

Reno De Medici



REPORTS AND FINANCIAL STATEMENTS

FOR THE 87TH FISCAL YEAR

ENDED DECEMBER 31, 2015

ORDINARY SHAREHOLDERS' MEETING

APRIL 28, 2016 FIRST CALL

APRIL 29, 2016 SECOND CALL

RENO DE MEDICI S.P.A.

VIALE ISONZO 25, MILAN, ITALY

SHARE CAPITAL EUR 150,399,255.80

TAX CODE AND VAT NUMBER: 00883670150

NOTICE OF ORDINARY SHAREHOLDERS' MEETING

SUMMARY DATA AND GENERAL INFORMATION

BOARD OF DIRECTORS AND AUDITORS	11
MAIN FIGURES FROM THE INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION OF THE GROUP AND RENO DE MEDICI S.P.A.	12
GROUP OPERATING COMPANIES AS AT 31 DECEMBER 2015	16
SHAREHOLDERS.....	17

DIRECTORS' REPORT

DIRECTORS' REPORT ON OPERATIONS	21
KEY EVENTS.....	25
MAIN RISKS AND UNCERTAINTIES TO WHICH RENO DE MEDICI S.P.A. AND THE GROUP ARE EXPOSED ...	27
THE RDM GROUP'S OPERATING, BALANCE SHEET AND FINANCIAL PERFORMANCE	30
OPERATING, BALANCE SHEET AND FINANCIAL PERFORMANCE OF RENO DE MEDICI S.P.A.	38
RECONCILIATION BETWEEN THE RESULT FOR THE PERIOD AND SHAREHOLDERS' EQUITY OF THE GROUP WITH THE PARENT COMPANY RENO DE MEDICI S.P.A.	44
RECONCILIATION BETWEEN NET FINANCIAL POSITION OF THE GROUP WITH THE PARENT COMPANY RENO DE MEDICI S.P.A.	45
OTHER INFORMATION	46
SUBSEQUENT EVENTS	50
OUTLOOK.....	50
REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE	52

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

CONSOLIDATED STATEMENT OF INCOME.....	103
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	104
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	105
CONSOLIDATED STATEMENT OF CASH FLOWS	107
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	108
NOTES TO THE FINANCIAL STATEMENTS	109
ACCOUNTING PRINCIPLES	113
OTHER INFORMATION	190
SUBSEQUENT EVENTS	195
CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS.....	196
INDEPENDENT AUDITOR'S REPORT	197

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AT DECEMBER 31, 2015

STATEMENT OF INCOME	201
STATEMENT OF COMPREHENSIVE INCOME	202
STATEMENT OF FINANCIAL POSITION	203
STATEMENT OF CASH FLOWS	205
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	206
NOTES TO THE FINANCIAL STATEMENTS	207
ACCOUNTING PRINCIPLES.....	210
ANNEX A – BREAKDOWN OF RELATED-PARTY AND INTRAGROUP TRANSACTIONS AS AT 31 DECEMBER 2015	282
ANNEX B – EQUITY INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES.....	288
ANNEX C: INFORMATION PURSUANT TO ARTICLE 149-DUODECIES OF CONSOB ISSUER REGULATIONS	292
BOARD OF STATUTORY AUDITOR'S REPORT	293
CERTIFICATION OF SEPARATE FINANCIAL STATEMENTS.....	294
INDEPENDENT AUDITOR'S REPORT.....	295

PROPOSED RESOLUTION

SUMMARY TABLES OF THE KEY FIGURES FROM THE MOST RECENT FINANCIAL STATEMENTS OF THE
SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES OF THE RENO DE MEDICI GROUP



NOTICE OF ORDINARY SHAREHOLDERS' MEETING

Persons entitled to take part and exercise voting rights at the Shareholders' Meeting of Reno De Medici S.p.A. (hereinafter also referred to as: "RDM" and/or "the Company") are called to an Ordinary General Meeting at 10.30 a.m. on April 28, 2016 at the Company's registered office at Viale Isonzo n.25, Milan, in first call and, if necessary, at 11.00 a.m. on April 30, 2016 at Borsa Italiana at Piazza degli Affari, n.6, Milan, at second call, to discuss and adopt resolutions on the following:

Agenda

1. Annual financial statements for the year ended December 31, 2015:
 - 1.1. Approval of the annual financial statements for the year ended December 31, 2015, based on the Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors, having acknowledged the presentation of the consolidated financial statements for the year ended December 31, 2015.
 - 1.2. Allocation of profit (loss) for 2015.
2. Appointment of one member of the Board of Directors.
3. Appointment of one Statutory Auditor and one Deputy Statutory Auditor.
4. Report on Remuneration pursuant to Article 123-ter of Legislative Decree 58/98 as subsequently amended and supplemented (the Consolidated Finance Act, or "CFA").

* * *

INFORMATION RELATING TO THE SHARE CAPITAL AND SHARES WITH VOTING RIGHTS

It is stated that:

- a) the share capital at the date of publication of this notice is EUR 140,000,000, divided into 377,800,994 shares, subdivided as follows:
 - 1) 377,527,656 ordinary shares;
 - 2) 273,338 savings shares convertible into ordinary shares which, pursuant to Article 6 of the By-Laws, do not carry the right to vote at ordinary or extraordinary shareholders' meetings;
- b) each ordinary share gives the right to vote at Shareholders' Meetings;
- c) the Company does not hold any treasury shares.

ADDITIONS TO THE AGENDA AND PRESENTATION OF NEW PROPOSALS FOR DELIBERATION

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

ENTITLEMENT TO PARTICIPATE AND PARTICIPATION PROCEDURES

Pursuant to Article 83-*sexies* of the CFA and Articles 8 and 9 of the By-Laws, entitlement to participate in the Meeting and exercise voting rights is certified by a communication to the Company, made by an authorised intermediary under the applicable rules, in conformity with its accounting records, in favour of the person holding the voting right, at the end of the seventh trading day preceding the date of the Meeting at first call (i.e. April 19, 2016).

Persons who become holders of shares after April 19, 2016 will therefore not be entitled to participate and vote at the Shareholders' Meeting.

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

Persons entitled to participate in the Shareholders' Meeting are requested to attend ahead of the time set for the meeting in order to facilitate registration operations, which will begin at 10.30 a.m.

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

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

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

The proxy can be conferred, with voting instructions for all or some of the resolutions of the items on the agenda, to Computershare S.p.A., with its registered office in Via Lorenzo Mascheroni, n. 19 20145 Milan, the Company's designated representative pursuant to Article 135-undecies of Legislative Decree 58/1998. The special proxy form, prepared by the Designated Representative in accordance with the Company, available from its website at www.renodemedici.it (under Governance/Shareholders' Meetings) must be used for this purpose. The original proxy for the designated representative, with the voting instructions, should reach the offices of Computershare S.p.A., Via Lorenzo Mascheroni n. 19, 20145 Milan, possibly with a copy of the declaration of conformity to the original by fax to 02.46776850 or by attaching it to an email to be sent to: ufficiomilano@pecserviziotitoli.it, by the end of the second day the market is open for trading prior to the date set for the Shareholders' Meeting (i.e. by April 26, 2016 at first call or by April 27, 2016 at second call). The proxy, conferred in this way is only effective for proposals in relation to which voting instructions have been issued. The proxy and voting instructions may be revoked within the same period as above.

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

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

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

RIGHT TO POSE QUESTIONS ON THE AGENDA ITEMS

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

APPOINTMENT OF ONE MEMBER OF THE BOARD OF DIRECTORS

Pursuant to Article 12, paragraph 16, b) of the Company By-Laws, which should be referred to, if, during the course of the year, one or more directors are missing, in order for the majority to always be made up of directors appointed by the Shareholders' Meeting, pursuant to Article 2386 of the Italian Civil Code, the Shareholders' Meeting shall appoint a member of the Board of Directors by legal majority without a voting list.

Pursuant to paragraph 17 of Article 12 of the By-Laws, the Board and Shareholders' Meeting shall make the appointment in such a way as to ensure that the minimum number of independent directors required by current regulations is met. However, the Shareholders' Meeting may decide to reduce the number of members of the Board to the number of directors in office for the period remaining in their term.

Names of potential candidates can, in any case, be filed at the Company's registered office.

APPOINTMENT OF ONE STATUTORY AUDITOR AND ONE DEPUTY STATUTORY AUDITOR

Pursuant to Article 19, paragraph 21, when the Shareholders' Meeting has to appoint the Statutory/Deputy Statutory Auditors required to add to the Board of Statutory Auditors, it proceeds as follows: if statutory auditors elected from the majority list must be replaced, the appointment shall be made by simple majority vote with no list restrictions. If, on the other hand, it is necessary to replace statutory auditors elected from a minority list, the Shareholders' Meeting shall replace them by a simple majority vote and select them from the candidates on the list that provided the statutory auditor to be replaced, or on the minority list that obtained the second-highest number of votes, and in such a manner as to ensure compliance with the rules in force concerning gender representation.

DOCUMENTATION

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

The Company's Annual Report, consisting of the draft Annual Financial Statements, the Proposed Resolution to the Meeting, the Consolidated Financial Statements, the Report of the Board of Directors, the Corporate Governance Report with the information pursuant to Article 123-*bis* of Legislative Decree n. 58/98, the Attestation of the Manager Responsible for the Preparation of Company Accounting Documents and of the delegated body, the Report of the Board of Statutory Auditors, the Report of the Independent Auditors and the Remuneration Report pursuant to Article 123-*ter* of Legislative Decree n. 58/98 will be put at the public's disposal within the terms of law at the Company's registered office in Viale Isonzo n. 25, Milan and will be available for consultation on the Company's website www.renodemedici.it. These documents will also be available on Nis-Storage, the authorized storage system, and from the website www.emarketstorage.com. All the documentation, including the Company By-Laws, can be viewed on the Company's website.

Milan, March 25, 2016

On behalf of the Board of Directors
The Chairman
Robert Hall



**SUMMARY DATA
AND GENERAL
INFORMATION**

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Robert Hall	Chairman
Ignazio Capuano	Chief Executive Officer
Laura Guazzoni	Director
Laurent Lemaire	Director
Matteo Rossi	Director

Board of Statutory Auditors

Giancarlo Russo Corvace	Chairman
Giovanni Maria Conti	Statutory Auditor
Tiziana Masolini	Statutory Auditor
Elisabetta Bertacchini	Deputy Statutory Auditor

Independent Auditors

Deloitte & Touche S.p.A.



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

Below are the main economic and capital figures as at December 31, 2015 compared with those for the previous financial year, relating to the Reno De Medici Group (the “Group” or “RDM Group”).

GRUPPO RDM	12.31.2015	12.31.2014
(Euro millions)		
INCOME STATEMENT (1)		
Revenues from sales	438	426
Gross Operating Profit (EBITDA)	42	41
Depreciation, amortization and write-downs	(25)	(23)
Operating Profit (EBIT)	17	18
Profit (loss) for the period before discontinued operations	11	10
Discontinued operations	(1)	(5)
Profit (loss) for the year	10	5
Group’s share of profit (loss) for the year	10	5
BALANCE SHEET		
- Non-current assets (2)	202	215
- Assets held for sale	8	10
- Non-current liabilities, employee benefits and other provisions (3)	(41)	(46)
- Current assets (liabilities) (4)	(6)	(8)
- Working capital (5)	42	42
- Liabilities held for sale	(7)	(8)
Net invested capital (NIC) (6)	198	205
Net financial debt (7)*	46	63
Shareholders’ equity	152	142
RATIOS		
Gross operating margin / Revenues from sales	9.6%	9.6%
Operating profit / NIC	8.6%	8.8%
Debt ratio (net financial debt /NIC)	23.2%	30.7%

(*) The net financial position is represented net of Reno De Medici Ibérica S.l.u. The financial position of the group including Reno De Medici Ibérica S.l.u is equal to €50,254.

(1) See RDM Group consolidated financial statements.

- (2) See RDM Group consolidated financial statements – total for item “Non-current assets” net of “Trade receivables”.
- (3) See RDM Group consolidated financial statements- sum of the following items of “Non-current liabilities”: “Other payables,” “Deferred taxes,” “Employee benefits” and “Long-term provisions for risks and charges.”
- (4) See RDM Group consolidated financial statements – sum of the following items “Other payables” net of €246,000 relating to an entry of a financial nature classified under the item “Current assets”, net of the following items “Other payables”, “Current taxes” and “Employee benefits” and Short-term provisions for risks and charges”, classified under the item “Current liabilities”.
- (5) See RDM Group consolidated financial statements – sum of the items “Inventories”, “Trade receivables” and “Receivables from associates and joint ventures” classified under the item “Current assets” and the item “Trade receivables” classified under the item “Non-current assets”, net of the item “Trade payables” and “Payables to associates and joint ventures” classified under the item “Current liabilities”.
- (6) Sum of the items listed above.
- (7) See RDM Group consolidated financial statements – sum of the following items: “Cash and cash equivalents”, “Other receivables from associates and joint ventures”, classified under “Current assets” to which the €246,000 is added relating to an entry of a financial nature included under the item “Other receivables”, net of the following items “Payables to banks and other lenders” and “Derivative instruments”, classified under “Non-current liabilities” and “Payables to banks and other lenders”, “Derivative instruments” and “Other payables to associates and joint ventures”, classified under “Current liabilities”.

