission to acquire the company shares under the above exposed conditions, with the steps that are approved by the company, according to ways indicated with the letters a, b, d from art. 144-bis paragraph 1 of the Issuer Regulation.

An appropriation has been also accomplished to create a specific "reserve for the acquisition of own shares" by taking apart a "reserve surcharge shares" other available reserves and the making of a "unavailable reserve of own shares", according to art. 2357-ter, last paragraph, C.C., equal to the amount of own shares enlisted at the balance sheet available asset, taking off the relative amount, in relation with the acquirements made, from "the reserve for the acquisition of own shares".

Finally, it has been authorised, without time limits, following art. 2357-ter C.C., the Board of Directors and its chairman and managing directors, separately or through specialized intermediaries, to dispose in every moment, of all or of a part, in one or more solutions, also before having finished the acquisitions, of the own shares, acquired according to the present disposition, both through alienation of these in the Stock exchange or through institutional investors, both through an offer to the public, to the shareholders and to the employees. As both correspondence to the acquisition of shares in the company investments policy, giving to the Directors the possibility to decide, each time, within the norms, the terms, the ways and conditions that will be considered opportune. This considering that the minimum price won't have to be inferior to the minor or the buying prices of the shares already owned. The authorisation as in this point is granted without time limits.

Issuer, at the end of Exercise, had n. 61,840 shares equal to 5.18% of the Company's capital stock.

I) Management and coordination (pursuant art. 2497 and subsequent C.C.)

The Issuer is not subject to management and coordination pursuant to article 2497 and following of the Civil Code.

The Company delivers activities of direction and coordination on the following companies:

Company	% owned of Capital Stock
Linkonline S.r.l. sole shareholder	100
Litografia Spada S.r.l. sole shareholder	100
Psfinteractive S.r.l. sole shareholder	100

We explain that:

- the information required by art. 123-bis, first paragraph, letter i) ("Agreements between the

company and directors ... providing for compensation in case of resignation or dismissal without just cause or if their employment ceases because of a public offering purchase ") are explained in Report on Remuneration published pursuant the art. 123-ter of TUF;

- the information required by art. 123-bis, first paragraph, letter l) ("the rules governing the appointment and replacement of directors ... and the amendment of the By-laws, if different from the laws and regulations applicable in the alternative") are discussed in the section of the report devoted to the board of directors (Section 4.1.).

3. COMPLIANCE (pursuant art. 123-bis, paragraph 2, letter a), TUF)

The Issuer has adopted the Self-discipline Code by adopting the proceedings that are necessary or important for the adjustment to the Corporate Governance and for the Company organisation to the Regulation's criteria, considering in particular the company dimensions and the shareholders' composition.

The Code is available on Borsa Italiana website:

<http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf>

The Issuer and its controlled with strategic relevance (Linkonline S.r.l. sole proprietorship) are not subject to non-Italian law disposals that influence the structure corporate governance of the same issuer.

4. BOARD OF DIRECTORS

4.1. APPOINTMENT AND SUBSTITUTION (pursuant art. 123-bis, paragraph 1, letter l), TUF)

The Board of Directors is appointed according to lists given to the shareholders in which the candidates must be listed following a progressive number and in which the candidates that have the requisites of independence fixed by the law must be also listed.

Each shareholder and the members of the same group, and those tied by an agreement according to art. 122 of TUF, cannot offer, neither through a third person or company, more than a list and each candidate cannot be in only one list with the risk of ineligibility.

Each list must contain a number of candidates that is not bigger than that of the components of the administrative organ for which they cannot be nominated.

All the lists that include a number of candidates equal or superior to three must respect the division of the genres. For the first new Board of directors after one year from the beginning of validity of the Law 120/2011, the least represented genre must be equal to one fifth of the total of the components to be elected. For the second and third renewal after the above mentioned term the least represented genre must be equal to one third of the components to be elected.

The right to form the lists can be made only by the shareholders that alone or with other shareholders represent at least the percentage of the social capital fixed by the law or Consob with own rules. Consob has deliberated (issue n. 19499 of 28.01.2016) that the percentage for Poligrafica must be 4.5%.

The lists, undersigned by the shareholders', must be registered at the legal matters office at least 25 days before that fixed for the meeting in the first convocation correlated by:

- the professional and personal curricula of the candidates,
- the declarations with which the single candidates accept their nomination and stop, under their own responsibility, the non-presence of aspects prescribed by the law and by the rules

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for the members of the administrative organs and to possess the ability to qualify as independents according to the present norms;

- the information regarding the shareholders that have deposit them with the indication of the percentage totally taken off;
- the certification released by the intermediary according to the senses of the law normative, testing the quality of the shareholders and the legitimating of the accounting year of the social rights. This certification can also be produced after the filing of the lists provided by the deadline for publication of the same ones (21 days before the date of the Shareholders' meeting).

Every shareholders can introduce or concur to the presentation of a single list and vote a single list.

Shareholders vote on sheets on which is indicated the name of the shareholder.

At the end of the voting, the obtained votes on the lists are divided for progressive numbers from one to the number of the Directors to elect. The quotients so obtained are given to the candidates of each list, according to the order that is scheduled. So, the quotients given to each candidates of the different lists are disposed in an unique decreasing ranking.

The elects are those who, till the concurrence of the number of Directors to be elect, those who have obtained the highest quotients, considering that it will have to be appointed Director the candidate who is listed on the top of the list of minority that has obtained the bigger number of votes and that is not linked, even indirectly, with the partners who have prepared and voted a list that resulted first for number of votes. So, in case the candidate hasn't obtained the required quotient for being elected, he will be anyway nominated Director while the candidate of the first list that has obtained the lowest quotient won't be elected.

If the division of genres criterion is not respected, the members of the least represented genre that obtained bigger quota will be instead elected for the first renewal of the board after the beginning of validity of the law 120/2011, and will be one fifth of the components to be elected. For the second and third renewal after the above mentioned term, the members of the least representative genre will be instead elected an will be one third of the total amount of the components to be elected.

At least one of the components of the Board of directors, or two in case the number of the Directors to be elected is superior to seven, must have the independence features that are fixed for the auditors at art. 148, paragraph 3 of TUF and by the Code.

All the lists must have the candidacy of at least one independent person, or two in case the Board is made of more than 7 members. In case no one of the candidates with the independence requisites reaches the necessary quotient for being elected, it will be appointed he or they who have the independence requisites and who have reported the highest quotient. In this last option, he who would have been elected according to the criteria exposed in the first part of the previous comma, won't be elected.

The Chairman will be the candidate that is listed at the first place who has obtained the biggest number of votes.

If more candidates have obtained the same quotient, the candidate of the list who has not elected any Director or that has elected the lowest number of candidates, will be elected. In case no one of the lists have elected an Director or all have elected the same number of Directors, the candidate of that list that has obtained the highest number of votes is elected. In case of equality of votes and in case of equality of quotation, a new election must be made, and the candidate that obtains the simple majority of the votes is the elected one.

In case more lists have been prepared and voted, the lists that haven't achieved a percentage of votes at least equal to the half of that required for the presentation of the lists selves will not take

into consideration.

In case only one list has been prepared, the Shareholders' meeting votes on this list and if this obtains the relative majority, the candidates listed in progressive order are elected, till the number fixed by the meeting is reached. The candidate indicated at the first place of the list is elected president of the Board of Directors.

The Directors last three social years and precisely till the shareholders' meeting summoned for the approval of the last accounting year balance sheet for which they were appointed and are eligible.

If during the accounting year one or more Directors are missing, the solution to follow is in the art. 2386 of the C.C.. in the respect of the criteria for representatively of the least represented genre in the cases happened after the first, second and third renewal of the board after one year of validity of law 120/2011.

Rules on the appointment and replacement of directors and the amendment of the By-laws, other than laws and regulations applicable in the alternative are not applicable.

Succession's plans [Non-adherence to criterion 5.C.2 of the Code]

The Board hasn't adopted a plan for the succession of the executive administrators, as it is not considered possible to appoint such people and to select the relative criteria in advance. The appointment of a new executive administrator demands, ad hoc valuations.

4.2. COMPOSITION (pursuant art. 123-bis, paragraph 2, letter d), TUF)

The ordinary Shareholders' meeting held on 23.04.2013 has appointed the members of the Board of Directors that will remain in office until the date of approval of the financial statements for 2015.

The number of components, which remained unchanged during the year, amounted to 11 including 3 Directors, i.e. Ilaria Frigoli, Maurizia Frigoli and Elisa Frigoli, representing the less represented gender in accordance with Law 120/2011.

On this occasion only a list has been introduced by Frigoli Alberto, Frigoli Giuseppe, Frigoli Emilio, Frigoli Francesco and Frigoli Giovanni that has received the 100% of the votes of the voting capital (voting capital 99.6987%).

The curricula of the Board are available on the website of the Issuer (www.psf.it / Corporate Governance / Corporate Bodies / Board of Directors).

Personal and professional features of each Director (art. 144-decies of the Issuer Regulation)

ALBERTO FRIGOLI

Born in Chiari (BS) on November 15, 1949 where he lives; he is married with 4 children.

In January 1981, he takes part to the setting up of Poligrafica S. Faustino S.r.l. of which he is appointed Chairman and director. In 1987 the Board of Directors appoints him managing director with full powers in ordinary and extraordinary administration. The extraordinary Shareholders' meeting of March 13, 1998, which approves development into a stock company, confirms him in all his functions. In April 2001 he was appointed managing director with full powers of ordinary and extraordinary administration. Which it has accomplished to date.

He is also Chairman of subsidiary company Psfinteractive S.r.l., a company involved in the communication agency activities, non-executive Director of other subsidiaries companies Sanfaustino Label S.r.l., specialised in printing of labels and Director of Linkonline S.r.l., leader in distribution of consumer products for informatics.

GIUSEPPE FRIGOLI

Born in Chiari (BS) Chiari on August 6, 1951 where he lives; married with 3 children.

In January 1981, he takes part to the setting up of Poligrafica S. Faustino S.r.l. of which he is appointed director. In 1987 the Board of directors appoints him managing director with full powers in ordinary and extraordinary administration. The extraordinary shareholder meeting on March 13, 1998, which approves development into a stock company, confirms him in all his functions. In April 2001 he is appointed managing director with full powers in ordinary and extraordinary administration, which he has accomplished regularly so far.

In December 1997, he takes part to the setting up of the Company "BB S.r.l.", seated in Castrezzato, of which he is appointed director. Since March 28, 2001 is no longer Chairman but simply managing director. This company, already holds "CASAROSSO" mark, trade in all its forms by means of an Internet site about all goods that are normally sold in a supermarket and as tables product I do XIV included. Since 2001, BB S.r.l. dedicated to the development of a new platform B2B called "CANTOALTO" Specifically dedicated to the field of graphic arts. After the Board's decision to put on solvability the company, a liquidator has been appointed.

He is also Managing Directors of subsidiary company Sanfaustino Label S.r.l., specialised in printing of labels, Chairman and Managing Director of Linkonline S.r.l., leader in distribution of consumer products for informatics and Managing Director of Psfinteractive S.r.l., a company involved in the communication agency activities.

EMILIO FRIGOLI

Born in Chiari on August 15, 1955 where he lives; he is married with 3 children.

In January 1981, he takes part to the setting up of Poligrafica S. Faustino S.r.l. of which he is appointed director. The extraordinary Shareholders meeting of March 13, 1998, which approves development into a stock company, confirms him in all his functions. In March 1999 he is appointed managing director for trade relation with customers. In April 2001 he is appointed managing director with full powers in ordinary and extraordinary administration, which he has accomplished regularly so far.

He is also Managing Directors of subsidiary company Sanfaustino Label S.r.l., specialised in printing of labels, Director of Linkonline S.r.l., leader in distribution of consumer products for informatics and Director of Psfinteractive S.r.l., a company involved in the communication agency activities.

FRANCESCO FRIGOLI

Born in Chiari on June 3, 1953 and lives in Cologne (Bs); he is married with 2 children.