The main economic and capital figures as at December 31, 2015 are given below, compared with those for the previous financial year, relating to the financial statements of the Parent Company.

RDM	12.31.2015	12.31.2014
(Euro millions)		
INCOME STATEMENT (8)		
Revenues from sales	218	209
Gross Operating Profit (EBITDA)	24	25
Depreciation, amortization and write-downs	(14)	(12)
Operating Profit (EBIT)	10	12
Profit (loss) for the year	12	3
BALANCE SHEET		
- Non-current assets (9)	198	206
- Assets held for sale	1	2
- Non-current liabilities, employee benefits and other provisions (10)	(9)	(12)
- Current assets (liabilities) (11)	(3)	(3)
- Working capital (12)	19	20
Net invested capital (NIC) (13)	206	213
Net financial debt (14)	(44)	(64)
Shareholders' equity	162	149
RATIOS		
Gross operating margin / Revenues from sales	11%	12%
Operating profit / NIC	4.9%	5.6%
Debt ratio (net financial debt /NIC)	21.4%	30%

(8) See RDM Group financial statements.

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

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

(11) See RDM 's financial statements – sum of the following items “Other receivables” net of €246,000 relating to an entry of a financial nature classified under the item “Current assets”, net of the following items “Other payables”, “Current taxes” and “Employee benefits” and “Short-term provisions for risks and charges”, classified under “Current liabilities”.

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

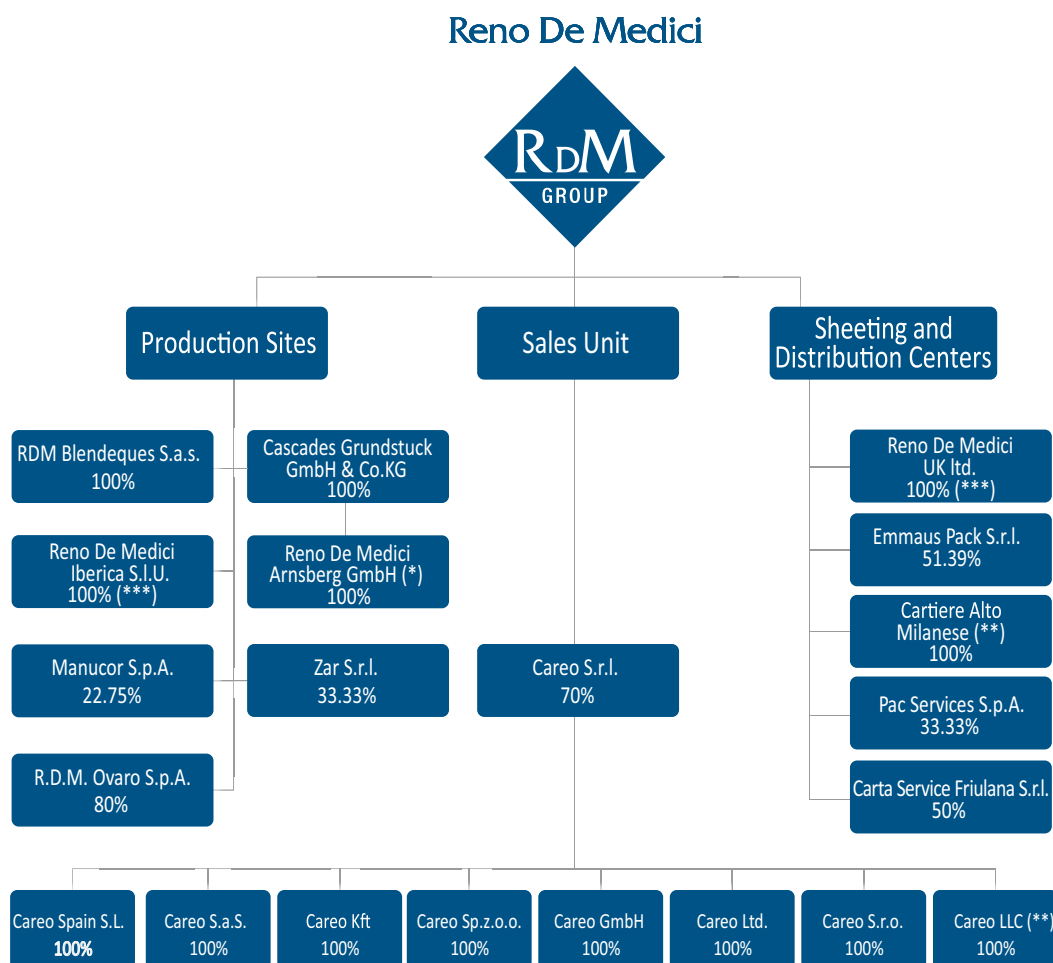
(13) Sum of the items listed above.

(14) See RDM's financial statements – sum of the following items: “Cash and cash equivalents” and “Other receivables from Group companies”, classified under “Current assets”, to which €246,000 is to be added relating to an entry of a financial nature included under the item “Other receivables”, net of the following items “Payables to banks and other lenders”,

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

GROUP OPERATING COMPANIES AS AT 31 DECEMBER 2015

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



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

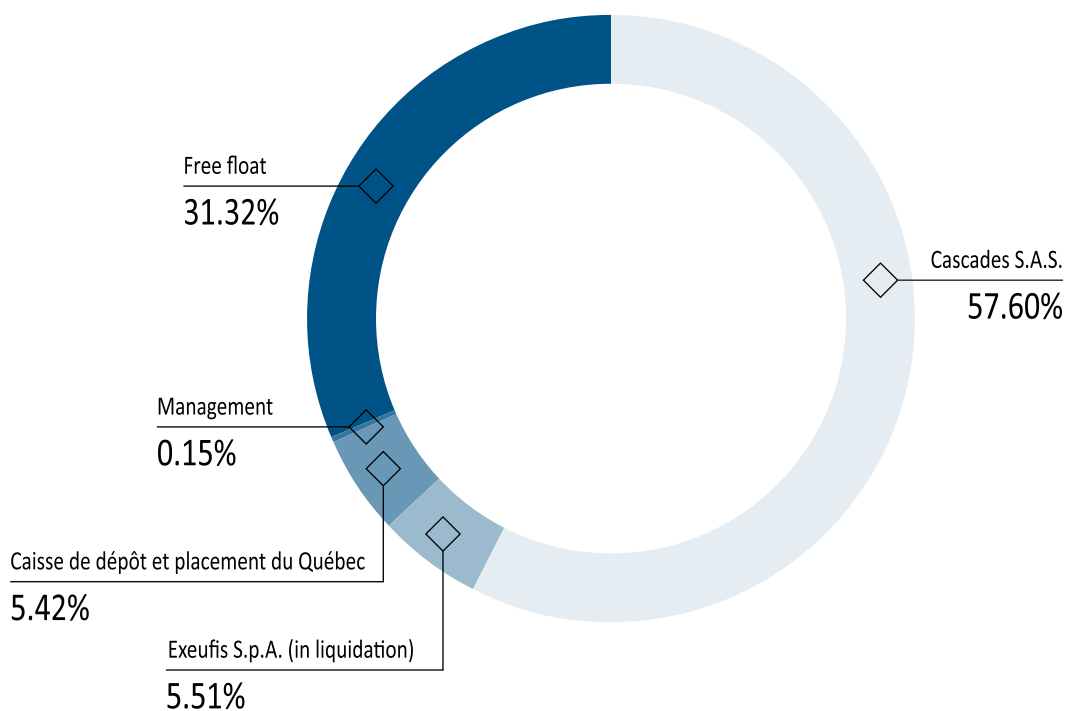
(**) Company in liquidation

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

SHAREHOLDERS

Below is the situation regarding RDM's share ownership as at March 17, 2016, in accordance with information from the Shareholder Register plus the communications received pursuant to Article 120 and Article 152-*octies*, paragraph 7 of the Consolidated Finance Act as well as the information disclosed by Consob.

Ordinary shares	n.	377,527,656
Convertible savings shares	n.	273,338
Total	n.	377,800,994





**DIRECTORS'
REPORT**

DIRECTORS' REPORT ON OPERATIONS

The Reno De Medici Group closes 2015 recording an EBITDA of €41.8 million, a slight increase compared to €41.2 million of 2014. The positive operational performance of the year more than offsets the effect associated to the EEC – Energy Efficiency Certificates (the so called 'white certificates'), that in 2014 were granted for a higher amount due to the completion of the projects envisaged by the 5-years plan.

The Profit for the period before Discontinued Operations amounts to €11.0 million, vs. €10.2 Million of previous year, as higher EBITDA and lower Financial Charges more than compensate the write-down of some assets.

Net Profit reaches €9.9 Million, a substantial increase vs. €5.4 million of 2014, that was negatively impacted by the Result of Discontinued Operations.

As regards the general macroeconomic scenario, in 2015 economic activity remained subdued. The growth of global output, that at the beginning of the year was predicted to reach +3.5%, slowed down progressively during the year and finally attained +3.1%, lower than 2014.

Advanced Economies grew +1.9%, driven by a robust growth +2.5% of the United States, supported by favorable financial conditions and strengthening housing and labor markets; however, even for the United States the growth outlook at the beginning of the year envisaged a much stronger +3.6%.

In the Euro Area, that represents more than 80% of the revenues of the Group, growth attained in 2015 +1.5%, higher than 1.2% expected at the beginning of the year, and with a visible pick-up compared to the previous three years. The recovery in Europe, still modest and fragile, is mainly driven by domestic demand, that benefits by ever decreasing energy costs, the favorable exchange rate of the Euro vs. the majority of the other currencies, declining unemployment and the protracted support of ECB's monetary policy, that was recently confirmed. On the down side, the contribution of net exports and investments is modest, as global trade and investment activities are subdued, mainly for the deceleration of economic activities in many Emerging Markets.

Among the major economies of the Euro Area, growth attained +1.5% in Germany, slightly lower compared to +1.6% of 2014. The other most important countries performed better than expected, and with a visible improvement compared to 2014 and previous years: Italy grew +0.8% (-0.4% in 2014); France +1.1% (vs. +0.2%); and Spain +3.2% (vs. +1.4%), further accelerating its pace to recovery.

Thus recovery continues also in **Italy**, internal demand is replacing export as the main driver of growth, as the confidence is improving both at the enterprises and consumers level. The manufacturing cycle is gaining momentum; unemployment in the last quarter has declined to 11.4%, the lowest level since the end of 2012; the credit conditions are improving. Only the investment activity remains subdued, particularly in the plants and equipment sector, whilst the decline of construction seems to have halted.

Emerging Markets and Developing Economies, while still accounting for over 70% of global growth, confirm for 2015 a +4.0% growth, a rate that is declining for the fifth consecutive year.

As the January 2016 Global Outlook of the WB points out, “In a development unprecedented since the 1980s, most of the largest emerging economies in each region have been slowing down simultaneously for three consecutive years. (...) More generally, 2015 growth estimates for more than half developing countries were further downgraded”.

China is continuing in the process of rebalancing its economy, “away from investment and manufacturing toward consumption and services” (IMF), with a consequent reduction of growth expectations (+6.9% in 2015 vs. +7.3% of previous year), and a negative impact on imports and exports, a process that seems to be faster-than-expected.

India confirms for 2015 a solid growth rate of +7.3%, a positive trend common to the rest of emerging Asia.

Other regions, the Commonwealth States and Latin America in the first place, are suffering from the effects of lower oil and commodity prices and tighter financial conditions, for the higher financial volatility and the increasing global risk aversion. Some of the major countries, such as Russia and Brazil, are in a clear economic recession.

In the “**White Lined Chipboard**” sector, in which the Reno De Medici Group operates, European demand increased in 2015 +2.8% compared to previous year, mainly driven by East Europe. An exception to this generally positive trend are Germany, where demand decreased somewhat, and the UK, where the reduction was more visible.

In 2015 the evolution of European demand was marked the exceptionally high order flow that was recorded in the first half of the year, that was followed by a visible slow-down in the second part. This trend was not totally in line with the general evolution of economy, and it is possibly also linked to re-stocking and de-stocking behaviors of the customers.

Tons-sold in 2015 by the Reno De Medici Group were 824 thousand (excluding Reno De Medici Ibérica S.l.u., that since the closing of 2014 has been reported in the accounts as held for sale), compared to 805 thousand sold in 2014. The increase is mainly associated to the S. Giustina mill, as the production of the mill in the last months of 2014 was penalized by the prolonged standstill due to the commissioning of a new equipment.

Revenues from Sales were €438 Million, compared to €426.1 Million of previous year. The increase of €11.9 Million is mainly due to higher tons sold, as commented just above. Average selling prices in 2015 resulted to be in line with previous year.

As regards the main factors of production, **prices of recycled fibers** increased until August, stabilized in September, then decreased slightly in the last months of the year in all the major European countries, with the partial exception of France, where they remained substantially stable, as in the first part of the year they had increased less than on other countries. It is noticed that the evolution of the prices of recycled fibers remains broadly in line with the evolution of imports of China from Europe, that also decreased in the last months of 2015.

Chemical products show a mixed picture, as prices of latex have decreased since July/August (a trend in line with the trend of the price of oil), whilst prices of starch have increased.

The prices of **energy** in 2015 remained lower than 2014, in a scenario where global supply continues to be much higher than demand- albeit with partially different dynamics in the different segments of the sector – as a combined effect of several factors: tepid recovery in Europe, the slow-down of China, fierce competition among supplying countries. Oil prices, after the sharp decline that characterized the second half of 2014, have markedly declined again since mid-2015, reflecting expectations of increases of production by OPEC, and in January 2016 reached the lowest level in 12 years.

The price of natural gas, the main source of energy for the Reno De Medici Group, and the price of coal, the main source of energy for the Arnsberg plant (Germany), steadily decreased throughout 2015.

The price of electricity seems more stable, but it also showed a downward trend in the last part of the year. In Europe prices are currently firm at the minimum levels of each country. However, it has to be remembered that in 2015 the cost of electricity increased substantially for the Italian mills, due to the mandatory contributions to support renewable sources, that were extended also to self-produced energy: in October, after the new raise, the weight of mandatory contributions turned higher than the bare cost of electricity.

In summary, the evolution of the prices of energy in 2015 has been very positive, both for countries that need to import energy, and for industrial operations with a heavy energy consumption, allowing important savings compared to previous years.

Personnel Costs amounted in 2015 to €63.7 Million, a decrease of 2 Million compared to €65.7 Million recorded in 2014. The decrease results from the reduction of headcount, mainly as consequence of the restructuration of the sheeting and finishing departments of the Italian mills carried out in the course of 2014, that more than compensated the contractual salary raises of 2015.

Assets Write-downs, for a total amount of €2.2 million, are relevant to some buildings and relevant service facilities at the Magenta mill, and the dismantling costs.

EBIT reached €17.2 million, and compares to €18.4 Million of 2014. The reduction is mainly due to the decrease of Other Income associated to the EEC – Energy Efficiency Certificates, and the higher Assets Write-downs. Net of this effect, the operational profitability improved, driven by lower energy costs, also for the restored normal efficiency at the S. Giustina mill, that in 2014 was negatively impacted by the commissioning of a new equipment.

Net Financial Expenses were €3.1 Million, a substantial decrease compared to €4.6 Million of 2014, due to lower net financial indebtedness (€50.3 million at the end of December 2015, vs. €65.9 Million as of December 2014). The average cost of long-term debt has decreased in comparable terms, for the reduction of interest rates. Exchange differences were also positive, and are associated to the revaluation of the US dollar and the GBP that were recorded mainly in Q1 2015.

Profits from Investments were €0.5 Million, slightly higher than the €0.3 Million recorded in 2014.

The provision for **Income Taxes** amounts to €3.7 Million, slightly lower than the €3.9 Million recorded previous year.

The German subsidiary Reno De Medici Arnsberg GmbH is currently undergoing the tax audit of the period 2011-2013. In this ambit, the German Tax Authorities are bringing into question the Logo Fee charged by the mother company Reno De Medici S.p.A. It has to be pointed out that the Logo Fee charged was accepted in the previous tax audit of Reno De Medici Arnsberg GmbH, for the period 2007-2010. At the current visibility it is not possible to predict the outcome of the discussions, and the possible relevant consequences and therefore any provision wasn't booked.

Consolidated Profit before Discontinued Operations amounted to €11.0 Million, an increase compared to €10.2 million recorded in 2014; the positive operational performance, and lower financial expenses, compensated almost entirely the decrease of Other Income, and Asset Write-downs.

The **Result from Discontinued Operations** was negative by -€1.1 Million, vs. -€4.8 Million of previous year. Such result is the adjustment to fair value less costs to sell, the adjustment represents the 2015 loss of the company Reno De Medici Ibérica S.l.u., which at the end of 2014 was made held for sale and reclassified accordingly, following the provisions of IFRS 5. On January 27, 2016, the operation was eventually sold, as described in the section 'Subsequent Events', further below.

Consolidated Profit amounted to €9.9 Million, a significant increase compared to €5.4 Million recorded in 2014.

Capital Expenditures made in the period by the Reno De Medici Group amounted to €12.7 Million (€19.7 Million in 2014).

Consolidated Net Financial Indebtedness at December 31st, 2015 was €50.3 Million (including Reno De Medici Ibérica S.l.u.), an improvement in the year of €-15.6 Million compared to €65.9 Million at December 31st, 2014, thanks to the positive performance of operations.

In 2015 Reno De Medici restructured and increased the sources of funding. In particular, new long-term loans were contracted for a total amount of €51 Million, whilst the already existing long-term loans were reimbursed (both ordinarily and in advance) for a total amount of €22.4 Million.

As a consequence, the Group's financial indebtedness is now mainly based on long-term facilities, and the Group thus can count on stable sources of financing that adequately support the operations, technical capital expenditures in particular, and possibly also projects to seize opportunities for strategic investments.

KEY EVENTS

At the beginning of August the sale of the area in which the Marzabotto mill was built was completed.

On November 2nd, 2015 shareholders resolved, upon amendment of the Articles of Association:

- the voluntary cover of all previous losses, partly using earnings (€2,239,197) and available reserves (€ 1,763,830), partly reducing share capital (€34,723,231). The resolution is propaedeutic to the possible future distribution of dividends;
- the constitution of an "Available Reserve" for an amount of 10,399,255.80 euro, through a voluntary reduction of share capital, pursuant to Article 2445 of the Italian Civil Code, operation that was effective starting from February 29,2016, also with the purpose of the purchase and dispose of treasury shares, as an instrument to stabilize the course of the title.

In the meantime it was thus authorized a program to purchase and dispose of treasury shares, the number of which cannot exceed one fifth of share capital.

It is highlighted that concerning the aforementioned operations the Company received the waiver by banks according the loans agreement.



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

Risks associated with the general economic conditions

The Company and the Group are exposed, like all industrial operators, to the risks related, above all, to the continuing global economic crisis and the uncertainty of the general macro economic situation.

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

In this context, another risk factor is tied to movements in prices for pulp raw materials which are mainly exposed to the volume of exports to China, which in turn is dependent upon that country's economic growth rate. However, this risk is relatively limited, above all since changes in prices for pulp raw materials are normally translated into a corresponding change in sales prices for chipboard packaging, so the risks are mainly related to possible time lags between the two phenomena. In addition, the fall in imports by China, linked to the slow-down in the Chinese economy, the increased domestic generation capacity and the rationalization of buying policies, have nowadays reduced the price fluctuations recorded in previous years and, consequently, the associated risks.

As far as the risks associated with energy price fluctuations are concerned, especially exposed to crisis situations that could occur in countries which play a key role in the production and distribution of energy resources (North Africa and Ukraine), they presently appear to be very limited: energy prices are currently around minimum levels, and it seems very unlikely that they will rise, in the short-term at least. Anyway, the situation is constantly and closely monitored by the appropriate Corporate Functions.

Under the risks related to the general economic situation, lastly credit risks should be mentioned. See the next paragraph for details.

Risks related to the Group's results

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

Risks related to requirements of financial resources

The Group currently has sufficient financial resources available to meet reasonably foreseeable requirements for 2016, as a result of the improvement in both the Group's financial position and the credit market conditions.

Risks related to interest rates

The exposure to the risk related to interest rates involves mainly both medium/long-term lines of credit on which the Group's financial provisions are currently based. At December 31, 2015, the Company has cash available and, essentially, does not use short-term lines of credit, with the exception of programs for non-recourse factoring for trade payables. Medium-/long-term debt at December 31, 2015 stood at €68.6 million (excluding Reno De Medici Ibérica S.l.u. whose medium-/long-term debt stood at €1 million), of which €32.3 million was at variable rate not protected by hedging. The availability of cash at December 31, 2015 stood at €23.1 million. The development planned for 2016 expects interest rates which have been at very reasonable levels to remain essentially stable.

Liquidity Risk

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

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

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

As of December 31, 2015, the net debt financial position of the RDM Group was equal to €50.3 million, including Reno De Medici Ibérica S.l.u., with wide margins to satisfy all reasonable financial requirements.

Credit risk

Credit risk is the exposure of the Company and the Group to the insolvency of its customers, especially in Italy, which is one of the countries suffering the most in the current crisis, and which historically features the longest payment terms and consequently high exposure to customers. Italy is the most important market for the Group.

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

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

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

Although the policies adopted to date have enabled credit losses to be contained, the risk cannot be eliminated as it is mainly connected with the ongoing general economic crisis; it actually appears to have increased in 2015, particularly in Italy, linked specifically to the continuing crisis.

Currency Risk

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

Capital risk

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

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

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

Operating results

RDM GROUP	12.31.2015	%	12.31.2014	%
(thousands of Euros)				
Revenues from sales	438,037	100.00%	426,134	100.00%
Operating costs (15)	(400,532)		(395,800)	
Other operating income (expenses) (16)	4,304		10,858	
Gross Operating Profit (EBITDA)	41,809	9.54%	41,192	9.67%
Depreciation, amortization and write-downs	(24,567)		(22,764)	
Operating Profit (EBIT)	17,242	3.94%	18,428	4.32%
Net financial income (expense)	(3,127)		(4,648)	
Gains (losses) from investments	543		280	
Taxes	(3,676)		(3,887)	
Profit (loss) for the period before discontinued operations	10,982	2.51%	10,173	2.39%
Discontinued operations	(1,114)		(4,755)	
Profit (loss) for the year	9,868	2.25%	5,418	1.27%
Group's share of profit (loss) for the period	9,790	2.23%	5,479	1.29%

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

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

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

RDM GROUP	12.31.2015	%	12.31.2014	%
(thousands of Euros)				
Areas				
Italy	163,519	37%	162,074	38%
EU	206,039	47%	194,330	46%
Non-EU	68,479	16%	69,730	16%
Total revenues from sales	438,037	100%	426,134	100%

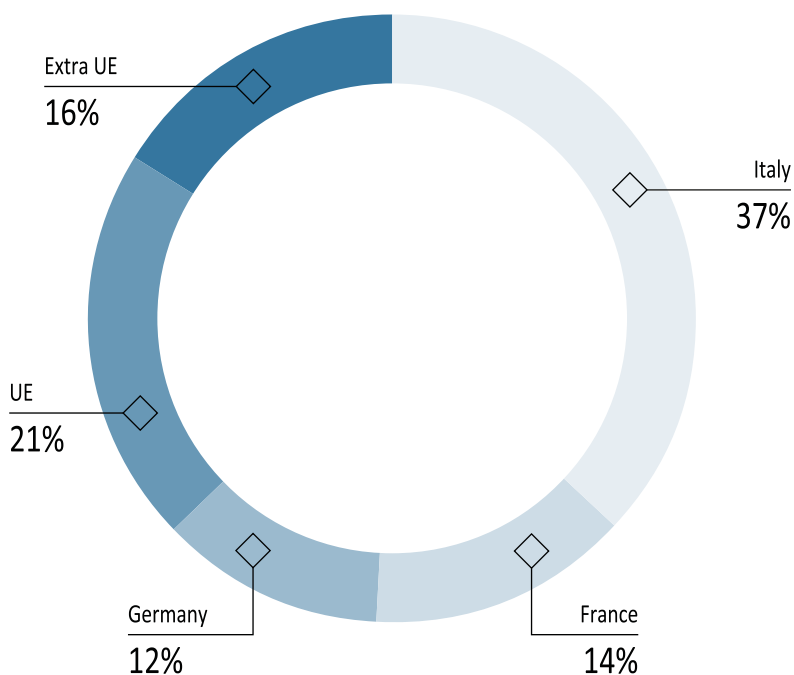


Fig. 2.: "Revenues by Geographic Area"

The Reno De Medici Group's revenues reached €438 million in 2015; the increase compared with the previous year, equal to €11.9 million, was essentially due to the increase in tonnes sold.

EBITDA remained virtually in line, going from €41.2 million in 2014 to €41.8 million in 2015.

EBIT recorded a consolidated gain of €17.2 million, compared to a profit of €18.4 million reported in 2014. The fall is due to the EEC, Energy Efficiency Certificates, and the greater write-downs partly offset by the reduction in energy costs and the curbing of other production costs.

RDM GROUP	12.31.2015	12.31.2014
(thousands of Euros)		
Net financial expense	(3,127)	(4,648)
Gains (losses) from investments	543	280
Total	(2,584)	(4,368)

Net financial expense amounted to €3.1 million as of December 31, 2015, compared with €4.6 million during the same period of the previous year thanks to lower net financial debt. In addition, the average cost of long-term debt decreased following the fall in interest rates.

The item "Gains (Losses) from investments" recorded a net profit of €543,000 from valuing the investment in Pac Service S.p.A. at equity. (€463,000) and Careo S.r.l. (€80,000).

Consolidated profit before taxes and discontinued operations amounted to €14.7 million, compared to a profit of €14.1 million reported in the previous year.

The net result at the end of 2015 was a positive figure of €9.9 million compared with a profit of €5.4 million recorded in 2014.

The Group's portion of profit was €9.8 million compared with a profit of €5.5 million in 2014.