In December 1997, he takes part to the setting up of the Company "BB S.r.l.", seated in Castrezzato, of which he is appointed director. This company, already holds "CASAROSSO" mark, trade in all its forms by means of an Internet site about all goods that are normally sold in a supermarket and as tables product I do XIV included. Since 2001 BB S.r.l. dedicates itself to the development of a new B2B platform called "CANTOALTO" specifically dedicated to the graphic arts industry, which is still used by Poligrafica S. Faustino S.p.A. .. In that company, he served as CEO until December 2011.

After being appointed Poligrafica S. Faustino S.p.A. adviser in November 1998, he is given the delegation for activities for the press and media sector in March 1999. Since April 2001 he has not held any executive office and has served on the Committee for Internal Control and the Remuneration Committee.

In April 2013 he received the delegation for research and development activities is obliged to report to CEOs about possible agreements to be concluded.

He is also Directors of subsidiary company Sanfaustino Label S.r.l., specialised in printing of

labels, of Linkonline S.r.l., leader in distribution of consumer products for informatics and of Psfinteractive S.r.l., a company involved in the communication agency activities.

GIOVANNI FRIGOLI

Born in Chiari (BS) on April 29, 1960 and lives in Coccaglio (BS); married with 3 children.

In November 1998 he is appointed director of "Poligrafica S. Faustino S.P.A.". In March 1999 Mr. Giovanni Frigoli is appointed managing director for marketing. Since April 2001 he is non-executive Director and from February 2012 he is Executive administrator with delegation to search for strategic suppliers/partners for the company. The delegation was confirmed following the renewal of the Board of Directors on 23.04.2013.

He participated to the establishment of the company Dedalus S.r.l. where he served as managing director until January 2011. The company took the production and wholesale and retail of paper items of any kind as well as the production of paper tissues called "Todo Modo." It ceased from office in January 2001 he was appointed director in the said company, called today Psfinteractive S.r.l. (then Mediattiva S.r.l.), which now has the object of communication-Agency that manages and realize internet sites, development and delivery of web applications for e-commerce B2B and B2C.

In February 2008 he was appointed managing director of Linkonline S.r.l., a company leader in the distribution of consumer products for office. It holds that office without interruption until today.

ALBERTO PIANTONI

Born in Chiari (BS) on April 6, 1956; married with a son, he took a degree in Economical politics at the faculty of Economics of the University of Modena.

He is member of the Symbola committee for the PIQ definition (Internal Quality product) which is intended to become a measurement instrument of the Italian quality as combination of innovation, technology, research, creativity and territorial skills. On June 27, 2007 he is nominated *project manager* of third Project of industrial innovation of *Made in Italy* Sponsored by the Ministry of Economic Development. He is also a member of the board of Lombardy territory of Unicredit and member of the strategic committee for the company network of Confindustria.

From 2004 he has been independent Director of Poligrafica S. Faustino S.p.A. and, since April 2007, lead independent director.

He has been managing director of Bialetti Industrie S.p.A. (company quoted at the Italian Stock Exchange) and of different companies of the Bialetti Group, in Italy and Abroad, as Girmi S.p.A., Bialetti Industrie France sarl, Bialetti Spain S.l., Bialetti Deutschland GmbH till the beginning of April 2008. Since April 2008 he is non-executive director at Bialetti Industrie S.p.A. and is managing Director at Richard Ginori 1735 S.p.a. (Company quoted at the Italian Stock Exchange) until December 2009. From March 2010 until July 2011 he has been Managing Director of Revolution S.p.A. (formerly Gruppo Sistemi 2000 S.r.l.) of Ancona.

From May 2011 until December 31, 2014 he was CEO of Missoni S.p.A.

CARLO ALBERTO CARNEVALE MAFFE'

Born in Vigevano (PV) on September 9, 1961, married with a son.

Is Lecturer in Company Strategies at the Company Direction School of the Bocconi University where he was founder and coordinator of the Master in Business Strategies(MISA). He is responsible for the "Business Strategy" teaching at the Bachelor in International Economics and Management. He teaches at "Media MBA" of the Steinbeis University in Berlin and at the "Master in Intelligence" of the University of Malta, and has teacher at the Graduate School of Business of the Columbia University, at the Stern School of Business of New York University and Wharton School, University of Pennsylvania.

Report on Corporate Governance and ownership structure

He is member of the Steering Committee "E-Business Policies" of the European Commission DG Enterprise. He is member of columnist of Editorial Board di Harvard Business Review Italy. He works for different national and international newspapers such as CNBC International/Class CNBC "Il Sole24 Ore". He is member of the scientific committee of Assodigitale. He is also Director at Poligrafica S. Faustino S.p.A. since April 2004 and United Ventures SGR S.p.A. from December 2015; he plays, in both, the role of independent director.

He is Advisory Board of National High tech companies. He has published many books and company cases and is regularly present with interviews, articles and comments on some of the most important economic and financial International editions such as The Economist, Time, Harvard Business Review Italy, Business Week, Wall Street Journal, Financial Times, New York Times, International Herald Tribune, Les Echos.

ANDREA COLLALTI

Was born in Rome on November 22, 1966, married and graduated in Economics at Rome's University *La Sapienza* and is taking a further degree in law at the same university. He attended post-graduation courses about European fiscal norms and commercial laws at the Luiss Schhol of Management.

He is fiscal counsellor member of the Accounting revisors and member of the arbiters at the Consob. He owns a professional office for fiscal, commercial and administrative advice in Rome. He is a receiver at the court of Rome and is technical counsellor at the civil section.

He works in the company, strategic, fiscal and financial counselling sector, in the company evaluations, in particular in the managing of company relations with the public sector for the managing and inspection of infrastructure financing.

He is an expert in the starting up of dossiers for infrastructure financings at the Ministry of Economics, C.I.P.E., the Ministry of infrastructures and economic development.

He is an expert in International fiscal planning and worked for many national and International companies.

At this moment he is the Chairman of the Board of Auditors of Fandango, CAL Concessioni Autostradali Lombarde S.p.A. and Auditor of Gamenet S.p.A. (AAMS dealer for slot machines and gaming), Gamenet Scommesse S.p.A (AAMS dealer for online betting) and Gamenet Entertainment S.p.A..

He is also Commissioner of Covisoc (FIGC), member of the surveillance committee of Eutelia S.p.A. in Extraordinary administration appointed by the Ministry of Economic Development, Member of the Board of vigilance of Foundation Bioparco in Rome appointed by the mayor of Rome, member of Board of Auditors of the Italian Federation of Sports on Ice.

He is independent director of Poligrafica S. Faustino S.p.A. since April 2012 and since January 2015 he is in charge as executive controller of the company Investimenti S.p.A. (former Fiera di Roma S.p.A.).

ILARIA FRIGOLI

Born in Ponte dell'Olio (PC) June 2, 1985 and living in Milan, has a degree in "Psychology of personality and interpersonal relationships" at the University of Padua and at the same University he received the degree in "social Psychology, work and communication", has passed the state exam in 2012 for the exercise of the profession of psychologist. In 2012 he attended a Master Inter between the University of Padova and the University of Brescia "Mediation as an operational tool within the areas of family, criminal, community, civil and commercial matters". He is currently a graduate student in psychotherapy at the School of Interactive-Cognitive Psychotherapy in Padua.

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From 2011 to February 2013 he collaborated with the Department of Applied Psychology at the Faculty of Psychology of the University of Padua as a designer and analyst. In the same period he also worked with the company Pragmata S.r.l. of Padova, active in the field of consulting organizations, as a consultant entrepreneurial, administrative, managerial and business planning.

From the month of March 2013 is working with the company To Italy S.r.l. as a Project Manager.

In April 2013 was appointed counselor of Poligrafica S. Faustino S.p.A. where he serves as non-executive director and member of the control committee and risk and the remuneration committee.

MAURIZIA FRIGOLI

Born in Chiari (BS) December 12, 1984 where she lives.

In 2003, she obtained a diploma in accounting at the Technical Institute of Brescia Marco Polo. From 2010 to 2011 she collaborated with the company BB S.r.l. as an accounting office. Subsequently, from November 2011 till today she performs the same functions in Poligrafica S. Faustino S.p.A..

In April 2013 she was appointed counselor of Poligrafica S. Faustino S.p.A. where she serves as non-executive director.

ELISA FRIGOLI

Born in Chiari (BS) December 5, 1983 and lives in Brescia, married with two children.

In 2002 she obtained a scientific degree at the Liceo Leonardo Brescia, and in 2008, she graduated from the University of Urbino in Communication Sciences.

She is currently the proprietor of the laboratory of digital art Droplab of Brescia and from April 2013 has the role of non-executive director of Poligrafica S. Faustino S.p.A..

Limitation of charges

[Non-adherence to criterion 1.C.3. of the Code] The Board, after analyzing the positions held by individual directors, hasn't defined the general criteria about the number of positions in administration and control roles in other companies as it was considered that, even without a limitation, the role of the Director of the issuer has always been made in a proper way regarding the charge received from each director.

The Board can anyway anticipate in every moment some limitations if necessary.

Below we disclose the offices of director or auditor held in other listed companies, financial, banking, insurance or other large companies:

- Carlo Alberto Carnevale Caffè, Independent Director at the United Fund Ventures SGR S.p.A.;
- Andrea Collalti, Statutory Auditor at Investments S.p.A. (formerly Fiera di Roma S.p.A.).

Induction Programme

The Board Chairman has deliberated that the administrators, after their appointment and during their term may take part to initiatives that are aimed to give them an adequate know how of the activity sector in which the Issuer operates, of the company dynamics and their evolution and their norm context.

Such initiatives, in particular, were possible during meetings with the Marketing director and commercial directors (also for the controlled companies) of the different business areas in which the company operates aimed to explain the business areas in which the company operates (business communication, label&packaging, documental electronic managing, printing and

e-procurement), the new approach modalities with the real and potential clients and the offer of new products.

The head of corporate affairs, also, in consultation with the President, provided all Directors with adequate and exhaustive information about the changes to the regulatory framework of reference in the sector in which the Issuer operates.

4.3. ROLE OF THE BOARD OF DIRECTORS (pursuant art. 123-bis, paragraph 2, letter d), TUF)

During the Exercise, the Board of directors summoned 5 times, with a medium duration of 1 hour and half. For the present accounting year 5 meetings have been planned, 1 of which held on March 11, 2016.

The Chairman, through the Secretary of the Board (the role played by the head of corporate affairs) has assured timely and complete pre-meeting information, using appropriate methods to preserve the confidentiality of the data and information provided. Specifically, before each meeting it will be sent to all Directors a draft document to be approved together with information relating to the items on the agenda. Such documentation is delivered to the hands or sent via an e-mail notice of about 1 week, but not less than three days before the meeting date. During the Year, the notice has been complied and there were no urgent demands that disclosure was given only in the board meeting.

The meetings are conducted under the guidance and coordination of the Chairman who care that the items on the agenda are assured as long as necessary to allow a constructive debate. In particular, the President encourages individual delegate directors that, each in his mandate, report about the activities carried out during the reporting period.

The meetings are open to the participation of parties outside the Board. All meetings of the year were attended, following an invitation of the Chairman, the head of corporate affairs and the manager responsible for preparing the financial reports.

Pursuant the art. 19 of By-laws, the administrative organ has plenty powers for the ordinary and extra ordinary managing of the company, without exceptions and has the faculty of making all the acts that he considers necessary for the achievement of the company goals, with the exclusion of those that are reserved by the law to the shareholders meeting. Considering what is written in the art. 2 and art. 23 of the By-laws, other functions of the administrative organ are the deliberations concerning:

- a) the merge, in the cases previewed by the articles 2505 and 2505-*bis* of the Civil Code;
- b) the reduction of the capital in case of withdrawal of one of the partners;
- c) the adjustment of the By-laws at normative disposals;
- d) the emission of ordinary bonds.

The Board's duties concern the examination and approval:

- the strategic, operational and financial Issuer, and the periodic monitoring of their implementation;
- the strategic, industrial and financial group of which the Issuer and the periodic monitoring of their implementation;
- of the issuer government system;
- of the structure of the Group.