Statement of Financial Position

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

RDM GROUP	12.31.2015	12.31.2014
(thousands of Euros)		
Trade receivables (17)	58,976	59,642
Inventories	68,391	70,595
Payables to suppliers (18)	(84,879)	(88,531)
Trade working capital	42,488	41,706
Other current assets (19)	7,042	8,313
Other current liabilities (20)	(12,362)	(16,238)
Non-current assets (21)	202,223	214,568
Assets held for sale	8,129	10,425
Liabilities held for sale	(7,473)	(8,315)
Non-current liabilities (22)	(9,018)	(10,771)
Invested capital	231,029	239,688
Employee benefits and other provisions (23)	(32,203)	(35,454)
Net invested capital	198,826	204,234
Net financial position (24) (*)	46,407	62,674
Shareholders' equity	152,419	141,560
Sources total	198,826	204,234

(*) The net financial position excludes Reno De Medici Ibérica S.l.u. The Group's financial position including Reno De Medici Ibérica S.l.u. is equal to € 50,254.

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

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

(19) See RDM Group consolidated financial statements- the item “Other receivables” net of €246,000 relating to an entry of a financial nature.

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

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

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

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

(24) See RDM Group consolidated financial statements – sum of the following items: “Cash and cash equivalents”, “Other receivables from associates and joint ventures”, classified under “Current assets” to which the €246,000 is added relating to an entry of a financial nature included under the item “Other receivables”, net of the following items “Payables to banks and other lenders” and “Derivative instruments”, classified under “Non-current liabilities” and

“Payables to banks and other lenders”, “Derivative instruments” and “Other payables to associates and joint ventures”, classified under “Current liabilities”.

Trade working capital at the end of 2015 stood at €42.5 million, an increase of €0.8 million compared with 2014.

The reduction of €1.3 million in the item “Other current assets” is due essentially to the reduction in receivables due to the allocation of Energy Efficiency Certificates.

The decrease in the item “Non-current assets” is due essentially to the decrease in the value of tangible fixed assets of approximately €12.3 million and to the reduction of €0.4 million in deferred tax assets.

“Assets and Liabilities held for sale”: the assets and liabilities of Reno De Medici Ibérica S.l.u. were reclassified under this item. For further information, see the paragraph “Subsequent Events.”.

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

Net financial position

Consolidated Net Financial Debt at December 31, 2015 was €50.3 million (including the debt of Reno De Medici Ibérica S.l.u.), a reduction of €15.6 million over December 31, 2014. This reduction is mainly due to the positive performance

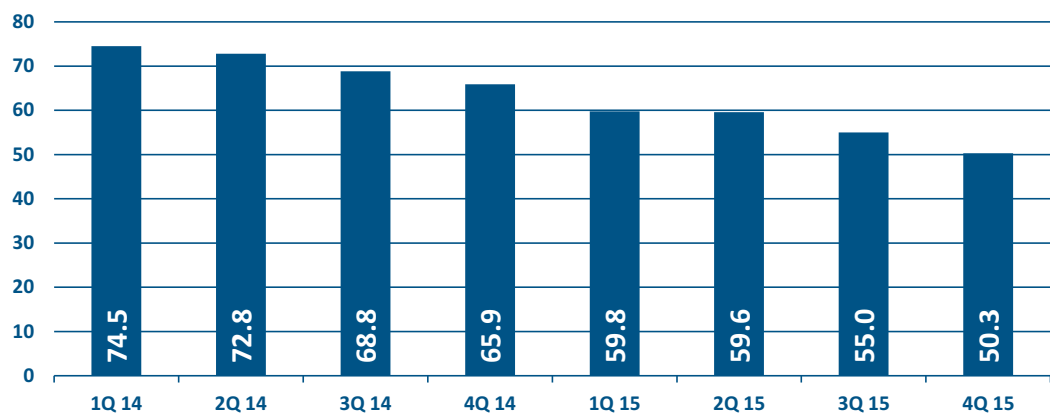


Fig. 3: “2014-2015 Net Financial Position- Quarterly Trend”

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

RDM GROUP	12.31.2015 Continuing	12.31.2015 Assets held for sale	12.31.2015 Total	12.31.2014 Continuing	12.31.2014 Assets held for sale	12.31.2014 Total	Change
(thousands of Euros)							
Cash, cash equivalents and short-term financial receivables (25)	23,863	164	24,027	2,996	702	3,698	20,329
Short-term financial payables (26)	(16,794)	(3,355)	(20,149)	(38,641)	(3,066)	(41,707)	21,558
Valuation of current portion of derivatives (27)	(146)		(146)	(286)		(286)	140
Short-term net financial position	6,923	(3,191)	3,732	(35,931)	(2,364)	(38,295)	42,027
Medium-term financial payables (28)	(53,280)	(656)	(53,936)	(26,725)	(856)	(27,581)	(26,355)
Valuation of non-current portion of derivatives (29)	(50)		(50)	(18)		(18)	(32)
Net financial position	(46,407)	(3,847)	(50,254)	(62,674)	(3,220)	(65,894)	15,640

(25) See RDM Group consolidated financial statements- Sum of "Cash and cash equivalents" and "Other receivables from associates and joint ventures" classified under "Current assets, to which to add the €246,000 relating to an entry of a financial nature included under the item "Other receivables".

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

(27) See RDM Group consolidated financial statements – the item "Derivative instruments" classified under "Current liabilities".

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

(29) See RDM Group consolidated financial statements – the item "Derivative instruments" classified under "Non-current liabilities".

Research and development activities

The Group continuously conducted research and development activities aimed at the constant technological upgrading of production processes, as well as constant research into the better use of materials in order to improve the quality of the product or the process.

The activity directed at developing new business areas and the creation of new products should also not be forgotten.

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

In 2015, the Department concluded the research and began the validation of several productions of cartonboard suitable for contact with dry foodstuffs.

Investments

In 2015, the RDM Group's capital expenditures totaled €12.7 million (€19.7 million in 2014).

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

- **Santa Giustina** mill: the second step relating to the new generation belt type rolling machine was capitalized. This investment was aimed at reducing energy and pulp costs, and improving quality.
- **Ovaro** mill: improvement and modernization works on plant and machinery. Specifically, the vacuum system was rebuilt, installing a new turbo blower system which will enable energy costs to be cut.
- **Villa Santa Lucia** mill: improvement and modernization works on plant and machinery, specifically the turbine and the reduction unit installed on the turbogenerator were overhauled.
- **Arnsberg mill (Germany)**: modernization of the production line, specifically the launch of the project to upgrade the central and post-drying lines. This investment is aimed at increasing the production capacity, improving production efficiency, and cutting energy and pulp costs.

Human resources

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

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

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

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

Also note that in the first quarter of 2015, the Company accessed the wage guarantee fund (Cassa Integrazione Guadagni Straordinaria) pursuant to Article 1(3) of Law 223/91 due to the completion of the corporate restructuring plan for some of the company's mills and sites in accordance with the program presented to the Ministry of Labour.

As at December 31, 2015 the Group headcount stood at 1,166 people.

Compared with the previous year, the total number of Group employees fell by 3 people (1,169 as at December 31, 2014, excluding employees of RDM Ibérica S.l.u.).

As at December 31, 2015, the Group headcount included 16 executives, 315 white-collars and 835 blue-collars.

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

Operating results

Below are the main economic figures at December 31, 2015, compared with those of the previous year.

RDM	12.31.2015	12.31.2014
(thousands of Euros)		
Revenues from sales	217,505	208,812
Operating costs (30)	(200,381)	(198,961)
Other operating income (expenses) (31)	7,037	14,791
Gross Operating Profit (EBITDA)	24,161	24,642
Depreciation, amortization and write-downs	(14,348)	(12,468)
Operating Profit (EBIT)	9,813	12,174
Net financial income (expense)	(2,708)	(3,920)
Gains (losses) from investments	6,536	(3,684)
Taxes	(1,252)	(1,146)
Profit (loss) for the year	12,389	3,425

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

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

Revenues reached €217.5 million in 2015. The increase over the previous year, equal to €8.7 million, was essentially due to the increase in the number of tonnes sold in 2015, also taking into consideration the fact that sales revenues at December 31, 2014 had been affected by the temporary slowdown in production at the Santa Giustina mill as a result of the rebuilding of the board machine. Average prices in 2015 were essentially in line with the previous year.

The following table provides a geographical breakdown of sales revenues:

RDM	12.31.2015	%	12.31.2014	%
(thousands of Euros)				
Areas				
Italy	121,807	56%	120,348	58%
EU	46,808	22%	49,863	24%
Non-EU	48,890	22%	38,601	18%
Total revenues from sales	217,505	100%	208,812	100%

As far as the performance of the main production factors is concerned, in 2015 the price of recycled fibres increased from the second quarter. The price of chemical products, latex in particular, fluctuated following the price of crude oil. The effect of these costs on the value of production (“Revenues from sales” plus the “Change in the inventories of finished products”) remained virtually in line with the previous year (45.9% at December 31, 2014, 46.1% at December 31, 2015).

Energy costs fell by around €2.7 million in spite of the increase in production quantities. The decrease is largely due to both the fall in gas prices which represents the Company’s main energy source, and improved efficiency in the production plants. The cost of electricity, on the other hand, has remained essentially stable, albeit also showing a downward trend in the last part of the year.

The reduction in labour costs compared with the previous year equal to around €2.2 million (8% in percentage terms) was due to the reduction in the average workforce, following the restructuring of the cutting and outfitting departments in the Italian plants completed in 2014, which more than offset the salary rises agreed in 2015.

The company reported a net profit of €12.4 million, after depreciation, amortization and write-downs of approximately €14.3 million, net financial expenses of €2.7 million and investment expenses of €6.5 million. mainly due to dividends received from the German subsidiary. Taxes were negative by €1.3 million.

Statement of Financial Position

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

RDM	12.31.2015	12.31.2014
(thousands of Euros)		
Trade receivables (32)	40,060	36,778
Inventories	34,824	36,882
Trade payables (33)	(55,671)	(53,497)
Trade working capital	19,213	20,163
Other current assets (34)	2,879	4,341
Other current liabilities (35)	(5,747)	(6,443)
Non-current assets (36)	198,345	206,311
Non-current liabilities (37)	(130)	(182)
Assets held for sale	800	1,838
Invested capital	215,360	226,028
Employee benefits and other provisions (38)	(9,647)	(12,676)
Net invested capital	205,713	213,352
Net financial position (39)	43,855	63,990
Shareholders' equity	161,858	149,362
Sources total	205,713	213,352

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

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

(34) See RDM’s financial statements – sum of the following items: “Other receivables, net of €246,000 of financial receivables.”

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

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

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

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

(39) See RMD’s financial statements – sum of the following items “Cash and cash equivalents” and “Other receivables from Group companies”, classified under “Current assets”, to which to add the €246,000 relating to an entry of a financial nature included under the item “Other receivables”, net of the following items “Payables to banks and other lenders”, “Derivative instruments” and “Other payables to Group companies”, classified under “Non-current liabilities” and “Payables to banks and other lenders”, “Derivative instruments” and “Other payables to Group companies”, classified under “Current liabilities”.

Trade working capital at the end of 2015 stood at €19.2 million, a decrease of €1 million compared with 2014, mainly through operations. Specifically, the increase in trade receivables is due to the increase in sales revenues, also taking into consideration the fact that sales revenues at December 31, 2014 had been affected by the temporary slowdown in production at the Santa Giustina mill as a result of the rebuilding of the board machine. With reference to inventories, note that the fall in this item was due mainly to a stock optimization process at the Company's cutting centres. The increase in payables was essentially due to several investments made at the end of 2015.

At the end of 2015, about 21% of Net Invested Capital was funded by interest-bearing debt and approximately 79% by shareholders' equity.

Net financial position

Net financial debt for the Parent Company stands at €43.9 million, an improvement over the €64 million at December 31, 2014.

RDM	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Cash, cash equivalents and short-term financial receivables (40)	23,048	2,336	20,712
Short-term financial payables (41)	(22,578)	(50,900)	28,322
Valuation of current portion of derivatives (42)	(146)	(268)	122
Short-term net financial position	324	(48,832)	49,156
Medium-term financial payables (43)	(44,129)	(15,140)	(28,989)
Valuation of non-current portion of derivatives (44)	(50)	(18)	(32)
Net financial position	(43,855)	(63,990)	20,135

(40) See RDM financial statements- sum of the item "Cash and cash equivalents, to which to add the €246,000 relating to an entry of a financial nature included under the item "Other receivables".

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

(42) See RDM financial statements- item "Derivative instruments", classified under "Current liabilities".

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

(44) See RDM financial statements- item "Derivative instruments" classified under "Non-current liabilities".

The decrease in the item (-€20.1 million) is mainly due to the positive operating performance and to the dividends received from the subsidiaries. Also note that during the course of the year Reno De Medici continued with the restructuring and increasing of its sources of funding. Specifically, it signed new long-term loan agreements and repaid others early. Following these operations, the Group's financial debt is currently mainly based on long-term loans, which guarantee the Group the stability for the financial sources which is needed to adequately support operations, and specifically capital expenditure, as well as possible projects to take advantage of strategic investment opportunities.

Research and development activities

Please refer to the report on the consolidated figures.

Investments

Capital expenditure in 2015 amounted to €6.7 million (€17.2 million in 2014).

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

- **Santa Giustina** mill: the second step relating to the new generation belt type rolling machine was capitalized. This investment was aimed at reducing energy and pulp costs, and improving quality.
- **Villa Santa Lucia** mill: improvement and modernization works on plant and machinery, specifically the turbine and the reduction unit installed on the turbogenerator were overhauled.