The Board, at its meeting on 13.03.2015, examined the organizational, administrative and

accounting structure of the Issuer and of the companies of strategic importance, particularly with regard to the internal control system. In that activity, the Board has made use:

- the support of the Control and Risk Committee of the head of the internal audit function for the organizational assessment;
- the Manager Responsible for preparing corporate accounting documents for the administrative set-valued and recorded.

The Shareholders' Meeting, dated 24.04.2015, has determined the total remuneration due to the entire Board. Subsequently, on the same date, the Board, in accordance with the proposals of the Remuneration Committee and after consultation with the Board of Auditors, determined the remuneration of individual directors (fixed fee) as well as the parameters for the payment of incentive remuneration in favour of the executive directors and the relative measurement.

The Board has evaluated the general going of the managing, considering the information received from the delegated organs, and confronting quarterly the results obtained with those planned.

The Board has the power to review and approve the operations of the Issuer and its subsidiaries when these have a significant strategic, economic, equity or financial importance for the Issuer. On 13.11.2015 the Board, in particular, assessed the resumption of operations of the subsidiary Sanfaustino Label S.r.l.. On this occasion, the directors Giuseppe Frigoli and Emilio Frigoli were granted authority to put in place all necessary and appropriate preparatory actions for this aim.

It is provided a reservation in favour of the Board, prior examination and approval of related party transactions of the Issuer and its subsidiaries in the cases mentioned in the Procedure for Related Party Transactions approved by the Board on November 12, 2010. During the Year, as verified by the Board upon approval of the 31.12.2015 budget draft, no transactions with related parties carried out were considered of major importance (for further details see the art. 12 of this Report).

The Board, on 13.11.2015 has considered its dimension, composition and working of the Board itself and its committees, included the number of independent Directors equal to 3 (as per art. IA.2.13.6 of the Market Instructions) conforming to the social object. For the purposes of self-assessment, the Board has made use of exclusively internal functions without resorting to the help of external consultants.

The Shareholders' meeting hasn't authorised, as a general rule, derogations to the prohibition of concurrence as in the art. 2390 C.C..

4.4. EXECUTIVE DIRECTORS

Managing Directors

With a deliberation of the Board on April 23, 2013, Giuseppe Frigoli and Emilio Frigoli, beyond the Chairman, have been appointed Managing directors with the attribution of full powers in ordinary and extraordinary administration, except for those expressly prohibited in art. 2381 C.C..

These are to be considered as the main responsible of the company (Chief Executive Officer):

- Giuseppe Frigoli (administrative manager, purchasing, personnel, production);
- Emilio Frigoli (sales manager).

The absence of limits for the delegation is justified by the particular society asset and by the activity developed by them within the Issuer. The Board, anyway, can in every moment decide any kind of operation.

Interlocking directorate

[Non-adherence to criterion 2.C.5 of the Code] The Board has decided not to join the

application criterion 2.C.5. of the Code, subject to evaluation from time to time and specifically the possible situation of interlocking directorate, taking account of potential conflicts of interest that may occur.

It should be noted, however, that at the date of this report the situation of interlocking directorate is not occurring.

Chairman

The Chairman, despite having received the delegation for the ordinary and extraordinary administration, is no longer to be considered, by virtue of actually performed function, the main responsible for the management of the Issuer.

He, in addition to the organization of the work of the Board and of liaison between executive and non-executive directors during the year, has been busy preparing and coordinating the activities of the managing directors and executives in the definition and elaboration of the main strategies business of the Company and the Group, with the help and support of executives in charge of specific areas of intervention.

Informative to the Board

The Chairman, assisted by the Lead Independent Director, shall ensure that all materials submitted to the Board be given in time to the documentation and information necessary for evaluation and conscious decision of the topics covered. Documents relating to agenda items, in particular, is immediately sent to the Directors, when available, by the manager responsible for preparing corporate accounting documents or the head of corporate affairs. Each Director has the right to request further information and additions deemed necessary and appropriate.

The Managing Directors have kept informed regularly the Board about the activities made quarterly.

4.5. OTHER EXECUTIVE DIRECTORS

Within the Board there are two executive directors : Giovanni Frigoli and Francesco Frigoli.

The first one is to be considered as an executive director as CEO of the subsidiary Linkonline S.r.l., a company having strategic importance for the Group, as well as having received, on 23.04.2013, the responsibility for search and contact suppliers / strategic partners for the Company.

The second is executive director of the Company by virtue of the power delegated by the Board on 23.04.2013 for research and development.

4.6. INDEPENDENT DIRECTORS

Pursuant the articles 147-ter, par. 4 and 148, paragraph 3 of TUF and according to art. 2.2.3, par. 3, letter l) of Rules of the Market and art. IA.2.10.6 of Rules of the Market Instruction and art. 3 of Code, there are three Independent Auditors in the Board (Prof. Carlo Alberto Carnevale Maffé, Dr. Alberto Piantoni and Dr. Andrea Collalti) who:

- a. don't controls, directly or indirectly, the issuer also through subsidiaries, trustees or through a third party, or is able to exercise over the issuer dominant influence,
- b. don't participates in a shareholders' agreement through which one or more persons may exercise a control or considerable influence over the Issuer;
- c. there haven't been in the previous 3 accounting years relevant figures (the Chairman, the legal representative, the Board chairman, a managing director or a manager with strategic

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responsibility) of the issuer or of one mutually controlled company or of one entity that together with others may control the Issuer or may strongly influenced it;

- d. don't have, and didn't have, directly or indirectly (for example through controlled companies or where there are relevant people as per point c) as partner or consultant) a relevant commercial, financial and professional relation or subordinate relationships:
 - with the issuer, with one controlled and with relevant figures as indicated at point c) that precedes, the similar;
 - with a subject that, also together with others through a company agreement, may control the issuer, with other relevant figures as indicated at point c) that precedes, of the similar;
- e. considering what stated at the d) point, who don't have relationships of independent or subordinate work and other relationships of professional and patrimonial nature that may interfere with the independence:
 - with the Issuer, with its controlled and with companies mutually controlled;
 - with the directors of the issuer;
 - with figures that are linked with parental ties within the fourth grade of the company's Directors;
- f. they haven't receives, or haven't received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration compared to the "fixed" remuneration of non-executive director of the issuer, including the participation in incentive plans linked to the company's performance, including stock option plans;
- g. they weren't a director of the Issuer for more than nine years in the last twelve years;
- h. they didn't vest with the executive director office in another company in which an executive director of the Issuer holds the office of director;
- i. they aren't shareholder or quota-holder or director of a legal entity belonging to the same network as the company appointed for the accounting audit of the issuer;
- j. they weren't a close relative of a person who is in any of the positions listed in the above paragraphs and there are no parents, relatives and other people within the 4th grade of the Directors of the Issuer, of the controlled companies, of the mutual controlled companies.

* With reference to the requirement in sub letter g), it is to be indicated that the Board recognized that the directors Alberto Piantoni and Carlo Alberto Carnevale Maffé satisfy the requirements of independence, even if they are holding the office of directors of the Company for more than nine of the last twelve years, as a consequence of the in light of independent judgment and demonstrate their professional qualities.

The Board considers the existence and permanence of the above mentioned requisites following the information that those who are concerned must give under their own responsibility and the information at disposal of the Board.

The requisites of independence of the art. 3 of the Code and art. 148, comma 3, lett. b) and c), of the TUF of the independent Directors have been examined by the Board in occasion of their appointment (23.04.2013) and during the Exercise (13.03.2015).

In making the above evaluations, the Board applied all the criteria provided by the Code and the TUF (except for what above indicated with reference to the requirement of letter "g").

During the Exercise, there haven't been situations that determined the disappearance of the above mentioned requisites for the independent Directors.

The Board of Auditors has verified the correct application of the principles and procedures for the yearly evaluation of the independence of the independent directors, publishing the results in the report to the shareholders' meeting.

During 2015 there were two meetings of independent directors: one in March for the analysis of the budget plan, and the other in November to assess the benefits and growth prospects for the Group deriving from the return of 'Label Sanfaustino activities.

In view of the renewal of the Board, scheduled with the approval of 2015 budget, in the Board meeting held on 11.03.2016 it has been established, in accordance with Art. 5 of the Code, that the Directors who have shown the ability to be qualified as independent directors could maintain it during the term of their office and, where appropriate, to resign, with the Board faculty to immediately co-opt the same director.

4.7. LEAD INDEPENDENT DIRECTOR

On 23.04.2013 the Board has confirmed Dr. Alberto Piantoni as lead independent director.

During the accounting Year, he has called the meeting of the independent directors to discuss issues from time to time considered of interest for the functioning of the Board or management of the company (for the concerned topics see art. 4.6 of the present Report).

He has also worked with the President to ensure that the directors were recipients of complete information flows and timely information regarding adoption of resolutions by the Board and its exercise of the powers of management, address and control of the Company and the Group.

5. TREATMENT OF CORPORATE INFORMATION

The transmission of communications and information out of the Company, and the price sensitive ones in particular, is made only by the Chairman and by the managing director and, by order of them, by Investor Relations Manager (Dr. Anna Lambiase) in cooperation with company affairs department (lawyer Emanuele Nugnes).

The Chairman and the managing director make sure that information, complete and proper, pass promptly and fully to control organs, market and public.

Reserved information and register of the people who have access to the privileged information

The Board, on August 29, 2008, has approved new procedure about management reserved information systems, treatment and disclosure as per articles 114 and 115-*bis* of TUF; art. 66, 152-*bis* and following ones of Issuer Regulation and art. 4 of Code. The procedure was updated on November 11, 2011.

The essential aspects of the procedure are:

- definition and qualification of the privileged information;
- secrecy obligation for everybody who comes in contact with such information, following what is written in the ethical code;
- managing modality of information and data;
- prevision of an applicative procedure and different special procedures used in specific hypothesis;
- regulation of the register of all the people who have access to the privileged information (set up in April 2006);
- prevision of a report activity towards the Vigilance organ.

It is predicted, in particular, for all the subjects listed in the register of the people who have access to privileged news, the prohibition – directly or through other people – of sales acquisition, sales and subscription shares and financial instruments linked to them within the 15 days (black-out period) before the boarding meeting summoned to approve the accounting data of the

period – balance sheet, half yearly survey, managing report – and till the diffusion of the relative news as per 114 of TUF.

The responsible for the conservation and updating of the register is the Company Affairs Department Manager. He, in particular, before the commencement of the black-out period, send a specific communication to all members in the register recalling the ban on operations on the title PSF during the above period

Internal dealing

After the receiving of the "Market Abuse" directive (bill number 62/2005) and the adoption by the Consob (bill n. 15232 of November 29, 2005) of the new Issuer Regulation, the obligation of communication to the public and to the Consob of the accomplished operations by relevant people and by people strictly bound to them through financial instruments of the company.

In particular the articles 114, paragraph 7 and 193 paragraph 1 and 1-*bis* of the TUF and the articles 152-*sexies* and the following of the Issuer Regulation have disciplined the normative of the internal dealing, by pointing out the relevant elements and the people bound to them, the details and communication ways that deal with operations on shares or financial instruments linked with the actions of the rated issuer.

The Board, on November 12, 2008, has approved new Code of behaviour of Internal Dealing that is developed as follows:

- definition of relevant people and shareholders and people connected to them;
- procedure that has to determine who, among the employees, must be considered a relevant figure;
- individuation of the person in charge of the receiving, managing and diffusion to the market of information on the operations as at art.152-*octies*, the Issuer Regulation in the person of the Company Affairs Department Responsible;
- identification of the relevant controlled;
- definition of operations on actions and financial instruments;
- determination of the modalities and communication timing of the operations;
- prevision of the possibility to use the company to fulfil the obligations concerning the communication to the Consob;
- individuation of a period in which it is forbidden for the relevant figures and for the people connected with them to make operations on the bonds or other instruments linked with the shares issued by the company (black-out period);
- possibility to adopt remedies in case of violation of the Code of Behaviour;
- prevision of a report activity towards the Vigilance Organ.

6. COMMITTEE WITHIN THE BOARD (pursuant art. 123-*bis*, paragraph 2, letter d), TUF)

The Board, during its meeting on 13.11.2015, in view of the size and organizational structure of the Company, has identified that it was unnecessary to establish an internal committees with proposing and consulting functions other than those covered by the Code.

7. APPOINTMENTS COMMITTEE

[Not adherence to principle 5.P.1. of the Code] The Board, in its meeting on 13.11.2015, due to its ownership of the company and its organizational structure does not see the need to establish, within it, a Appointments Committee.

This choice is related to the recognition of the Company as a system characterized by a low level of shareholders, and the presence of ownership structure concentrated in a few subjects.

Candidates for the office of Director are proposed by list vote in the manner prescribed in the By-laws, ensuring wide participation to all shareholders. It was therefore not considered appropriate to constitute the nomination committee.

8. REMUNERATION COMMITTEE

The Board, by resolution of 23.04.2013, has appointed the following internal advisers as the members of the Remuneration Committee:

- Carlo Alberto Carnevale Maffè - Chairman (independent)
- Alberto Piantoni (independent)
- Ilaria Frigoli (non-executive)

In accordance with the provisions of the Code, the Committee is therefore composed of non-executive directors, mostly independent.

Following the appointment, there were no changes in the composition of the Committee.

Directors Alberto Piantoni and Carlo Alberto Carnevale Maffè have experience in accounting and financial matters deemed appropriate by the Board at the time of appointment in the light of their previous professional experience.

The information relating to the role and functioning of the Committee are contained in the Remuneration Report published in art. 123-ter of the Consolidated Finance Act, to which reference is made.

9. REMUNERATION OF DIRECTORS

Information regarding directors' remuneration are set out in the Remuneration Report published pursuant to art. 123-ter of the Consolidated Finance Act, to which reference is made.

10. CONTROL AND RISK COMMITTEE

Composition and functioning of control committee and risk (pursuant art. 123-bis, paragraph 2, letter d), TUF)

On April 23, 2013 members of the control and risk committee were appointed that, in accordance with the provisions of the Code, is composed of non-executive directors, a majority of independent directors:

- Carlo Alberto Carnevale Maffè – Chairman (independent director);
- Alberto Piantoni (independent director);
- Ilaria Frigoli (non executive director).

During 2015 the Committee has been collected 2 times, to them also the Chairman of the Board of Auditors and the responsible of internal audit took part and the manager of drafting the official documents were invited to attend for the issues they were of their concern.

The average length of meetings was about one hour. For the current year two meetings were scheduled in an already held on 11.03.2016.

Functions of the control committee and risk

The Control and Risk Committee has been given the functions as at art. 7 of Code, beyond that of helping the board of directors in making the functions of the same Code.

In particular, the Committee has the following duties:

- provide the Board with an opinion prior to the performance of duties delegated to it by the Code regarding internal control and risk management (binding opinion in the case of decisions relating to appointment, dismissal, remuneration and allocation of resources of the responsible internal audit function);
- evaluate, together with the manager responsible for preparing the financial reports and, after auctioned the statutory auditor and the board of auditors, the correct application of accounting principles and, in the case of groups, their consistency for the purpose of preparing the consolidated financial statements;
- express opinions on specific aspects regarding the identification of key business risk;
- examine the periodic reports, relating to the evaluation of the system of internal control and risk management, and those of particular relevance prepared by the internal audit function;
- monitor the independence, adequacy, effectiveness and efficiency of the internal audit function;
- ask the internal audit function to perform some checks on specific operating areas, given notification to the chairman of the supervisory board;
- report to the Board, at least every six months, upon approval of the annual financial report and statements, about its activities and the adequacy of the system of internal control and risk management;
- express reasoned opinion binding to the Company in connection with the completion of related party transactions and the convenience and substantial correctness of the related conditions.

The control committee and risk must fulfil its duties together with the Board of Auditors, with the person in charge of the internal control and the executive Director on charge of the internal control system.

During the Exercise, the Internal Control Committee has fulfilled a monitoring action for the control system in particular about:

- purchasing of the job plan of the responsible for the internal audit function;
- assessment of changes of Organization, Managing and Control Model following the Italian Legislative Decree 231/01 approved by Board on November 14, 2014;
- evaluation and monitoring of the adequacy of the accounting administrative procedures, the managing procedure for the managing, the treatment and communication to the external of the privileged information. In particular, it has a favourable opinion on the new administrative and accounting procedures prepared by the manager responsible for financial reporting pursuant the article 154-*bis* of TUF;
- the evaluation, together with the deputy Manager for the drafting of the accounting documents, of the correct use of the accounting principles and their homogeneity for the aims of the consolidated balance.
- activities concerning the role of Vigilance Organism.

During the meetings planned for the approval of the balance draft and the half-yearly survey, the Committee has informed the Board about the activity made and about the adequacy of the internal control system.

During the committee meetings, regularly reported, the board of auditors chairman has always taken part.

The control committee has the faculty to access to all the information and company functions necessary for the development of its duties and to use external advisors with what decide the

Board if necessary.

A certain quantity of resources at disposal of the Board hasn't been determined; the chairman can require every moment that the executive Director monitor the internal control system, the production of resources that are necessary for the fulfilment of its duties. However, the expenditure maximum for the use of independent experts on the occasion of the release of the opinion requested by the Board in connection with related party transactions cannot be greater than € 30,000.00 for each operation.

11. INTERNAL CONTROL SYSTEM

It belongs to the Board the responsibility of the internal control system, understood as all processes aimed at monitoring the efficiency of business operations, the reliability of financial reporting, respect for legality and safeguards of company assets, and the measurement, managing and monitoring of the risk.

Issuer works in the graphic-promotional sector exclusively on demand and, considering the particular productive typology, must adjust the production and the provisioning politics to the specific requests of the clients.

The strong competitors and the lack of standard pricelist-products determine the necessity to have price politics that are often influenced by the promotional budget at the clients' disposal. Till the end of the previous accounting year, the Group has always had only one reference market (the promotional one), with a modest exception of the web agency activity of the controlled Mediattiva. With the precise goal to diversify the reference markets and, in order to the different risk typologies, in 2008 the Issuer acquired Linkonline S.r.l., company that operates in the consumables sector that are destined to the retail sector.

Through such operation, Poligrafica S. Faustino has undertaken a development strategy that was aimed at the collecting of all possible synergies with particular attention to the commercial integration on loyal customers.

The financial management's activity is concerned with keeping the relations with many banks and carries on the analysis of different risk favouring indications on the credit risk, and in particular when there are contacts with new clients.

The change risk, given the absolute irrelevance of the transactions (both passive and active) also beyond the Euro area, is equal to zero. The supplying market of raw materials isn't affected by indirect consequences bound to the dollar.

As far as the credit risk is concerned, above all in front of the huge costs of the transactions and of the clients is limited. It is to be considered that the medium unity amount of the transitions is modest and the analysis of the credit positions already expired or soon to be expired are linked to a fortnight expiry date.

About the liquidity risk: the relationship between own and others' money has always been positive with particular regard to the Issuer. The net financial position does not denote situations of particular risk. It should be noted, in particular, that the total net debt of the group as at 31.12.2015 is reduced by about Euro 0.63 million compared to the previous year (in line with the previous year when it was reduced by Euro 1.1 million).

This notwithstanding, the present financial structure, characterised by modest debts in relation to the capitalisation, together with the existence of significant real estate investments free from bonds and mortgages, determine objective solidity indicators that guarantee the possibility to enter into new credit lines, if necessary.

Concerning the interest rate risk, it is generated by short and long term flexible rate financial debts only one component referring to a loan disbursement recently has been joined to a

derivative hedging instrument.

The Board, also according information gave during the Exercise from the Control Committee and Risk, evaluated effectiveness and actual functioning of the internal control system.

System of risk management and internal controls involved in relation to the financial reporting process, including consolidated, if applicable (pursuant art. 123-bis, paragraph 2, letter b), TUF)

With reference to the preparation of financial statements and consolidated financial statements, the administrative and accounting procedures established by the manager responsible for preparing corporate accounting documents in accordance with accounting standards are applied. This management is to ensure the reliability, accuracy, reliability and timeliness of financial reporting itself through internal procedures valid for the parent and subsidiaries and to ensure an activity of regular monitoring regularly and checking the accounting information widespread to the market.

The internal control system is structured so as to ensure the analysis of economic and financial importance, and control over resources and their uses.

The instruments are designed to verify:

- the accuracy of accounting records, paying particular attention to the evaluation of trade receivables, tangible and intangible assets, participation in inventories and, in general, the criteria for assessing applications to the annual budget and other types of periodic financial reporting to provide a faithful image of the financial position, financial and economic performance of the company;
- Computer systems;
- approval of business operations by the parties responsible for their approval and proper recording in the books.

Prepaid are undertaken primarily through the inspection of documents and of the surveys and the obtaining of information by managers and executive directors.

For the impairment test, in particular, procedures to estimate rather articulate account of the estimated cash flows and earnings for future years are being developed on the base of the approved forecast by several boards of directors that have the responsibility to elaborate the plan about the course of the relative CGU, to which the starter to be evaluated is concerned.

Internal controls have been such as to avoid situations of risk assessment processes for the evaluation of claims and inventories.

The administrative function of the Group leader elaborates some economic/patrimonial situations with regularity about the salary course of the group leader and of the controlled companies that are subordinated to the attention of the executive Directors. The main purpose of monthly reports of the salaries is that to monitor the course of the turnover, the costs, the marginality in terms of EBITDA and EBIT, and to estimate the course of the net financial position and the medium incidence of the debts.

The data of the interim reports are confronted with the historical data. The abnormal, unexpected or mainly meaningful differences in terms of value are inquired by the manager responsible for the writing of accounting records and the outcomes are subordinated to the attention of the general executive manager.

On the approval of the quarterly, half-year report and the draft budget, the Board will assess the adequacy and effectiveness of the system of internal control based on information communicated by the executive in charge of internal control and the control of the provost Procedure. During the Exercise, this assessment has always given positive results.

Regarding the preparation of financial statements, as at 31.12.2015, the consolidation area is so

composed:

- Linkonline S.r.l. sole proprietorship
- Sanfaustino Label S.r.l. sole proprietorship
- Psfinteractive S.r.l. sole proprietorship

These companies prepare the financial statements in accordance with national accounting standards. For the subsequent preparation of financial statements of Issuer, these budgets are applied on a non-accounting adjustments required by the application of IAS / IFRS in order to aggregate all financial statements prepared by the same international principles. The accuracy of these corrections is verified through comparison with the corrections made in the previous period and analysis of individual budget items in order to individuate further corrections.

The keeping of the subsidiaries of the administration is entrusted to the same structure of the parent at the headquarters of Castrezzato. The monitoring of the internal control system of the subsidiaries is consistent with that expected on Issuer, with the aim to provide the data required for the preparation of consolidated financial information reliable, accurate and timely.

The Directors and the manager responsible for the preparation of financial statements in accordance with art. 154-*bis* TUF confirm that:

- the financial statements and the consolidated management report include the contents described in the letter e) of paragraph 5 of art. 154-*bis* of the TUF;
- for the half-yearly condensed consolidated, that the interim management report includes the contents described in the letter f) of paragraph 5 of art. 154-*bis* of the TUF.

11.1. DIRECTOR IN CHARGE OF INTERNAL CONTROL SYSTEM

The Board, on 09.11.2012, appointed CEO Giuseppe Frigoli as the director responsible for supervising the functionality of the internal control system (already executive director responsible for the supervising the functionality of the internal control system since 12.11.2008). This task has been implicitly confirmed in the head at the same councilor following the confirmation of the appointment by the Shareholders' Meeting of 23.04.2013.

Pursuant the applicative criterion 7.C.4. of Code, he:

- identified the main business risk, taking into account the characteristics of the activities; carried out by the issuer and its subsidiaries, and submit them periodically to the review of the Board;
- accomplished the guidelines defined in the board of administrators, taking care of the projects, realisation and inner control system managing and risk managing by verifying the adequacy and proficiency;
- the adaptation of the system to changes in operating conditions and the legislative and regulatory framework;
- has the power to ask the internal audit function to perform checks on specific areas of operation and about the compliance with the rules and procedures in the execution of business operations, given notification to the Chairman of the Board, the Chairman of the Audit and Risk Committee and the chairman of the supervisory board;
- communicated to the Board of administrators about the problems and critical points appeared during the developing of its activity or that has been acknowledged so that the Board can take its decisions.