Human resources

The headcount of RDM as at December 31, 2015 stood at 481 people.

Compared with the previous year, the total number of employees fell by 15 people (496 as at Wednesday, December 31, 2014).

Also note that in the first quarter of 2015 the Company accessed the wage guarantee fund (Cassa Integrazione Guadagni Straordinaria) pursuant to Article 1(3) of Law 223/91 for the completion of the corporate restructuring for several of the company's mills and sites in accordance with the program presented to the Ministry of Labour.

As at December 31, 2015, the headcount included 12 executives, 147 white-collars and 322 blue-collars.

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

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

	2015 Shareholders' equity	2015 Result
(thousands of Euros)		
Reno De Medici S.p.A.	161,858	12,389
Difference between the carrying value and the corresponding shares of equity of associates and subsidiaries	(3,839)	6,462
Dividends collected by subsidiaries		(8,275)
Capital gain reversal on sales to Group companies	(1,071)	7
Reversal of merger deficit allocation	(3,294)	219
Other consolidation adjustments	(1,675)	(934)
Consolidated financial statements	151,979	9,868



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

	NET FINANCIAL POSITION 12.31.2015	NET FINANCIAL POSITION 12.31.2014
(thousands of Euros)		
Net financial position- Reno De Medici S.p.A.	(43,855)	(63,990)
Cash and cash equivalents and other short-term financial receivables from subsidiaries	509	990
Short-term financial payables from subsidiaries	(4,650)	(7,269)
Medium-long-term financial payables from subsidiaries	(9,808)	(12,388)
Elimination of short-term financial payables from subsidiaries	14,899	23,620
Elimination of short-term financial receivables from Group companies	(7,349)	(6,857)
Net Financial Position – RDM Group	(50,254)	(65,894)
Net Financial Position- Total Asset held for sales	3,847	3,220
Net financial position Continuing	(46,407)	(62,674)

OTHER INFORMATION

Existing disputes and risks

No existing risks and disputes found.

Tax disputes and risks

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

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

Also note that in 2014 the Company received a liquidation and adjustment notice for greater registration tax regarding the sale of the business unit to RDM Ovaro S.p.A. which took place in July 2012, against which Reno De Medici S.p.A. and RDM Ovaro S.p.A. filed an appeal with a petition for suspension. On March 10, 2015, there was a hearing for dealing with the suspension application submitted by the Company: the tax commission accepted the request and suspended the execution of the act. On September 19, 2015 the judgment of the first instance was announced cancelling the contested act and ordering the Office to pay costs. The ordinary term for appeal by the Office is 6 months from the filing of the ruling, which took place on October 16, 2015.

Environment and safety

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

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

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

The Company has maintained ISO 14000 certification, and in 2015 obtained OHSAS 18001:2008 certification for the Villa Santa Lucia mill (FR). This certification process continues with the certification project for the remaining production plants in Italy.

In 2015, the Ovaro, Santa Giustina and Villa Santa Lucia plants also gained ISO 50001 certification for “Energy management systems”.

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

Treasury Shares

As at December 31, 2015 the Company does not hold any treasury shares. On November 2, 2015 the shareholders’ meeting conferred a mandate on the Board of Directors to buy treasury shares in a maximum number of shares that could not exceed one fifth of the share capital. Said resolution became effective on February 29, 2016.

Shares held by Directors and Statutory Auditors

In compliance with the provisions of Consob Regulation 11971 and later amendments and additions, the information regarding shares held by RDM Directors and Statutory Auditors in RDM and its subsidiaries as at December 31, 2015 is given below:

Name and Surname	Investee company	Number of shares as at December 31, 2014	Number of shares purchased	Number of shares sold	Number of shares as at December 31, 2015
Ignazio Capuano	Reno De Medici S.p.A.	550,000			550,000

Information on relations with subsidiaries, associates and joint ventures

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

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

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

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

Please refer to the "Notes" in the financial statements in this Report for a quantitative analysis of the relations undertaken in 2015 between RDM and its subsidiaries, associates and joint ventures, as well as the paragraph "Related-Party Relations" for a better explanation of the relations listed above.

Information about relations with related parties

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

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

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

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

Related-party transactions include:

- commercial relations with Pac Service S.p.A., a company of which RDM owns 33%, in connection with sales of cartonboard. Sales made in 2015 totaled €4,555,000, while trade payables at December 31, 2015 amounted to €239,000. During the year, RDM sold the trade receivables of Pac Service S.p.A. following the activation of the factoring program. More information can be found in the “Notes” for this Report;
- commercial relations with ZAR s.r.l., a company of which RDM owns 33.33%, in connection with purchase of waste paper. Purchases made in 2015 totaled €4,229,000, while trade payables as at December 31, 2015 amounted to €257,000;
- Note as part of the sale of the Ovaro mill to R.D.M. Ovaro S.p.A., Reno De Medici S.p.A. and FRIULIA S.p.A respectively obtained a call option, exercisable between June 27, 2014 and June 27, 2017, and a put option, exercisable between June 27, 2015 and June 27, 2017, on FRIULIA S.p.A.’s stake in R.D.M. Ovaro S.p.A.

SUBSEQUENT EVENTS

On January 27th, 2016, the Spanish operation of **Reno De Medici Ibérica S.L.U.** was sold to a Spanish company set up by a group of managers and former managers of the Subsidiary, at a price of € 800 Thousand, that corresponds to the consolidated book value of the investment. The purchase price was partially already collected, with a portion that will be paid in instalments, the last of which will be due on December 31, 2018; its payment is secured by a guarantee of Iberaval, S.G.R., a Spanish company controlled by public and financial entities, whose main mission is to support small and medium businesses. The sale will allow a reduction of the Net Financial Indebtedness of the Group by €4.2 Million (resulting from the sale price and the deconsolidation of the indebtedness of the Spanish operation).

On January 18th, 2016, the Ordinary Court of Rome – GIP Section, ordered the precautionary attachment of the second lot of the landfill of the Villa Santa Lucia mill (FR). The attachment has been executed on January 25th, 2016.

On March 14th, 2016 Reno De Medici S.p.A. has signed a Memorandum of Understanding to purchase, even indirectly, the entire share capital of Cascades S.A.S., presently 100% owned by Cascades Inc., the Canadian company that, indirectly via Cascades S.A.S., controls 57.6% of RDM share capital. The RDM Group will purchase Cascades S.A.S. via own subsidiary RDM Blendecques S.A.S.

On March 14th, 2016 Reno De Medici has sold a 17% stake in the Emmaus Pack S.r.l. share capital to minority shareholder. The sale will reduce the RDM holdings in the sheeting and distribution center from 51% to 34% of total share capital. The purchase price has been set at € 700 thousand. The book value of the shareholding of RDM at Emmaus is equal to € 108 thousand. Reno De Medici will therefore benefit from a reduction in its Consolidated Net Financial Debt of approx. € 3 million.

OUTLOOK

As regards the general macroeconomic scenario, in the short-term no major changes are expected in the trend of the main factors that drive the economy, and the evolution in Q1 2016 should be in line with Q4 2015.

The current forecasts for 2016 envisage a moderate acceleration of global growth, that in January's estimations of the IMF's should attain +3.4%, an improvement vs. +3.1% of 2016, and thus returning to the same level of 2014. However, such predictions downscale by -0.20 percentage points the previous assessments for both 2016 and 2017, mainly due to the weaker pickup in Emerging Markets and Developing Economies, where growth should reach +4.3%, an improvement compared to +4.0% of 2015, but still below the +4.6% of 2014.

China should grow +6.3%, the rebalancing of economy should evolve as envisaged, but it will have as a consequence growth rates now much lower compared to the rates recorded a few years ago.

As regards the other major Emerging Economies, the ones that are currently going through a very delicate crisis should gradually recover, but some countries such as Russia and Brazil still envisage negative growth rates also for 2016, and only India seems to count on a stable positive outlook.

The growth in the **Euro Area** in 2016 should attain +1.7%, a modest acceleration compared to +1.5% of 2015, in a scenario where Italy is expected to improve visibly, with a growth rate of +1.3% substantially higher compared to the +0.8% of 2015. All the factors that supported the recovery of 2015 should continue to be in effect in 2016 as well: low cost of energy, the favorable exchange rate of the Euro, declining unemployment, and the accommodative monetary policy of the ECB.

However, the outlook remains marked by high uncertainty, and risks seem to be more tilted on the downside. The recovery remains fragile, and in February the OECD downgraded the growth expectation in most geographical areas both for 2016 and 2017, including Italy, with the only exceptions of China and India.

A possible further decline in the prices of commodities, financial instability risks and high debt exposures could slow-down even more the recovery in the Emerging Countries that are currently distressed. These factors might have a negative impact also on Advanced Economies, that still need the pick-up of global trade and investment, even if currently the positive dynamics of internal demand out-weight them as the driving factor of economic activities.

Lastly, the serious political crisis and social turmoil that are plaguing some regions of the world might levy their toll on their economic activities.

In the sector in which Reno De Medici operates, the beginning of 2016 is moderately encouraging; after the slow-down that was noticed in the last months of 2015, the order inflow is showing some recovery, and seems to be returning to more normal and satisfactory levels. The prices of recycled fibers are stable, and the cost of energy keep on being very low.

In any case, also the outlook for the sector remains marked by uncertainty.



**NOTES TO THE
CONSOLIDATED
FINANCIAL
STATEMENTS AT
DECEMBER 31,
2015**

CONSOLIDATED STATEMENT OF INCOME

	Note	12.31.2015	12.31.2014
(thousands of Euros)			
Revenues from sales	1	438,037	426,134
- of which related parties	31	6,344	6,030
Other revenues and income	2	6,488	14,152
- of which related parties	31	442	664
Change in inventories of finished goods	3	(2,184)	(3,294)
Cost of raw materials and services	4	(331,362)	(324,968)
- of which related parties	31	(15,363)	(15,322)
Personnel costs	5	(63,663)	(65,674)
Other operating costs	6	(5,507)	(5,158)
Gross operating profit		41,809	41,192
Depreciation and amortization	7	(22,345)	(22,557)
Write-downs and revaluations	8	(2,222)	(207)
Operating profit		17,242	18,428
<i>Financial expense</i>		<i>(3,597)</i>	<i>(5,364)</i>
Gains (losses) on foreign exchange		450	628
Financial income		20	88
Net financial income (expense)	9	(3,127)	(4,648)
Gains (losses) from investments	10	543	280
Taxes	11	(3,676)	(3,887)
Profit (loss) for the period before discontinued operations		10,982	10,173
Discontinued operations	12	(1,114)	(4,755)
Profit (loss) for the year		9,868	5,418
Total profit (loss) for the period attributable to:			
- Group		9,790	5,478
- Minority interests		78	(60)
Basic earnings (loss) per ordinary share (Euros)		0.026	0.015
Diluted earnings (loss) per ordinary share (Euros)		0.026	0.015
Basic profit (loss) per ordinary share from discontinued operations (Euros)		(0.003)	(0.013)
Diluted profit (loss) per ordinary share from discontinued operations (Euros)		(0.003)	(0.013)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	12.31.2015	12.31.2014
(thousands of Euros)		
Profit (loss) for the year	9,868	5,418
Other components of comprehensive profit (loss)		
Other components that may be transferred to the income statement in subsequent financial periods:		
<i>Change in fair value of cash flow hedges</i>	(163)	225
<i>Profit (loss) on translation of financial statements of foreign investee companies</i>	(34)	(24)
Other components that will not be transferred to the income statement in subsequent financial periods:		
Actuarial gain (loss)	1,188	(3,761)
Total other components of comprehensive profit (loss)	991	(3,560)
Total comprehensive profit (loss)	10,859	1,858
Total comprehensive profit (loss) attributable to:		
- Group	10,781	1,922
- Minority interests	78	(64)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	12.31.2015	12.31.2014
(thousands of Euros)			
ASSETS			
Non-current assets			
Tangible assets	13	190,452	202,768
Intangible Assets	14	1,880	1,911
Intangible assets with an indefinite useful life	14	3,948	3,948
Equity investments	15	1,981	1,706
Deferred tax assets	16	2,795	3,245
Other receivables	18	1,167	990
Total non-current assets		202,223	214,568
Current assets			
Inventories	19	68,391	70,595
Trade receivables	17	58,861	59,368
- of which related parties	31	229	451
Receivables from associates and joint ventures	17	115	274
Other receivables	18	7,289	8,562
Other receivables from associates and joint ventures	18	470	372
Cash and cash equivalents	20	23,146	2,376
Total current assets		158,272	141,548
Total assets held for sale	12	8,129	10,425
TOTAL ASSETS		368,624	366,541

	Note	12.31.2015	12.31.2014
(thousands of Euros)			
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		150,399	185,122
Other reserves		(6,761)	(6,159)
Retained earnings (losses)		790	(43,243)
Profit (loss) for the year		9,790	5,478
Use of profit for the year to cover losses		(2,239)	
Residual profit (loss) for the year		7,551	5,478
Shareholders' equity attributable to the Group			
Minority interests		440	362
Total shareholders' equity	21	152,419	141,560
Non-current liabilities			
Payables to banks and other lenders	20	53,280	26,725
Derivative instruments	22	50	18
Other payables	23	130	182
Deferred taxes	24	8,888	10,589
Employee benefits	25	29,063	30,674
Non-current provisions for risks and charges	26	2,657	4,780
Total non-current liabilities		94,068	72,968
Current liabilities			
Payables to banks and other lenders	20	14,839	36,196
Derivative instruments	22	146	286
Trade payables	27	81,985	85,752
- of which related parties	31	496	404
Payables to associates and joint ventures	27	2,894	2,780
Other payables	23	11,985	12,919
Other payables to associates and joint ventures	23	1,954	2,445
Current taxes	28	378	2,396
Employee benefits	25	31	924
Current provisions for risks and charges	26	452	
Total current liabilities		114,664	143,698
Total liabilities held for sale	12	7,473	8,315
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		368,624	366,541

CONSOLIDATED STATEMENT OF CASH FLOWS

	December 31, 2015		December 31, 2014	
	Continuing	Discontinued	Continuing	Discontinued
(thousands of Euros)				
Profit (loss) for the year	10,983	(1,114)	10,173	(4,755)
Taxes	3,676		3,887	
Depreciation and amortization	22,345	492	22,557	557
Write-downs	2,222		207	4,000
Losses (gains) from investments	(543)		(280)	
Financial (income) expense	3,576	152	5,149	127
Capital losses (gains) on sale of fixed assets	(372)		(578)	438
Change in provisions for employee benefits and in other provisions, including the provision for bad and doubtful receivables	(3,461)	20	(1,939)	(921)
Change in inventories	2,222	(274)	2,389	1,962
Change in trade receivables	1,647	1,875	3,536	1,950
- of which related parties	381	20	313	28
Change in trade payables	(4,444)	(1,273)	(9,199)	(4,871)
- of which related parties	378	(96)	(838)	(3,538)
Change in total working capital	(575)	328	(3,274)	(959)
Gross cash flows	37,851	(122)	35,902	(1,513)
Interest paid in the year	(2,858)	(152)	(3,888)	(127)
- of which related parties				
Taxes paid in the period	(7,054)		(3,826)	
Cash flows from operating activities	27,939	(274)	28,199	(1,640)
Other equity investments	(2)			
Investment net of disinvestment in tangible and intangible assets	(11,410)	(330)	(18,945)	5
Investments in joint ventures and associates			30	
Dividends received	270		370	
Cash flows from investing activities	(11,142)	(330)	(18,545)	5
Dividends paid			(243)	
Change in other financial assets and liabilities and short-term payables to banks	(20,111)	266	(4,314)	2,085
- of which related parties	(589)		1,549	
Change in medium- and long-term loans	24,119	(201)	(5,189)	29
Cash flows from financing activities	4,007	65	(9,746)	2,114
Translation differences	(34)		(24)	
Change in unrestricted cash and cash equivalents	20,770	(538)	(116)	479
Unrestricted cash and cash equivalents at the beginning of the period	2,376	702	2,493	223
Unrestricted cash and cash equivalents at the end of the period	23,146	163	2,376	702

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(thousands of Euros)	Share capital	Legal reserve	Other reserves	Retained earnings (losses)	Profit (loss) for the period	Hedging reserve	Reserve for actuarial gain (loss)	Shareholders' equity attributable to the Group	Total Shareholders' equity attributable to minority interests	Total Shareholders' Equity
Shareholders' equity at 12.31.2013	185,122	408	989	(44,983)	1,775	(197)	(3,838)	139,276	669	139,945
Dividends distributed									(243)	(243)
Allocation of profit (loss) for the period		35		1,740	(1,775)					
Profit (loss) for the period					5,478			5,478	(60)	5,418
Other components of comprehensive profit (loss)			(24)			225	(3,757)	(3,556)	(4)	(3,560)
Total comprehensive profit (loss)			(24)		5,478	225	(3,757)	1,922	(64)	1,858
Shareholders' equity at 12.31.2014	185,122	443	965	(43,243)	5,478	28	(7,595)	141,198	362	141,560
Dividends distributed										
Allocation of profit (loss) for the period		171		5,307	(5,478)					
Coverage of previous losses	(34,723)	(614)	(1,150)	38,726	(2,239)					
Profit (loss) for the period					9,790			9,790	78	9,868
Other components of comprehensive profit (loss)			(34)			(163)	1,188	991		991
Total comprehensive profit (loss)			(34)		9,790	(163)	1,188	10,781	78	10,859
Shareholders' equity at 12.31.2015	150,399		(219)	790	7,551 (*)	(135)	(6,407)	151,979	440	152,419

(*) Said amount is referred to the residual profit/loss for the year after the partial use of the result for the period of coverage of pre-existing losses in accordance with the resolutions of the Shareholders' Meeting of Reno De Medici S.p.A. on November 2, 2015

NOTES TO THE FINANCIAL STATEMENTS

STRUCTURE AND CONTENT

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

RDM has its headquarter in Milan, Italy.

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

The consolidated financial statements of the RDM Group were approved and authorized for publication by the Board of Directors of RDM on March 17, 2016.

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

The 2015 consolidated financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and endorsed by the European Union, as well as on the basis of the provisions issued to implement Article 9 of Legislative Decree 38/2005. IFRS also refers to all the international accounting principles revised (International Accounting Standards or IAS), all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").

RDM applied the same accounting principles as for the Annual Financial Report at December 31, 2014.

Accounting principles, amendments and interpretations effective from January 1, 2015 specifying any impact in these consolidated financial statements for each of them:

- IFRIC 21 – *Levies*. Provides clarifications on the time of recording a liability related to levies (other than income taxes) imposed by a government body. The principle deals with both liabilities for levies that come under the scope of the application of IAS 37- Provisions, Contingent Liabilities and Contingent Assets, and those for levies where the timing and amount are known; The adoption of the principle did not have any effects.
- "Annual Improvements to IFRSs: 2011-2013 Cycle" which includes the changes to some principles under the scope of the annual improvement process (including; IFRS 3 Business Combinations – Scope exception for joint ventures, IFRS 13 Fair Value Measurement – Scope of portfolio exception, IAS 40 Investment Properties – Interrelationship between IFRS 3 and IAS 40). The adoption of the principle did not have any effects.

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

- Amendment to IAS 19 *“Defined Benefit Plans: Employee Contributions”*, which proposes to present the contributions (relating only to the service provided by the employee in the period) made by employees or third parties to benefit plans to reduce service costs during the period in which this contribution is paid.
- Amendment to IFRS 11 Joint Arrangements – Accounting for acquisitions of interests in joint operations. Relates to the accounting of the acquisition of an interest in a joint operation which constitutes a business.
- Amendment to IAS 16 Property, plant and Equipment and IAS 38 Intangibles Assets – *“Clarification of acceptable methods of depreciation and amortisation”* in accordance with an amortization criterion based on revenues is usually considered inappropriate, because the revenues generated by an asset which include the use of the asset subject to amortization generally reflect factors other than consumption of economic benefits of the actual assets, a requirement which, on the other hand, is needed for the amortization.
- Amendment to IAS 1 – Disclosure Initiative; the aim of the changes is to clarify the information elements that could be perceived as hindering the clear and intelligible preparation of the financial statements.
- Lastly, under the scope of the annual process for improving the principles, on December 12, 2013, the IASB published the documents *“Annual Improvements to IFRSs: 2010-2012 Cycle”* and on September 25, 2014 *“Annual Improvements to IFRSs: 2012-2014 Cycle”*.

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

- IFRS 15 – Revenue from Contracts with Customers;
- IFRS 9 – Financial instruments (final version)
- IFRS 16 – Leases
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).
- IFRS 10 and IAS 28 – Sales or Contribution of Assets between an Investor and its Associate or Joint-Venture;

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

The financial statements are prepared on the going-concern assumption. The Directors considered it appropriate to assume the business was a going-concern because, in their judgement, no uncertainties related to events or circumstances which, taken into consideration individually or as a whole, could give rise to doubts concerning business continuity, emerged.

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

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

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

SCOPE OF CONSOLIDATION

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

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

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

Corporate name	Headquarter	Assets	Share capital (Eur/1000)	Control percentage			
				12.31.2015		12.31.2014	
				direct	indirect	direct	indirect
Reno De Medici Ibérica S.l.u	Prat de Llobregatt (E)	Industrial	7,467	100.00%		100.00%	
Reno De Medici UK Limited	Wednesbury (GB)	Industrial	12,963	100.00%		100.00%	
Reno De Medici Arnsberg GMBH	Arnsberg (D)	Industrial	5,113	94.00%	6.00%	94.00%	6.00%
RDM Blendecques S.a.s.	Blendecques (F)	Industrial	1,037	100.00%		100.00%	
Cartiera Alto Milanese S.p.A.	Milan (I)	Commercial	200	100.00%		100.00%	
Emmaus Pack S.r.l.	Milan (I)	Industrial	200	51.39%		51.39%	
Cascades Grundstück GmbH & Co. KG	Arnsberg (D)	Services	19	100.00%		100.00%	
Carta Service Friuliana S.r.l.	Milan (I)	Industrial	60	100.00%		100.00%	
R.D.M. Ovaro S.p.A.	Milan (I)	Industrial	12,500	80.00%		80.00%	

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

Corporate name	Headquarter	Assets	Share capital (Eur/1000)	Control percentage			
				12.31.2015		12.31.2014	
				direct	indirect	direct	indirect
Associates							
Pac Service S.p.A.	Vigonza (I)	Industrial	1,000	33.33%		33.33%	
Joint ventures							
Careo S.r.l.	Milan (I)	Commercial	100	70.00%		70.00%	
ZAR S.r.l.	Silea (I)	Industrial	90	33.33%		33.33%	
Manucor S.p.A.	Milan (I)	Industrial	10,000	22.75%		22.75%	

ACCOUNTING PRINCIPLES

Consolidation Principles

The financial position, results and cash flows of the RDM Group include the financial position, results and cash flows of Reno De Medici S.p.A. and of the companies over which it has the right to exercise control. The definition of control is not based solely on the concept of legal ownership. IFRS 10 introduced a more solid form of control than in the past, based on three elements: (a) power over the business purchased; (b) exposure or rights, at variable returns resulting from involvement with the latter; (c) capacity to utilize the power

to influence the amount of these returns. IFRS 10 requires that in order to evaluate whether an investor has control over the company purchased, it is necessary to focus on the activities that significantly affect the returns of same and requires that, in evaluating the existence of control, only substantial rights should be considered, in other words rights that can be exercised in practice when important decisions about the company purchased need to be taken. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is acquired until the date that such control ceases to exist. The shares of shareholders' equity and profit or loss attributable to minority interests are shown separately in the consolidated statement of financial position, consolidated income statement, and consolidated statement of comprehensive income respectively.

The main consolidation principles adopted are as follows:

- the carrying amount of each investment consolidated on a line-by-line basis is eliminated against the related equity, with the assets, liabilities, income and expense of the subsidiary being added to those of the Parent Company, regardless of the size of the investment; the shares of subsidiaries' capital and reserves and of subsidiaries' profit or loss attributable to minority interests are shown separately in the consolidated statement of financial position and the consolidated income statement;
- the acquisition of subsidiaries is accounted for using the purchase method as required by IFRS 3 Revised (see "Business Combinations");
- all balances and significant transactions between Group companies are eliminated, as are any profits and losses (unless losses indicate an impairment of the sold asset requiring recognition) arising from commercial or financial intragroup transactions not yet realized with third parties;
- any increases or decreases in a subsidiary's equity arising from its post-acquisition results are recorded upon elimination in the equity reserve "Retained earnings/(losses)";
- dividends distributed by Group companies are eliminated from the income statement upon consolidation.

Consolidation of Foreign Companies

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

All non-euro assets and liabilities of foreign companies within the scope of consolidation are translated using the exchange rates as at the reporting date (the current-rate method). Income and expenses are translated at the average rate for the year. The exchange differences resulting from the use of this approach are recognized in a dedicated equity reserve in “Other components of comprehensive income” until the disposal of the investment.

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

Currency	Start of period exchange rate	Average exchange rate	Exchange rate at period end 12.31.2015
GBP	0.7789	0.7260	0.7340

Equity investments

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

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

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

Associates

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

Joint Ventures

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

Business combinations

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

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

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

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

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

TANGIBLE ASSETS

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

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

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

Assets acquired under finance leases, which assign to the Group substantially all the risks and rewards of ownership, are recognized as tangible assets at the lower of their fair value and the

present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as financial debt.

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

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

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

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

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

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

ASSETS/LIABILITIES HELD FOR SALE

Assets and liabilities and groups of assets and liabilities whose carrying value will be recovered principally through a sale rather than through continuing use are presented separately from other assets and liabilities in the statement of financial position. These assets and liabilities are classified as “Assets held for sale” and are valued at the lower value between their carrying value and their fair value less costs to sell. Profits or losses, net of related tax effects, resulting from the valuation or sale of these assets and liabilities, are recorded under a dedicated item in the income statement.

GOODWILL

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

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

INTANGIBLE ASSETS

Intangible assets consist of identifiable assets without physical substance which are controlled by the Group and from which future economic benefits are expected.