Since 29.08.2013, moreover, he plays the role of the employer pursuant to art. 2, paragraph 1, lett. b) of Legislative Decree 81/2008.

11.2. RESPONSIBLE FOR THE INTERNAL AUDIT FUNCTION

At its meeting on 09.11.2012, the Board appointed Massimiliano Frigoli (formerly Head of Internal Audit since 14.03.2005), responsible for the internal audit function on the proposal of the internal control system person and after evaluation of the requirements of professionalism, organization and independence (despite the relationship with the managing directors and executives) and with the approval of the Committee for Internal Control (now Audit and Risk Committee) and after consulting the board of auditors.

The above mentioned person is not responsible for any operating within the Issuer and does not report to the Council (works within the subsidiary Linkonline as head of customer service and management of IT processes).

During the year the head of the internal audit function, in accordance with Art. 7.C.5. of the Code,

- he checked, both on an ongoing and in relation to specific needs and in compliance with international standards, the operation and the suitability of the system of internal control and risk management, through an audit plan, approved by the Board of Directors, based on a structured analysis and ranking of the main risk;
- he had direct access to all relevant information for the engagement;
- he has prepared periodic reports containing adequate information about their work, the way in which management is conducted of the risk as well as compliance with the plans defined for their reduction, as well as an evaluation of the system of internal control and risk management and forwarded to the chairmen of the board of auditors, the Audit and Risk Committee and the Board as well as the administrator in charge of the system of internal control and risk management;
- he has occurred as part of the audit plan, the reliability of information systems including accounting systems.

During the accounting year, it was not considered necessary to prepare reports on events of major importance.

He also carried out the following activities:

- the analysis of the timing and definition of the productive process;
- analysis of compliance on health and safety of workers at work;
- analysis of internal control processes;
- support to the technical office and the quality office of the analysis in performing risks with the goal of the HACCP manual installation and, therefore, the achievement of the BRC certification.

No precise amount of the financial resources has been planned at his disposal as he uses of the Issuer's company structures.

11.3. MANAGING MODEL AS ITALIAN LEGISLATIVE DECREE No. 231/2001

On 19.03.2008 the Board has adopted the Organization, Managing and Control Model according to Legislative Decree no. 231/01 and the Ethic Code.

The Model was updated by the Board on 29.08.2008, 20.02.2009, 13.11.2009 and 14.11.2014.

The Model is made of a General Part in which, after having exposed the general guidelines of the Decree, the components of the model are illustrated with reference to the vigilance board, the personnel training and the Model and ethical code diffusion within the company, the discipline

system and the measures adopted in case of failing observance of the prescriptions, the verifications that the Model and procedures will have to endure.

The special part takes into consideration the following kinds of offences

- offences against the Public Administration;
- company offences;
- market abuse;
- against the security on work;
- crimes of recycling, receiving, use of money and goods of illegal provenience;
- informatics crimes and illicit treatment of the data.
- accounting fraud;
- inducement not to make statements or to make false statements to the court;
- environmental crime.

The Board gave the function of Vigilance Organism to the Control Committee and Risk. The Board has not evaluated the opportunity to assign the functions of supervisory body to the supervisory board.

Model and Ethic Code are available on Issuer website www.psf.it / investor relations / corporate governance:

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=80 (Model)

http://investor.psf.it/it/page.asp?id_sez=48&id_sub=56&id_com=81 (Etichal Code)

Subsidiaries of San Faustino Label S.r.l. and Linkonline S.r.l. approved, respectively on 30.12.2015 and 10.03.2016 their own Etichal Code.

In both companies, the identification of risk areas is also being finalized, which is a preparatory activity for the preparation of the Model 231 and its adoption is expected by the end of 2016.

11.4. AUDITING FIRM

On 23.04.2008, proposed by the Board of Auditors and positive advice of Internal Control Committee, was appointed for the audit of financial statements, consolidated financial statements and half year for the period 2008-2016 to Auditing Firm seated in Reggio Emilia, via Barilli 5/1.

11.5. MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL AND OTHER ROLES AND FUNCTIONS OF BUSINESS

The Board, pursuant the art. 23 of By-laws, appoint, after a non-binding opinion of the Board of Auditors, the executive responsible for the preparation of the Company's account documents chosen among people of experience in the accounting and financial field and possessing the requisites of honourably required by the present norms for the control organ members. The board watches out that the deputy manager has the adequate powers and can accomplish his duties. The attributions and responsibilities of the deputy manager are determined by the law.

The Board, in order to get conformed to the art. 154-*bis* of the TUF and in conformity of By-laws, appointed during the meeting on 14.11.2006 Mrs. Cristina Capitanio Manager executive responsible for the preparation of the Company's accounting documents.

Such choice seemed to be the most suitable because of the professional skills and abilities together with the fact that she is already Administrative Director and that the Board has full trust

in her.

11.6. COORDINATION AMONG PEOPLE INVOLVED IN THE INTERNAL CONTROL SYSTEM AND RISK MANAGING

The coordination among the different roles involved in the internal control system and risk managing is accomplished jointly by the responsible of the company affairs office together with the manager for the issue of the accounting documents.

12. DIRECTORS' INTEREST AND TRANSACTION WITH RELATED PARTIES

On 12.11.2010 it was approved the "Procedure for transactions with related parties"(effective from the 1st January 2011) prepared as per art. 4 of the Regulation laying down rules on related party transactions adopted by Consob with resolution no. 17221 of March 12, 2010, as amended and Article 2391-*bis* of Civil Code and art. 9.C.1. of Code of Conduct.

The above procedure determines the rules governing the identification, approval and enforcement of related party transactions entered into by the Company, directly or through subsidiaries, in order to ensure transparency and fairness in both substantively and procedural operations of the same.

The Company, having the dimensional requirements contained in the definition of the small companies within the meaning of Consob Regulation 17221/2010, has used the facility to establish a simplified procedure which applies equally to the operations of major and minor importance, subject to the following grounds for exclusion:

- a. transactions for smaller amounts, i.e. those with a value less than Euro 120,000 provided it hasn't the risk factors related to the characteristics of the operation and on the assumption that these transactions may have a significant impact on the financial position of the Company;
- b. compensation plans based on financial instruments approved by the Shareholders' meeting under art. 114-*bis* of the TUF and operations executive, especially considering the relevant shareholders' meeting and the strict reporting regime applicable;
- c. Shareholders' meeting resolutions referred to in the art. 2389, paragraph 1 of the Civil Code relating to fees payable to members of the Board of Directors as well as decisions regarding the remuneration of directors charged with special powers that are included in the total amount determined in advance by the shareholders as per art. 2389, paragraph 3 of the Civil Code and the fees payable to members of the Board of Auditors;
- d. resolutions on the remuneration of directors and advisers appointed to particular positions, other than resolutions mentioned under letter c), as well as management personnel, provided that:
 - the Company adopts a remuneration policy
 - the Board for the remuneration is involved in the definition of the above mentioned policy;
 - a report setting out the remuneration policy has been submitted to the advisory vote of the Shareholders' meeting;
 - the remuneration is coherent with such policy.
- e. the transactions with or between controlled companies, controlled also jointly, by Poligrafica provided that in the controlled companies by the Issuer there are significant

interest in the correlated parts of the company. The interests that come from the simple share of one or more Directors or managers with strategic responsibilities between Issuer and its subsidiary companies are not qualified as significant.

- f. the ordinary operations, i.e. those that are within the operating activity and of the connected financial activity that are accomplished according to equal conditions to those of the market or standard.

The authority to decide on the related party transactions is up to the Board that must receive, in advance, timely and complete news in relation to the characteristic features of the transactions with related parties, such as the nature of the relationship, their executive modalities, their conditions, also economic, for their achievement, the interest, and the underlying reasons and potential risk for the Company.

The Board shall act on transactions with related parties, upon the reasoned opinion of the Internal Control Committee (now Control Committee and Risk) of the Company for the transaction on the interest and convenience and fairness of its conditions. In order to issue its opinion, the Committee for Internal Control (now Control Committee and Risk) must also receive adequate and complete information about the transactions and the elements characteristic of the operations. The Audit Committee may be assisted, at the expense of the Company, by one or more independent experts who are not related.

The Board and Board of Auditors should receive full disclosure at least quarterly on the execution of transactions with related parties.

If the transaction involves the interests of one of the Directors of Poligrafica, the Director who is in the condition of a related party of the operation shall immediately inform in detail the Board of the existence of the interest as per art. 2391 of the Civil Code and will not participate to the deliberations. Should the Board of Directors consider it desirable, however, to participate to the preparatory stage and to the deliberation of the Director, the same could allow, after hearing the Board of Auditors, the participation of the Director concerned, who however, should refrain from voting.

The deliberations of the Board of Directors regarding transactions with related parties shall give the reasons to justify the interest of the Company, the reasons, convenience and fairness of the same operations for the Company and the Group.

13. APPOINTMENT OF AUDITORS

The appointment of the Board of Auditors is made according to lists introduced to the shareholders in which the candidates must not be more than the auditors to be elected and are listed following a progressive order. The list is formed by two sections:

- one for the candidates for the role of effective Auditor;
- the other for the candidates to the role of alternate Auditor.

All the lists that include a number of candidates equal or superior to three must respect the criterion of genres division.

For the first renewal of the Syndicate collegium after one year of validity of the Law 120/2011, the least represented genre must be equal to at least one fifth of the total of components to be elected.

For the second and third renewal after the above indicated term, the least represented genre must be equal to one third of the components to elect.

They have the right to present the lists only to the shareholders that, alone or together with others, are shareholders with vote right and who represent at least a percentage of the capital in

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the entity decided by Consob with a own regulation for the appointment of the organs of administration according to art. 147-ter of TUF. Consob has deliberated (issue n. 19499 of 28.01.2016) that the percentage for Poligrafica must be 4.5%.

Each shareholder and all the shareholders belonging to the same group and the partners that support a Shareholders' agreement that implies shares of the issuer cannot present , also through a third person, more than one list and vote different lists.

Each candidate can be present in only one list. The candidates that have already auditors functions in other five quoted companies cannot be elected as auditors. The same for those who are Directors in the controlled or controlling companies and who have roles of administration and control beyond the limits settled by the Consob with own regulation. The outgoing auditors are re-eligible.

The undersigned lists by the partner or by the partners that present them must be registered at the company seat at least 25 days before the fixed day for the Shareholders' meeting in first call and this will be mentioned in the summoning call. Together with each list, within the above mentioned term, there are deposited:

- information concerning the identity of the partners who have presented the lists with indication of the percentage of participation totally held;
- a certification of the intermediaries in which the ownership of such partnership is shown. This certification can also be produced after the filing of the lists provided by the deadline for publication of the same ones (21 days before the date of the Shareholders' meeting).
- a declaration of the partners, different from those who hold a participation of control or of relative majority, which attests the absence of relationships of links with the latter ones as attested by the Consob;
- a fully detailed report about the personal and professional features of the candidates;
- the declarations with which the single candidates accept the appointment and attest, under their own responsibility, the insistence of causes for the ineligibility and incompatibility and the existence of the requisites settled by the norms for their positions.

The list for which the instructions here mentioned have not been observed is considered as if has not been presented.

In case at the expiring date of the presentation of the lists, only one list has been deposited, i.e. only lists presented by partners linked by them as stated in the Consob norms, there can be presented lists till the 3rd day after such date. In such case the limits implied by the chart for the presentation of the lists are reduced to half.

Here are the procedures for the auditors' election:

1) two effective members and one deputy are elected from the list that that has collected most votes, following a progressive order;

2) the remaining effective member and the deputy member are elected in a progressive order from the second list that has obtained most votes in Shareholders' meeting, among the lists presented and voted by partners that are not linked even indirectly with reference partners, as in art.148 of TUF that have presented and voted the list which resulted first for number of votes.

The effective member taken from the second list that has obtained most votes is appointed chairman of the Board.

If the division of genres criterion is not respected, the members of the least represented genre that obtained bigger quota will be instead elected for the first renewal of the board after the beginning of validity of the law 120/2011, and will be one fifth of the components to be elected.