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

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

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

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

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

IMPAIRMENT

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets with a finite useful life to assess whether there are any signs that these assets may have lost value (impairment indicators). If any such signs exist, the Group estimates the recoverable amount of such assets to determine the write-down amount (impairment test). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

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

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

DERIVATIVE INSTRUMENTS

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

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

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

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

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

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

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

AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

TRADE AND OTHER RECEIVABLES

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

INVENTORIES

Inventories are measured at the lower of purchase or production cost, determined on a weighted-average basis, and estimated realizable value, determined from market trends.

In the case of raw materials, market value means replacement cost; for finished goods and semi-finished goods, market value means net realizable value (net of the costs necessary to make the sale) representing the amount that the Group would expect to obtain from the sale of these goods as part of its normal business.

CASH AND CASH EQUIVALENTS

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

EMPLOYEE BENEFITS

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

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

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

PROVISIONS FOR RISKS AND CHARGES

The Group records provisions for risks and charges when it has a legal or constructive obligation, arising from a past event, where it is probable that a cost will be incurred to fulfil that obligation and when a reliable estimate of the amount can be made. Provisions are measured at the best estimate of the amount that, at the reporting date, the Group could reasonably expect to pay to extinguish the obligation or transfer it to a third party.

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

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

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

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

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

PAYABLES TO BANKS AND OTHER LENDERS

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

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

TRADE AND OTHER PAYABLES

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

RECOGNITION OF REVENUES

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

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

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

TAXES

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

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

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

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

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

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

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

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

DISCONTINUED OPERATIONS

Discontinued operations include major independent business lines – in terms of business or geographical area, or which form part of a single, coordinated disposal program – that have either been disposed of or are held for sale, as well as subsidiary companies acquired exclusively for resale.

The results of discontinued operations, which are represented by the profits or losses of these operations and any gains or losses on disposal, are presented separately, net of any related tax effects, in a single-line item of the income statement.

FOREIGN-EXCHANGE DIFFERENCES

Transactions in foreign currencies are recorded using the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currencies are converted into Euros using

the exchange rate on the reporting date, with the relevant gain or loss recorded on the income statement.

DIVIDENDS

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

EARNINGS PER SHARE

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

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

ESTIMATES AND VALUATIONS

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

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

Estimates and assumptions are reviewed periodically, and the effects of any changes are recognized in the income statement in the period in which the estimate is revised (if the revision affects only that period) or in the period of the revision and future periods (if the revision affects both current and future periods). In this respect, the situation caused by the present economic and financial crisis has led to the need to make assumptions regarding future performance which are characterized by significant uncertainty; as a consequence, therefore, actual results next year may differ from the

estimates. Although not foreseeable at present, this could have a significant effect on the carrying amounts of the items in question as shown in this report.

VALUATION METHODS

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

FAIR VALUE OF DERIVATIVE CONTRACTS AND FINANCIAL INSTRUMENTS

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

TAXES

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

IMPAIRMENT TESTS

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

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

The Parent Company continues to record an average level that is lower than reported shareholders' equity.

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

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

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

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

- a) estimates of future operating cash flows;
- b) the discount rate;
- c) the final growth rate.

With respect to point a), given the current economic and financial crisis, the RDM Group has made a prudent assumption, valid only for impairment testing, of the development of its operations between 2016 and 2018.

The Group has used the same net rate, 5.70%, for all cash-generating units when discounting cash flows, a rate which reflects current market assessments and also takes into account the specific risks of the sector.

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

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

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

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

NOTES

Segment Information

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

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

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

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

In the following information segment, as in the previous financial year, the segment relating to the United Kingdom and the segment relating to Spain were represented in accordance with the provisions of IFRS 5: as a result of the shut-down of production operations, the United Kingdom segment, and as a result of management's decision to classify the subsidiary Reno De Medici Ibérica S.l.u as held for sale, the Spanish segment. For further information, see the paragraph "Significant events after the end of the year".

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

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

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

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

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

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

The following table provides profit and loss data by geographical area for 2015 and 2014:

Income statement 12.31.2015	Italy	Germany	France	Unallocated items & adjustments	Consolidated
(thousands of Euros)					
Revenues from sales	277,373	118,968	54,660	(12,964)	438,037
Intragroup revenues from transactions with other segments	(12,964)			12,964	
Net revenues from external customers	264,409	118,968	54,660		438,037
Gross operating profit	29,286	11,807	725	(9)	41,809
Depreciation and amortization	(13,453)	(8,289)	(750)	147	(22,345)
Write-downs	(2,288)			66	(2,222)
Operating profit	13,545	3,518	(25)	204	17,242
Net financial income (expense)	(2,771)	43	(174)	(225)	(3,127)
Gains (losses) from investments	6,536			(5,993)	543
Taxes	(2,184)	(1,143)	(154)	196	(3,676)
Profit (loss) for the period before discontinued operations	15,126	2,418	(353)	(6,209)	10,982
Discontinued operations				(1,114)	(1,114)
Profit (loss) for the period	15,126	2,418	(353)	(7,323)	9,868
Share of profit/(loss) attributable to equity-accounted investments	543				
Total investments	9,064	2,681	912		12,657

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

In 2014 and 2015, no single external customer of the Group accounted for more than 10% of consolidated revenues.

Notes

Note that following the termination of RDM UK activity and the decision to sell the subsidiary RDM Ibérica S.l.u., deemed to be “highly probable” by Management at December 31, 2015, their result for the period was reclassified, as had already taken place at December 31, 2014 under Discontinued operations.

1. Revenues from sales

These revenues arise essentially from sales of cartonboard:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Revenues from sales	438,037	426,134	11,903
Total revenues from sales	438,037	426,134	11,903

The following table provides a geographical breakdown of sales revenues:

	12.31.2015	12.31.2014	Change	%
(thousands of Euros)				
Italy	163,519	162,074	1,445	0.9%
EU	206,039	194,330	11,709	6%
Non-EU	68,479	69,730	(1,251)	(1.8%)
Total revenues from sales	438,037	426,134	11,903	2.8%

Revenues from the sale of cartonboard depend on the general state of the economies of the markets in which sales are made, particularly the end-user demand for consumer goods; revenues are not affected by specific seasonal factors during the year.

There are, however, seasonal effects in the production and sale of products as a result of variations in the calendar, such as if there is a high number of public holidays or periods of vacation in a particular month or accounting period that may typically recur in the main countries supplied (e.g. August and December).

In 2015 revenues for the Reno De Medici Group totaled €438 million, which was in line with revenues for 2014 (€426.1 million). The increase, equal to €11.9 million, is due essentially to the increase in tonnes sold.

2. Other revenues and income

Other revenues and income may be analyzed as follows:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Grants	374	570	(196)
Indemnities	495	561	(66)
Energy revenues	3,585	10,419	(6,834)
Other revenues	2,034	2,602	(568)
Total	6,488	14,152	(7,664)

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

“Revenues from sales of energy” relate to amounts received from certain energy suppliers for joining the “interruption” scheme, to income from the sale of electricity in 2015 by mills in France and Germany. The change compared with the previous year, equal to €6.8 million, is essentially due to the allocation of Energy Efficiency Certificates which took place in 2014.

“Other revenues” relate mainly to services provided to associates and joint ventures, in the amount of around €0.4 million, capital gains from the sale of plant and machinery, extraordinary income and other minor revenues.

3. Change in inventories of finished goods

The change in inventories was negative by €2.2 million compared with a negative change of €3.3 million at December 31, 2014. This change is due to a different development of factors involving lower stocks in the warehouse compared with 2014 due to the normal cycle of orders.

4. Cost of raw materials and services

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Cost of raw materials	194,792	184,887	9,905
Purchase of raw materials	195,085	187,374	7,711
Change in inventories of raw materials	(293)	(2,487)	2,194
Commercial services	45,048	45,767	(719)
Shipping	35,287	35,414	(127)
Commission and agents' costs	9,761	10,353	(592)
Industrial services	77,734	81,723	(3,989)
Energy	48,869	53,604	(4,735)
Maintenance	10,926	10,519	407
Waste disposal	9,163	9,293	(130)
Other industrial services	8,776	8,307	469
General services	12,195	10,721	1,474
Insurance	2,548	2,650	(102)
Legal, notarial, administrative and contractual services	3,830	3,627	203
Board of directors	968	536	432
Board of statutory auditors	239	238	1
Postal and telecommunications	691	680	11
Other	3,919	2,990	929
Costs for use of third-party assets	1,593	1,870	(277)
Rental and leasing	1,593	1,870	(277)
Total	331,362	324,968	6,394

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

As far as the performance of the main production factors is concerned, in 2015 the price of recycled fibers increased from the second quarter for all grades and in all markets.

The price of chemical products, latex in particular, fluctuated following the price of crude oil.

With regard to energy components, and especially natural gas, which is the Group's main energy source, the downward trend strengthened in 2015. There was a slight fall in prices for coal, the main fuel used in Germany even if the effect of the price was more than offset by the development of the euro/dollar exchange rate, as this item is bought in US currency. Conversely, the cost of electricity remained largely stable.

Following the price dynamics illustrated above, the total of these costs as a percentage of the value of production ("Revenues from sales" plus the "Change in inventories of finished goods") rose during the year in question, going from 43.7% in 2014 to 44.7% in 2015.

Overall service costs fell by about 2.3% from the previous year (€135 million for the year ended December 31, 2015 against €138.2 million for the year ended December 31, 2014). This performance is largely due to a decrease in energy costs as noted above.

Costs of use of third-party assets at December 31, 2015, equal to €277,000, fell compared with the previous year, due essentially to the savings ensuing from the transfer of the Reno De Medici S.p.A. Parent Company premises.

5. Personnel costs

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Salaries and wages	45,849	46,697	(848)
Social security contributions	15,178	15,463	(285)
Allowance for defined-contribution plans	1,400	1,439	(39)
Allowance for defined-benefit plans	389	271	118
Other costs	847	1,804	(957)
Total	63,663	65,674	(2,011)

Personnel costs amounted in 2014 to €63.7 million, compared to €65.7 million recorded in 2014. The fall, equal to around €2 million, was due to the reduction in the workforce, following the restructuring of the cutting and outfitting departments in the Italian plants completed in 2014, which more than offset the salary rises agreed in 2015.

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

Employees by category	12.31.2015	12.31.2014	Change
Executives	16	15	1
White-collars	315	317	(2)
Blue-collars	835	837	(2)
Total	1,166	1,169	(3)
Workers subject to wage guarantee fund		23	(23)
Active workforce	1,166	1,146	20

Average employees by category	12.31.2015	12.31.2014	Change
Executives	16	15	1
White-collars	315	352	(37)
Blue-collars	834	899	(65)
Total	1,165	1,266	(101)

Also note that in the first quarter of 2015 the Company accessed the wage guarantee fund (Cassa Integrazione Guadagni Straordinaria) pursuant to Article 1 (3 paragraph) of Law 223/91 for the completion of the corporate restructuring of several mills and sites in accordance with the program presented to the Ministry of Labour.

6. Other operating costs

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Provisions for risks	278	65	213
Write-downs of current receivables	1,210	1,808	(598)
Miscellaneous operating costs	4,019	3,285	734
Total	5,507	5,158	349

There was a decrease in the provisions for doubtful receivables compared with December 31, 2014.

“Miscellaneous operating costs” at December 31, 2015 consists mainly of various taxes incurred by Group companies, membership subscriptions to various industrial associations and trade bodies, and various contingent liabilities.

7. Depreciation and amortization

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

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Amortization of intangible assets	328	559	(231)
Depreciation of tangible assets	22,017	21,998	19
Total	22,345	22,557	(212)

The reduction compared with December 31, 2014 in the item “Amortization of intangible assets” is due mainly to the completion of a software amortization process.

8. Write-downs and revaluations

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Write-downs	2,222	207	2,015
Total	2,222	207	2,015

The item write-downs and revaluations stood at €2,222,000 at December 31, 2015 and refers mainly to the write-down of several buildings of the Magenta mill as they were no longer able to be put to future industrial use; several service structures were also written-down. The above write-down, also includes the dismantling expenses of some buildings equal to €553,000 set aside in a special fund.

9. Net financial income (expense)

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Financial income	20	88	(68)
Interest and other financial income	1	50	(49)
Income from derivative financial instruments	19	38	(19)
Financial expense	(3,597)	(5,363)	1,766
Interest paid to banks	(1,379)	(1,929)	550
Losses on derivative financial instruments	(8)	(358)	350
Financial expense on defined-benefit plans	(448)	(785)	337
Expenses, commission and other financial charges	(1,762)	(2,291)	529
Foreign-exchange differences	450	628	(178)
Foreign-exchange gains	1,627	1,467	160
Foreign-exchange losses	(1,177)	(839)	(338)
Total	(3,127)	(4,648)	1,521

Net Financial Expense stood at €3.1 million, a fall compared with the €4.6 million in 2014, thanks to the lower Net Financial Debt (€50.3 million at December 31, 2015, compared with €65.9 million at December 31, 2014), and the foreign exchange gains through the revaluation of the US dollar and British pound.

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

10. Gains (losses) from investments

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

- gains of €463,000 from valuing the investment in the joint venture Pac Service S.p.A. at equity;
- gains of €80,000 from valuing the investment in the joint venture Careo at equity.