For the second and third renewal after the above mentioned term, the members of the least representative genre will be instead elected an will be one third of the total amount of the

components to be elected.

If the application of the criterion of division between the genres doesn't offer a number of components to be reserved to the least represented genre, such number is rounded to the superior unity.

In case non one from this list has obtained a major number of votes than the others, or in case more lists have obtained the same number of votes, a new voting will be immediately made between the lists that have obtained the same number of votes.

In case of substitution of one auditor, the substitute belonging to the same list of the ceased one. When the Shareholders' meeting must appoint of effective and/or substitutive auditors, necessary for the integration in the Board of Auditors, here are the proceedings:

- in case there is the substitution of the auditors elected by the majority, the appointment happens through a relative majority without list restraint;
- in case the auditors elected in the minority must be substituted, the Shareholders' meeting will substitute them with a majority vote choosing them among the candidates in the minority list to which belonged the auditor to be substituted that is in the minority list that has reported the second entity of votes.

If the application of these proceedings won't allow, for every reason, the substitution of the minority appointed auditors, the Shareholders' meeting will proceed with the voting by relative majority.

The substitution must be accomplished according to the criteria as per bill 120/2011 for the presence of the least represented genre with the limitation of the cases that are present after the first, second and third renewal of the board after one year of the validity of the above mentioned law.

14. AUDITORS (pursuant art. 123-bis, paragraph 2, letter d), TUF)

The Shareholders' meeting on 23.04.2013 has appointed a new Board of Auditors to hold office until the approval of the budget for the year 2015.

In this occasion it was only presented a list by Alberto Frigoli, Giuseppe Frigoli, Emilio Frigoli, Francesco Frigoli and Giovanni Frigoli who got the 99.6987% of the votes of the voting capital. Their curricula are available on the website of the Issuer (www.psf.it – Corporate Governance – Company organs – Board of Auditors).

During the Exercise, the Auditors' Board was summoned 4 times with an average duration of about 4 hours for each meeting. For the current year were scheduled 4 meetings.

In the first meeting after the appointment the independence has been evaluated by using the same principles required by the code for the Directors. The remaining of the independence requisites for its members has been also taken into consideration during the Exercise by them on 02.04.2015 and by the Board on 13.03.2015.

With reference to the requirement sub letter. g) of the preceding Article. 4.6, it is reported that the Board of Auditors acknowledged that members Umberto Bisesti and Francesco Curone are in possession of the independence requirements, although holding the office of auditor of the Company for more than nine of the last twelve years, considering the autonomy of demonstrated judgment and their professional qualities.

In case the Auditor, by himself or by others, had an interest in a determined operation of the issuer, has to inform quickly and exhaustively the other auditors and the chairman about the nature, origin and entity of his interest.

The Board of Auditors has moreover watched out about the independence of the Auditing Firm, checking the respect of the normative dispositions concerned. During the Exercise there haven't

had other accounting control services for the issuer or for the controlled by the aforesaid company.

During the carrying out of the activity, the Board of Auditors had a function coordination of Control Committee and Risk through an exchange of information with the responsible for the internal audit function and through the participation of the chairman of Board of Auditors in every meeting.

The Board's Chairman has made sure that the Auditors, after the appointment and during the mandate, participate in initiatives aimed at providing them with adequate knowledge of the field of activity in which the Issuer operates, the business dynamics and their evolution, as well as the regulatory framework in which the Issuer operates.

These initiatives, in particular, were implemented by meetings with the Director of marketing and sales managers (including its subsidiaries) of the various areas aimed at explaining the business areas in which the Company operates (business communication, packaging & labels, electronic document management, printing and e-procurement), the new methods of approach with the current / potential customers and the offering of new products.

The corporate affairs manager, also, in agreement with the Chairman, has provided all the suitable auditors some exhaustive information about the changes in the legal and regulatory framework of the sector in which the Issuer operates.

Personal and professional features of each Auditor (art. 144-decies of the Issuer Regulation)

UMBERTO BISESTI (Chairman)

Born in Palazzolo sull'Oglio (BS) on March 10, 1973 where he lives.

He got his degree in Accounting at the I.T.C Einaudi of Chiari and after that the qualification for the free profession of account . Since 1999 he is member of the register of the account auditors.

Since 2001 he is associate to the "*Studio Bisesti ed Associati*" of Brescia. He is also auditor in the subsidiary Linkonline S.r.l..

In 2012 he qualified as a mediator / civil conciliator ex Legislative Decree. N. 28/2010 and since 2015 he is accredited local authorities auditor.

FRANCESCO CURONE (Effective member)

Born in Lonigo (VI) on December 2, 1961 is seated in Brescia.

He got his degree in economics at the University of Brescia in 1989 and is member of the Accounts order of Brescia since 1993 and of the Accounting auditors register since 1999.

Since 1991 he is auditor in different companies, one of which is Linkonline S.r.l.

MARIAGRAZIA BISESTI (Effective member)

Born in Verolanuova (BS) on 31.12.1969 she lives in Brescia.

She got her degree in Accounting and Commercial at the ITC Don Primo Mazzolari Verolanuova and, subsequently, the qualification for the profession. Since 1995 she is registered in the Register of Auditors.

She is owner of "*Studio Bisesti ed Associati*" in Brescia which deals mainly of tax consultancy, accounting for ordinary artists and professionals , assistance and tax advice, administration of companies, financial statements, reclassifications and analysis, processing of tax forms, personnel administration, corporate restructuring.

15. RELATIONSHIP WITH THE SHAREHOLDERS

The Board is going to survey the shareholders' all the information and the administrative documents quickly. A continuous relationship with the market will be set out, considering the laws and norms for the communication of privileged information. The company is going to tend to avoid informative discrepancies in order to grant homogeneity in keeping the financial community informed. The Company offers its availability for all information for the financial community on the internet site www.psf.it in the area Investor Relations.

The Board on 09.11.2012 identified the responsible of the company affairs department as responsible of the relationship with the Shareholders. Nello svolgimento del proprio compito egli si coordinerà con la Dott.ssa Anna Lambiase, *Investor Relations Manager* dell'Emittente.

16. SHAREHOLDERS' MEETING (pursuant art. 123-bis, paragraph 2, letter c), TUF)

Pursuant to Article 83-sexies of Legislative Decree No. 58/98 and art. 10 of By-laws, the right to participate in the Shareholders' meeting and the exercise of the voting right is established by a notice to the Company, carried out by the intermediary in accordance with his accounting records, in favour of the person who has the right to vote, according to the evidence at the end of the accounting day of the seventh trading day preceding the date of the Shareholders' Meeting; recordings made on credit and debit accounts after that time are not relevant to the legitimate exercise of the right to vote at the meeting. Those who are holders of shares of the Company only after that date will not be entitled to attend and vote at the Meeting. The communication of the above mentioned intermediary must reach the company by the end of the third trading day preceding the date of the Shareholders' Meeting. The entitlement to attend and vote is legitimate if all communications are received by the Company beyond that date, provided that it happens by the beginning of the meeting of the single convocation.

Those who are entitled to participate in the Meeting may appoint a representative by way of a proxy given in writing means, pursuant to the applicable laws, by signing the proxy form issued at the request of the person entitled by the authorized intermediaries or the form available at the Company's registered office, as well as on the company website, at www.psf.it.

The proxy may be transmitted to the Company by registered mail at the Company's registered office or by certified electronic mail (address specified in the notice).

If the representative delivers or transmits a copy of the proxy to the Company, he/she shall certify, under his/her own responsibility, the conformity of the proxy to the original document, as well as the identity of the delegating person.

During each meeting, it is the Company's faculty to designate, in accordance with art. 135-undecies of the TUF and art. 11, paragraph 2-bis of the By-laws, the Designated Representative as a subject to which the person entitled to vote, entitled by the law, may delegate for free with instructions to vote as long as it is received by the same person within the end of the second day of open market prior to the date of the Shareholders' Meeting, on first call. Any proxy given to Designated Representative shall not have effect with regard to those proposals, for which no voting instructions have been given. Within the same term, the proxy voting and the vote instructions are revocable. The proxy form is available at the Company's registered office as well as on the company website at www.psf.it.

The Board strives to provide shareholders with adequate information necessary for them to take decisions issued by the Shareholders' Meeting. Pursuant the art. 127-ter of Legislative Decree. N. 58/98 and art. 11-bis of the By-laws, the shareholders have the right to propose questions related to the agenda, up to three days before the Meeting, by sending a registered letter at the registered office of the Company to the attention of Company Affairs, or by PEC to the email

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certified address affarisocietari@psfpec.it or by fax at 030.7049913, and the request must be accompanied with the information necessary to permit their identification. The questions received before the Meeting will be answered at the latest during the Meeting. It may be provided a single answer to questions with the same content. It is not due to no response when the requested information is already available in the "Questions and Answers" site www.psf.it / Investor Relations / Shareholders' Meeting.

[Non-adherence to criterion 9.C.3 of the Code] With reference to the precise Shareholders' Meeting operation, it is specified that the Company has not adopted regulations because the law and the By-laws as well as the normal procedural invitations to the shareholders from the Chairman was considered appropriate to ensure the efficient running of the meeting. The President directs the debate, giving the speech's turn to directors, auditors or survivors who have requested it. Each shareholder may intervene only once on each agenda item. To encourage the widest possible participation, the time available for each project must be in a not exceeding time-limit , as a rule, of five minutes. The last answers the Chairman of the Meeting declare the discussion closed.

The only meeting held during the financial year on 24.04.2015 was attended by the majority of members of the Board of Directors.

Considering the absence of shareholders that are not members of the board and the absence of questions made by shareholders, the Board hasn't reported about the accomplished and scheduled activities.

During the accounting year there are not been meaningful variations neither in the capitalization of the shares market of the Issuer nor in the composition of its social structure.

17. MORE CORPORATE GOVERNANCE PRACTICES (pursuant art. 123-bis, paragraph 2, letter d), TUF)

The Issuer does not apply additional corporate governance practices beyond those described in the preceding paragraphs of this Report.

18. CHANGE FROM THE ACCOUNTING YEAR'S CLOSURE

There haven't been changes in the structure of corporate governance from the closure of the Exercise.

TABLE 1 – INFORMATION ABOUT OWNERSHIP

CAPITAL STOCK STRUCTURE				
Type of shares	N. shares	% related to capital	Negotiate	Rights and obligation
Ordinary shares	1,194,107	100	MTA Market – STAR Segment of Italian Stock Exchange	The shares, of nominal value of Euro 5.16 are freely to transfer and each one gives the right to vote. The company can require that the shareholders are obliged to repay within the time and according to the criteria decided by the law.

RELEVANT PARTICIPANTS TO THE CAPITAL		
Declarant	Direct shareholder's	Amount % of ordinary capital
Alberto Frigoli	Alberto Frigoli	9.028
Giuseppe Frigoli	Giuseppe Frigoli	8.971
Emilio Frigoli	Emilio Frigoli	9.018
Francesco Frigoli	Francesco Frigoli	9.013
Giovanni Frigoli	Giovanni Frigoli	9.037
Andrea Collalti	Andrea Collalti	5.091

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TABLE 2 – BOARD OF DIRECTORS AND COMMITTEES STRUCTURE

Board of Directors													Control Committee and Risk		Remuneration Committee	
Position	Name	Year of birth	Date first appoint.*	In office since	In office until	List **	Exec	Non exec	Indep	Indep. TUF	Other posit ***	(*)	(*)	(**)	(*)	(**)
Chairman And CEO	Alberto Frigoli	1949	13.03.1998	23.04.2013	Approval of 2015 fin. statements	M	X				-	5/5				
CEO ♦	Giuseppe Frigoli	1951	13.03.1998	23.04.2013	Approval of 2015 fin. statements	M	X				-	5/5				
CEO ♦	Emilio Frigoli	1955	13.03.1998	23.04.2013	Approval of 2015 fin. statements	M	X				-	5/5				
Exec. Director	Giovanni Frigoli	1960	14.11.1998	23.04.2013	Approval of 2015 fin. statements	M	X				-	5/5				
Exec. Director	Francesco Frigoli	1953	14.11.1998	23.04.2013	Approval of 2015 fin. statements	M	X				-	4/5				
Indepen. Director ■ ●	Alberto Piantoni	1956	21.04.2004	23.04.2013	Approval of 2015 fin. statements	M			X	X	1	5/5	2/2	M	2/2	M
Indepen. Director ●	Carlo Alberto Carneval e Maffé	1961	30.04.2004	23.04.2013	Approval of 2015 fin. statements	M			X	X	1	5/5	2/2	P	2/2	P
Indepen. Director	Andrea Collalti	1966	20.04.2012	23.04.2013	Approval of 2015 fin. statements	M			X	X	3	5/5				

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Non exec Director ●	Ilaria Frigoli	1985	23.04.2013	23.04.2013	Approval of 2015 fin. statements	M		X			-	5/5	2/2	M	2/2	M
Non exec Director	Maurizia Frigoli	1984	23.04.2013	23.04.2013	Approval of 2015 fin. statements	M		X			-	5/5				
Non exec Director	Elisa Frigoli	1983	23.04.2013	23.04.13	Approval of 2015 fin. statements	M		X			-	5/5				

Quorum required for the presentation of lists by minority shareholders for the election of one or more members pursuant the art. 147-ter TUF: 4.5%

Number of meetings held during the year: 5

Control and risk committee: 2

Remuneration committee: 2

● director in charge of interna control system and managing riks.

◆ CEO.

■ Lead Independent Director (LID).

* the date of first appointment of each director is the date in which the director has been appointed for the first time (ever) in the Issuer's Board of Directors (not considered periods prior to 13.03.1998, the date of conversion of the Company in SpA)

** This column shows the list from which it was derived each director ("M": majority slate; "m" minority list; "Board": the list submitted by the Board).

*** This column shows the number of positions as director or auditor held by the person in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies.

(*) This column shows the attendance of directors at meetings of the Board and Committees of the total number of meetings which he could participate.

(**) This column shows the status of adviser within the Committee: "P": President; "M": member

Offices held in other company as at December 31, 2015

Name	Position	Company
Carlo Alberto Carnevale Maffè	Indipendent Director	United Ventures SGR S.p.A.
Andrea Collalti	Auditor	Investimenti S.p.A. (formerly Fiera di Roma S.p.A.)

Report on Corporate Governance and ownership structure

TABLE 3 – BOARD OF AUDITORS STRUCTURE

Position	Name	Year of birth	Date first appoint.*	In charge since	In charge until	List **	Indep. Of Code	Board's of auditor meeting	Other charges ***
Chairman	Umberto Bisesti	1973	13.03.1998	23.04.2013	Approval of 2015 fin. statements	M	X	4/4	1
Effective Member	Mariagrazia Bisesti	1969	23.04.2013	23.04.2013	Approval of 2015 fin. statements	M	X	4/4	0
Effective Member	Francesco Curone	1961	13.03.1998	23.04.2013	Approval of 2015 fin. statements	M	X	4/4	7
Alternate	Umberto Bisesti	1968	13.03.1998	23.04.2013	Approval of 2015 fin. statements	M	X	-	N.A.
Alternate	Monica Margariti	1964	13.03.1998	23.04.2013	Approval of 2015 fin. statements	M	X	-	N.A.

Quorum required for the presentation of lists by minority shareholders for the election of one or more members pursuant the art. 148 TUF: 4,5%
Number of meetings held during the year: 4

* the date of first appointment of each Auditor is the date in which the director has been appointed for the first time (ever) in the Issuer's Board of Auditors (not considered periods prior to 13.03.1998, the date of conversion of the Company in S.p.A.)

** This column shows the list from which it was derived each director ("M": majority slate; "m" minority list.

*** This column shows the number of charges held by the person in other companies pursuant the art. 148-bis TUF.

Office in other company as at December 31, 2015

Name	Position	Company
Bisesti Umberto (1973)	Auditor member	Linkonline S.r.l.
Curone Francesco	Auditor member	Linkonline S.r.l.
	Auditor member	Gedit S.p.A.
	Auditor member	Marcello Gabana S.p.A.
	Auditor member	Società Sportiva Gabeca Pallavolo S.p.A.
	Auditor member	Steltronic S.p.A.
	Auditor unique	Immobiliare Margherita S.r.l.
	External auditor	San Marco Servizi coop a r.l.

The complete list is also published by Consob on its website as per Art. 144-quinquiesdecies of the Consob Issuer Regulation



UNI EN ISO 9001 N.412



UNI EN ISO 14001 N.182



BS OHSAS 18001 N.053



REMUNERATION REPORT

(pursuant to art. 123-ter TUF and art. 84-quater of the CONSOB Issuers Regulation)

Issuer: POLIGRAFICA S. FAUSTINO S.P.A.

Website: www.psf.it

Date of approval: March 11, 2016



The mark of responsible forestry

INTRODUCTION

The Remuneration Policy, which sets out the objectives pursued and the principles that are the basis of the determination of the remuneration of the administrative, general managers and managers with strategic responsibilities, has been approved by the Board of Directors on March 11, 2016 at the proposal of the Remuneration Committee met on the same date.

This Remuneration Report (the "Report") is divided into two sections:

- Section I: Remuneration policy for 2016;
- Section II: Remuneration Statement for 2015.

The Report was prepared pursuant to art. 123-ter of the "*Testo Unico della Finanza*" and art. 84-quater of the CONSOB Issuers Regulation (as amended by CONSOB resolution no. 18049 of 23 December 2011). It was drafted in accordance with art. 6 of the Code of Conduct drawn up by Borsa Italiana S.p.A., as amended in July, 2014.

As provided by Consob Regulation no. 17221 of 12 March 2010 relating to transactions with related parties, as implemented in the procedure adopted by the Company on November 12, 2010, the approval of the Remuneration Policy by the Shareholders' Meeting exempts the Company from applying the above procedure for transactions with related parties in the deliberations on the remuneration of directors and key management personnel, provided the latter are consistent with the Remuneration Policy.

The report for the year 2015, presented for information to the shareholders, provides a final on remuneration highlighting consistency with the policy on remuneration approved by the Company in the previous year.

SECTION I

Those involved in the preparation and approval of the Remuneration Policy

The main parties and bodies involved in the preparation and approval of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Remuneration Committee and the Board of Auditors.

Shareholders' Meeting:

- determines the remuneration of the members of the Board of Directors, the Executive Committee, if appointed, and the Board of Auditors pursuant to Article 2364, paragraph 1, no. 3) Civil Code;
- give an advisory opinion, ruling not binding, on the Report on the Remuneration Policy adopted by the Board of Directors (on the proposal of the Remuneration Committee) pursuant to art. 123-ter, paragraph 6 of the CFA;
- decide on any remuneration plans based on shares or other financial instruments intended for directors, employees and collaborators, including the managers with strategic responsibilities, pursuant to Article 114-bis of the CFA.

Board of Directors:

- constitutes an internal Remuneration Committee composed of non-executive directors, most of whom are independent; at least one member of the Committee must possess sufficient knowledge and experience in financial matters;
- determines the remuneration of directors holding particular positions, after consulting the Board of Auditors and on the proposal of the Remuneration Committee;
- defines, on the proposal of the Remuneration Committee, the Remuneration Policy;
- approve the Remuneration Report, prepared in accordance with the criteria and application principles of art. 6 of the Code of Conduct, to be submitted to the shareholders;
- prepares, with the assistance of the Compensation Committee, any plans of remuneration based on shares or other financial instruments intended for directors, employees and collaborators, including the managers with strategic responsibilities, submit them for approval of Shareholders' meeting pursuant to Article 114-*bis* of TUF and will ensure its implementation.

Remuneration Committee, established within the Board of Directors since 2001 in accordance with the Code of Conduct, is composed exclusively of non-executive directors, most of whom are independent; at least one member of the Committee must possess sufficient knowledge and experience in financial matters.

The Board of Directors, by resolution of April 23, 2013, appointed the following internal directors as members of the Remuneration Committee:

- Carlo Alberto Carnevale Maffé - Presidente (independent)
- Alberto Piantoni (independent)
- Ilaria Frigoli (non-executive)

In accordance with the Code, the Committee is therefore composed of non-executive directors, the majority independent.

Following the appointment, there were no changes in the composition of the Committee.

Directors Alberto Piantoni and Carlo Alberto Carnevale Maffé have experience in accounting and finance considered appropriate by the Board of Directors at the time of appointment in the light of their previous professional experience.

The Remuneration Committee shall meet whenever its Chairman deems appropriate, i.e. when a request is made by at least one component and, in any case, with appropriate frequency for the

Report on remuneration

proper performance of their duties.

During 2015 the Committee has been collected 2 times, on March 13 and April 24. The average length of meetings was about half hour. For the current year two meetings were scheduled in an already held on March 11.

The Remuneration Committee:

- makes proposals to the Board of Directors regarding the remuneration of executive directors and those who hold particular positions or which are assigned specific powers;
- submits to the Board of Directors proposals on the remuneration of executive directors and on the correct identification and assessment of the performance targets;
- makes proposals to the Board of Directors on the adoption of the remuneration policy;
- supports the Board of Directors in the preparation and implementation of any compensation plans based on shares or other financial instruments;
- periodically assesses the adequacy, overall consistency and concrete application of the Remuneration Policy;
- examine and submit to the Board of Directors report on the remuneration paid to members of the administration and control.

The Committee may accede to the information and functions necessary for the accomplishing of its duties and use external consultants, within the terms expressed by the Board when necessary.

The documentation and information available (and in any case, those necessary) are transmitted to all members of the Remuneration Committee with sufficient time to express the meeting.

For the validity of the meetings of the Compensation Committee it is required the presence of a majority of members in office and the resolutions are passed by an absolute majority of the members present. The meetings of the Remuneration Committee may be held by means of telecommunication, and are duly recorded and transcribed into a specific.

No financial resources have been destined to the Committee as it uses the Issuer's structures to fulfil its duties.

The Remuneration Policy has therefore been outlined and approved by the Compensation Committee and the Board of Directors.

The **Board of Auditors** expresses its opinion on the proposals of remuneration of executive directors, and more generally, of the directors holding particular positions, checking the consistency of the proposals themselves with the Remuneration Policy.

Aims and outline of the Remuneration Policy and description of the policies on fixed and variable components of remuneration

The remuneration of directors, general managers and managers with strategic responsibilities is defined so as to ensure a total compensation structure able to recognize the value of professional actors to enable an appropriate balance of fixed and variable components with the goal of creating sustainable value in the medium and long term and to ensure a direct link between pay and specific performance objectives.

In particular, the guidelines which inspired the remuneration policy are based on the following criteria:

- the fixed component and the variable component shall take account of the strategic objectives and the related business risks undertaken by the Company;
- the variable component is a maximum;
- the fixed component is sufficient to reward the performance of the person concerned if the variable is not paid for the failure to achieve their goals;
- performance goals are predetermined, measurable and linked to the creation of shareholder value in the medium to long term;

Report on remuneration

- the payment of the variable component is deferred for an appropriate period at the time of maturity;
- the provision of contractual arrangements that allow the Company to request the return, in whole or in part, of the components of the remuneration paid, calculated on the basis of data that will be revealed later manifestly erroneous;
- the amount of the incentive to be paid to each person involved is determined based on the achievement of results actually pursued.

In the event of the interruption worker's relationship with the Group for reasons other than just cause, the orientation of the Company is to find agreements to define the relationship in a consensual way.

You can predict for the CEOs compensation in case of termination of administration the amount that, as a rule, and except in exceptional cases, may not exceed an amount corresponding to 40% of its fixed remuneration to the same total recognized over of office.

The payment of a specific allowance may be recognized, moreover, always after evaluation of the competent bodies, in the following cases:

- termination by the Company without good cause;
- termination by the Administrator for cause, meaning, without limitation, the substantial change in the role or to his assignments and / or cases of cd. Opa "hostile."

In the above assumptions the allowance is equal to two years of gross annual remuneration (fixed component).

In the definition of the remuneration policy, the Company has not used as a reference remuneration policies implemented by other companies and did not avail itself of the assistance of independent experts.

Main changes compared to the previous year

The Remuneration Policy in 2016 confirms, both in terms of principles of remuneration structures, the setting applied in the previous year.

Remuneration of Directors

Managing Directors

With a deliberation of the Board on April 23, 2013, Giuseppe Frigoli and Emilio Frigoli, beyond the Chairman, have been appointed Managing directors with the attribution of full powers in ordinary and extraordinary administration, except for those expressly prohibited in art. 2381 C.C..

The remuneration of CEOs, determined according to the size and structure of the Company is as follows:

- a fixed component, determined to a significant extent, conform to the position and effort required and, in any case, as to be sufficient to reward performance in the event that the variable component is not paid due to failure to achieve the objectives set out infra;
- a variable component related to the attainment of the objectives - economic performance - measured and related to the creation of value for shareholders over the medium term, as a rule not less than 36 months. However, due to its ownership of the Company and of the organizational structure and powers currently in force within the Group, it is believed that the participation of executive directors in the share capital of the Company is suitable for securing the attainment of a goal typical of a system incentive to medium term. This is considered a period of 24 months.

Report on remuneration

The amount of the fixed and variable component is determined annually by the Board of Directors, upon recommendation made by the Remuneration Committee, according to the actual achievement of the objectives and the tasks assigned.

The variable component will be paid every two years to achieve the goals set by the Board of Directors (according to the parameters on the consolidated results of the Group) with deferred payment at the end of the determined period.

The variable component may not exceed 50% of the amount set for the fixed compensation (taking as a reference total amount paid in the period). In respect of the above mentioned parameters above-mentioned, it is possible to predict stock-based compensation plans.

The costs incurred by the Directors for the performance of their duties are reimbursed by the Company.

The Remuneration Policy does not provide for the payment of non-monetary benefits.

Executive Directors

The Board of Directors, by resolution of April 23, 2013, has given specific powers to the Directors Francesco Frigoli (research and development) and Giovanni Frigoli (for research and contact suppliers / strategic partners for the Company).

The remuneration of Executive Directors, determined according to the size and structure of the Company is as follows:

- a fixed component, determined to a significant extent, conform to the position and effort required and, in any case, as to be sufficient to reward performance in the event that the variable component is not paid due to failure to achieve the objectives set out infra;
- a variable component related to the attainment of the objectives - economic performance - measured and related to the creation of value for shareholders over the medium term, as a rule not less than 36 months. However, due to its ownership of the Company and of the organizational structure and powers currently in force within the Group, it is believed that the participation of executive directors in the share capital of the Company is suitable for securing the attainment of a goal typical of a system incentive to medium term. This is considered a period of 24 months.

The amount of the fixed and variable component is determined annually by the Board of Directors, upon recommendation made by the Remuneration Committee, according to the actual achievement of the objectives and the tasks assigned.

The variable component will be paid every two years to achieve the goals set by the Board of Directors (according to the parameters on the consolidated results of the Group) with deferred payment at the end of the determined period.

The variable component may not exceed 30% of the amount set for the fixed compensation (taking as a reference total amount paid in the period). In respect of the above mentioned parameters above-mentioned, it is possible to predict stock-based compensation plans.

The costs incurred by the Directors for the performance of their duties are reimbursed by the Company.

The Remuneration Policy does not provide for the payment of non-monetary benefits.

Non-executive Directors

All non-executive directors are paid only a fixed amount.

For the Directors called to participate in the Control and Risk Committee and the Remuneration Committee, both made up of non-executive directors, there is no provision for the payment of additional remuneration or an attendance fee.

Report on remuneration

The costs incurred by the Directors for the performance of their duties are not reimbursed by the Company.

The Remuneration Policy does not provide for the payment of non-monetary benefits.

Remuneration of key managers with strategic Responsibilities

The remuneration of key management personnel is established in accordance with the principles described for CEOs and consists of:

- a fixed component, determined to a significant extent, conform to the position and effort required and, in any case, as to be sufficient to reward performance in the event that the variable component is not paid due to failure to achieve the objectives set out infra
- a variable component related to the attainment of the objectives - economic performance - measured and related to the creation of value for shareholders over the medium/long term, as a rule not less than 36 months.

The variable component is equal to a predetermined percentage of the fixed gross annual salary of generally not less than 20% of that remuneration.

The Remuneration Policy does not provide for the payment of non-monetary benefits.

The costs incurred by the key managers with strategic responsibilities for the performance of their duties are reimbursed by the Company.

Incentive mechanisms of the Head of the Internal Audit and the Manager responsible for preparing corporate accounting documents

In relation to the Head of the Internal Audit function, please note that this being outside the Company, it is not expected in his favor any incentive.

Regarding the Manager responsible, however, it is not expected any incentive as the fixed fee paid is considered in any case coherent with the assigned tasks.

SECTION II

This section is divided into two parts and shows, using the attached tables in the second part, the remuneration of the members of the administrative and control in line with the Remuneration Policy 2015, and information relating the shares in the Company owned themselves.

Remuneration paid to members of the Board of Directors

The Shareholders' meeting held on April 24, 2015 has determined the total remuneration payable to the Board of Directors in the amount of € 1,149,055.00, coherently with the resolution of the previous year.

The Board of Directors, which met on the same date, set the fixed compensation to the extent specified below:

- Alberto Frigoli (Chairman and CEO): € 108,000.00
- Giuseppe Frigoli and Emilio Frigoli (CEOs): € 287,500.00
- Giovanni Frigoli (Executive Director): € 281,500.00
- Francesco Frigoli (Executive Director): € 120,000.00

Alberto Piantoni, Andrea Collalti, Ilaria Frigoli, Maurizia Frigoli and Elisa Frigoli (Non-executive Directors): € 12,911.00.

No compensation has been paid to the director Carlo Alberto Carnevale Maffé.

Coherently with the provisions of the Remuneration Policy, part of the remuneration of the executive directors is linked to the results achieved by the Issuer. This variable part, determined by the Board of Directors during the meeting of 04.24.2015 on proposal of the Remuneration Committee that met on the same date, is determined as follows:

- for each CEO

Consolidated Ebit	Variable payment
€ 1,000,000	€ 70,000
€ 1,500,000	€ 80,000
€ 2,000,000	€ 90,000
€ 2,500,000	€ 100,000

- for each executive Director

Consolidated Ebit	Variable payment
€ 1,000,000	€ 50,000
€ 1,500,000	€ 60,000
€ 2,000,000	€ 65,000
€ 2,500,000	€ 70,000

The calculation is carried out on the two-year period 2015 - 2016 and the payment is due at the end of 2017.

Additional remuneration for committee participation were not paid.

Report on remuneration

During the year, the directors have received the remunerations indicated in "Table 1 - Scheme 7-*bis*" attached below.

Remuneration of the Board of Auditors

The gross annual remuneration payable to the Board of Auditors was approved by Shareholders, on the occasion of the appointment of the control, to the extent provided by the professional fees.

Remuneration of key managers with strategic responsibilities

At the date of approval of this report there are no Key managers or general managers in the company

All decisions with strategic implications are taken by the executive directors in accordance with the responsibilities of the Board of Directors.

Indemnity for resignation, dismissal or termination of employment (pursuant the art. 123-*bis*, par. 1, letter i) TUF)

No agreements have been signed between the Company and the directors which provide indemnity fees in case of resignation or dismissal / termination without just cause or if the employment relationship is terminated following a takeover bid.

During the 2015 financial year any director has not quitted his office.

Incentive plans based on financial instruments

Incentive plans based on financial instruments have not been approved.

Table 1 Scheme 7-bis

Remuneration paid to directors

Name and Surname	Position	Office holder's period of service	Term of office expiry	Fixed remuneration	Committee membership remuneration	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Alberto Frigoli	Chairman	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements									
Remuneration at the company drawing up the financial statements				108						108		
Remuneration at subsidiaries and affiliates				0						0		
Total				108						108		
Giuseppe Frigoli	CEO	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements									
Remuneration at the company drawing up the financial statements				288						288		
Remuneration at subsidiaries and affiliates				0						0		
Total				288						288		
Emilio Frigoli	CEO	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements									
Remuneration at the company drawing up the financial statements				288						288		
Remuneration at subsidiaries and affiliates				0						0		
Total				288						288		
Francesco Frigoli	Directors	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements									
Remuneration at the company drawing up the financial statements				120						120		
Remuneration at subsidiaries and affiliates				0						0		
Total				120						120		
Giovanni Frigoli	Directors	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements									
Remuneration at the company drawing up the financial statements				282						282		
Remuneration at subsidiaries and affiliates				6						6		
Total				288						288		

Alberto Piantoni	Direct ors	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements								
Remuneration at the company drawing up the financial statements				13						13	
Remuneration at subsidiaries and affiliates				0						0	
Total				13						13	
Carlo Alberto Carnevale Maffé	Direct ors	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements								
Remuneration at the company drawing up the financial statements				0						0	
Remuneration at subsidiaries and affiliates				0						0	
Total				0						0	
Andrea Collalti	Direct ors.	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements								
Compensi nella società che redige il bilancio				13						13	
Compensi da società controllate e collegate				0						0	
Totale				13						13	
Iaria Frigoli	Direct ors	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements								
Remuneration at the company drawing up the financial statements				13						13	
Remuneration at subsidiaries and affiliates				0						0	
Total				13						13	
Maurizia Frigoli	Direct ors	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements								
Remuneration at the company drawing up the financial statements				13				3		16	
Remuneration at subsidiaries and affiliates				0				0		0	
Total				13				3		16	
Elisa Frigoli	Direct ors	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements								
Remuneration at the company drawing up the financial statements				13						13	
Remuneration at subsidiaries and affiliates				0						0	
Total				13						13	

Remuneration paid to Board of Auditors

Name and surname	Position	Office holder's period of service	Term of office expiry	Fixed remuneration	Committee membership remuneration	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Umberto Bisesti (1973)	Chairman	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements									
Remuneration at the company drawing up the financial statements				14						14		
Remuneration at subsidiaries and affiliates				3						3		
Total				17						17		
Francesco Curone	Effective member	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements									
Remuneration at the company drawing up the financial statements				9						9		
Remuneration at subsidiaries and affiliates				3						3		
Total				12						12		
Mariagrazia Bisesti	Effective member	01.01.2015 31.12.2015	Up until appr. of the 2015 financial statements									
Remuneration at the company drawing up the financial statements				9						9		
Remuneration at subsidiaries and affiliates				0						0		
Total				9						9		

Scheme 7-ter

Shareholdings held by directors, auditors and chief executive officers

Name and Surname	Position	Subsidiary	No. of shares held as at 31.12.2014	No. of shares purchased	No. of shares sold	No. of shares held as at 31.12.2015
Alberto Frigoli	Chairman and CEO	Poligrafica S. Faustino S.p.A.	107,807	0	0	107,807
Giuseppe Frigoli	CEO	Poligrafica S. Faustino S.p.A.	107,127	0	0	107,127
Emilio Frigoli	CEO	Poligrafica S. Faustino S.p.A.	107,686	0	0	107,686
Francesco Frigoli	Director	Poligrafica S. Faustino S.p.A.	107,629	0	0	107,629
Giovanni Frigoli	Director	Poligrafica S. Faustino S.p.A.	107,909	0	0	107,909
Alberto Piantoni	Director	Poligrafica S. Faustino S.p.A.	0	0	0	0
Carlo Alberto Carnevale Maffé	Director	Poligrafica S. Faustino S.p.A.	0	0	0	0
Andrea Collalti	Director	Poligrafica S. Faustino S.p.A.	60,791	0	0	60,791
Ilaria Frigoli	Director	Poligrafica S. Faustino S.p.A.	0	0	0	0
Maurizia Frigoli	Director	Poligrafica S. Faustino S.p.A.	0	0	0	0
Elisa Frigoli	Director	Poligrafica S. Faustino S.p.A.	0	0	0	0
Umberto Bisesti	Chairman of Board of Auditor	Poligrafica S. Faustino S.p.A.	0	0	0	0
Francesco Curone	Effective member	Poligrafica S. Faustino S.p.A.	0	0	0	0
Mariagrazia Bisesti	Effective member	Poligrafica S. Faustino S.p.A.	0	0	0	0