11. Taxes

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Deferred taxes	1,510	1,077	433
Current taxes	(5,186)	(4,964)	(222)
Total	(3,676)	(3,887)	211

Deferred taxes at December 31, 2015, equal to €1.5 million, essentially include the provision of deferred tax assets as well as the release of deferred taxes by the Parent Company Reno De Medici S.p.A. (€0.7 million), the recording of deferred tax assets pertaining to the subsidiary R.D.M. Ovaro S.p.A. (€0.5 million) and the release of deferred taxes recorded pertaining to the subsidiary Arnsberg (€1.7 million).

More information on “Deferred taxes” can be found in Note 24.

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

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

For further details see Note 24 – Deferred taxation.

	Taxable income	%	12.31.2015
(thousands of Euros)			
Profit (loss) before taxes	20,517		
Theoretical tax burden		29.7%	6,094
Reversal of temporary differences from previous years	1,188		
Temporary differences which will be reversed in future years	5,191		
Permanent differences which will not be reversed in future years	(5,846)		
Total differences	533		
Use of previous tax losses	(6,826)		
Actual tax burden	14,224	29.7%	4,225

Reconciliation between the Theoretical and Actual Tax Burden (IRAP)

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

12. Discontinued operations

Discontinued operations amount to €1,114 thousand and break down as follows:

12.31.2015

(thousands of Euros)	
Reno De Medici Ibérica S.l.u.	(1,079)
Reno De Medici UK Ltd	(35)
Discontinued operations	(1,114)

Note that as December 31, 2015, the Board of Directors of Reno De Medici S.p.A. confirmed that the Spanish operation of Reno De Medici Ibérica S.l.u. was no longer a strategic asset for the Group and that advanced negotiations were under way for its sale. The sales agreement was entered into on January 27, 2016. For further information, see the paragraph "Events following the end of the year".

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

	2015	2014
(thousands of Euros)		
Revenues from sales	22,484	30,444
Other revenues	121	129
Change in inventories of finished goods	75	(638)
Cost of raw materials and services	(18,593)	(25,113)
Personnel costs	(4,467)	(4,555)
Other operating costs	(109)	(131)
Non-recurring costs	67	(438)
Depreciation and amortization	(492)	(557)
Write-downs		
Net financial income (expense)	(165)	(119)
Discontinued operations	(1,079)	(978)

	12.31.2015	12.31.2014
(thousands of Euros)		
Tangible assets	3,844	4,004
Intangible Assets	104	107
Trade receivables	22	21
Other receivables	100	150
Total non-current assets	4,070	4,282
Inventories	3,327	3,053
Trade receivables	4,276	5,988
Other receivables	736	847
Cash and cash equivalents	163	702
Total current assets	8,502	10,590
Total Assets	12,572	14,872

	12.31.2015 (*)	12.31.2014 (*)
(thousands of Euros)		
Shareholders' equity	4,760	5,838
Total shareholders' equity	4,760	5,838
Payables to Banks and Other Lenders	656	857
Total non-current liabilities	656	857
Payables to Banks and Other Lenders	3,354	3,067
Trade payables	3,087	4,212
Other payables	715	898
Total current liabilities	7,156	8,177
Total shareholders' equity and liabilities	12,572	14,872

(*) The above data do not include the value of the write-down of Reno De Medici Ibérica S.I.u. to adjust it to the fair value net of sales costs.

	12.31.2015	12.31.2014
(thousands of Euros)		
Cash flows from operating activities	(274)	(466)
Cash flows from investing activities	(330)	(106)
Cash flows from financing activities	65	1,140
Net Cash Flow	(539)	568

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

Below is the income statement of RDM UK:

	2015	2014
(thousands of Euros)		
Revenues from sales		1,613
Other revenues		90
Change in inventories of finished goods		(1,119)
Cost of raw materials and services	(34)	(658)
Personnel costs		(152)
Other operating costs		(16)
Non-recurring costs		(7)
Net financial income (expense)	(1)	(28)
Discontinued operations	(35)	(277)

	12.31.2015	12.31.2014
(thousands of Euros)		
Cash flows from operating activities		380
Cash flows from investing activities		112
Cash flows from financing activities		(582)
Net Cash Flow		(90)

13. Tangible assets

Changes in tangible assets during 2014 and 2015 are as follows:

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

(1) The two items involve, respectively, the decrease in the historical cost and the turnaround of the accumulated depreciation following the disposal of assets that took place during the course of the year.

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
(thousands of Euros)							
Historical cost	22,942	95,082	527,093	1,875	13,804	16,108	676,905
Accumulated depreciation/write-downs	(1,120)	(58,408)	(399,363)	(1,713)	(13,533)		(474,137)
Net book value at 12.31.2014	21,822	36,674	127,730	162	271	16,108	202,768
Increases	11	469	7,791	17	46	4,053	12,387
Decreases	(1,993)	(2,030)	(9,013)	(210)	(1,036)		(14,282)
Reclassification of cost			16,010			(16,032)	(22)
Depreciation for the period		(3,095)	(18,785)	(79)	(62)		(22,021)
Write-downs		(1,624)	(26)		(2)		(1,652)
Decrease of acc. depr. / write-downs (1)	1,092	1,950	8,987	210	1,036		13,275
Value at 12.31.2015							
Historical cost	20,960	93,521	541,881	1,682	12,814	4,129	674,987
Accumulated depreciation/write-downs (1)	(28)	(61,177)	(409,187)	(1,582)	(12,561)		(484,535)
Net book value at 12.31.2015	20,932	32,344	132,694	100	253	4,129	190,452

(1) The two items involve, respectively, the decrease in the historical cost and the turnaround of the accumulated depreciation following the disposal of assets that took place during the course of the year.

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

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

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

In 2015, the RDM Group’s capital expenditures totaled €12.4 million (€19.5 million in 2014).

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

- **Santa Giustina** mill: the second step relating to the new generation belt calender was capitalized. This investment was aimed at reducing energy and pulp costs, and improving quality.
- **Ovaro mill**: improvement and modernization works on plant and machinery. Specifically, the vacuum system was rebuilt, installing a new turbo blower system which will enable energy savings.
- **Villa Santa Lucia** mill: improvement and modernization works on plant and machinery, specifically the turbine and the reduction unit installed on the turbogenerator were overhauled.
- **Arnsberg mill** (Germany): modernization of the production line, specifically the launch of the project to upgrade the middle layer and post-drying section.

This investment is aimed at increasing the production capacity, improving production efficiency, and cutting energy and pulp costs.

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

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

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

Rights (mortgages and privileges) totaling €70.4 million attached to owned property, plant and machinery are pledged in favor of banks as security on loans for which the outstanding balance at December 31, 2015 amounted to €24.9 million.

In 2015 the Magenta mill buildings (€1.7 million) were written-down. More information can be found in Note 8.

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

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

14. Intangible Assets

Changes in intangible assets during 2014 and 2015 are as follows:

	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total intangible assets with a finite useful life	Intangible assets with an indefinite useful life
(thousands of Euros)					
Net book value at 12.31.2013	1,325	172	880	2,377	3,293
Change in scope of consolidation		7		7	
Increases	89	10	85	184	
Decreases	(88)			(88)	
Reclassification of Assets held for sale (IFRS5)		(107)		(107)	
Reclassification of cost	218		(211)	7	
Write-down./Revaluation cost					655
Amortization for the year	(441)	(28)		(469)	
Net book value at 12.31.2014	1,103	54	754	1,911	3,948

	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total intangible assets with a finite useful life	Intangible assets with an indefinite useful life
(thousands of Euros)					
Net book value at 12.31.2014	1,103	54	754	1,911	3,948
Increases	39		233	272	
Decreases					
Reclassification of cost	35		(13)	22	
Amortization for the year	(314)	(11)		(325)	
Net book value at 12.31.2015	863	43	974	1,880	3,948

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

At the reporting date the Group had performed the impairment test in accordance with IAS 36, after which it was not necessary to record any impairment in the financial statements.

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

15. Equity investments

	Book Value 12.31.14	Investments	Elimination of dividends from associates	Write-downs / Revaluations	Book Value 12.31.15
(thousands of Euros)					
Associates					
Pac Service S.p.A.	1,227		(269)	463	1,421
Joint ventures					
Careo S.r.l.	260			80	340
Manucor S.p.A.					
ZAR S.r.l.	30				30
Other equity investments					
Cartonnerie Tunisienne S.A.	121				121
Comieco	36				36
Conai	24				24
Other minor equity investments	8	1			9
Total	1,706	1	(269)	543	1,981

Write-downs and revaluations refer to the adjustment of the value of investments in Careo S.r.l. (which can be defined as a joint venture by virtue of the governance statutory provisions) and Pac Service S.p.A., at the pro-rata value of the equity.

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

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

	December 31, 2015	December 31, 2014
(thousands of Euros)		
Associates	1,421	1,227
Joint ventures	370	291
Total	1,791	1,518

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

	December 31, 2015	December 31, 2014
(thousands of Euros)		
Associates	463	207
Joint ventures	80	73
Total	543	280

Investments in joint ventures

Company	Country	% held	Nature of relationship	Measurement method
Careo S.r.l.	Italy	70%	Note 1	Equity
Manucor S.p.A.	Italy	22.75%	Note 2	Equity
ZAR S.r.l.	Italy	33.33%	Note 3	Equity

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

Note 2: Manucor S.p.A. It is a capital-based company that is unlisted on regulated markets. Based on the provisions of the Shareholders'

Agreements, the Board of Directors comprises 5 members, 2 of whom are designated by RDM, 2 of whom are designated by ISP and one member with the function of CEO designated jointly by ISP and RDM.

Note 3: The company supplies the raw materials used in the production process of the investee company belonging to the Group.

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

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

	Careo S.r.l. (*)		Manucor S.p.A.		ZAR S.p.A.	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
(thousands of Euros)						
Current assets						
Cash and cash equivalents	547	553	1.527	990	84	39
Other current assets	5,643	5,988	40.894	42,252	905	7,048
Total current assets	6,190	6,541	42,421	43,242	989	7,087
Current liabilities						
Bank debt			9,099	9,971		
Other current liabilities	3,625	3,840	31,667	28,252	802	6,955
Total current liabilities	3,625	3,840	40,766	38,223	802	6,955
Non-current assets						
Non-current assets	883	823	66,812	71,370	4	2
Non-current liabilities						
Non-current liabilities	2,964	3,153	54,811	68,258		
Shareholders' equity	484	371	13,656	8,131	191	134

(*) Figures refer to the consolidated data prepared for equity accounting used in the Reno De Medici Group Consolidated Financial Statements.

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

	Careo S.r.l.		Manucor S.p.A.		ZAR S.p.A.	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
(thousands of Euros)						
Revenues	12,111	13,061	171,570	166,839	17,891	13,905
Operating costs	(11,742)	(12,398)	(158,234)	(165,064)	(17,806)	(13,886)
Gross operating profit	369	663	13,336	1,775	85	19
Depreciation, amortization and write-downs	(29)	(35)	(10,720)	(10,227)	(1)	(1)
Operating profit	340	628	2,616	(8,452)	84	18
Financial income (expense)	(22)	(34)	(3,258)	(2,762)	(2)	
Profit (loss) before taxes	318	594	(642)	(11,214)	82	18
Taxes	(182)	(270)	1,902	1,514	(25)	(4)
Net profit	136	324	1,260	(9,700)	57	14

	Careo S.r.l.		Manucor S.p.A.		ZAR S.p.A.	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
(thousands of Euros)						
Shareholders' equity at January 1	371	267	8,131	3,093	134	120
Profit for the period	136	324	1,260	(9,700)	57	14
Participatory financial instruments			4,156 (*)	15,000 (*)		
Foreign exchange differences	(18)	(63)				
Statement of comprehensive income	(5)	(157)	109	(262)		
Shareholders' equity at December 31	484	371	13,656	8,131	191	134
% held	70%	70%	22.75%	22.75%	33.33%	33.33%
Value of equity investment	340	260	0	0	30	30

(*) The share capital increase was not subscribed by Reno De Medici S.p.A.

With regard to Manucor S.p.A note that although the results in 2015 were positive, in view of the arrangements regarding the equity investment, the company's equity does not allow the revaluation of the equity investment.

Investments in associates

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

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

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

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

	December 31, 2015	December 31, 2014
(thousands of Euros)		
Current assets		
Cash and cash equivalents	0	0
Current assets	11,180	10,579
Total current assets	11,180	10,579
Current liabilities		
Bank debt	1,096	914
Current liabilities	5,113	5,096
Total current liabilities	6,209	6,010
Non-current assets		
Non-current assets	2,266	2,310
Non-current liabilities		
Loans		
Other non-current liabilities	743	711
Shareholders' equity	6,494	6,168

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

	December 31, 2015	December 31, 2014
(thousands of Euros)		
Revenues	19,979	19,896
Operating costs	(18,239)	(18,064)
Gross operating profit	1,740	1,832
Depreciation, amortization and write-downs	(238)	(254)
Operating profit	1,502	1,578
Financial income (expense)	163	101
Financial income (expense)		(34)
Profit (loss) before taxes	1,665	1,645
Taxes	(529)	(552)
Net profit	1,136	1,093

	December 31, 2015	December 31, 2014
(thousands of Euros)		
Shareholders' equity at January 1	6,168	5,885
Profit for the period	1,136	1,093
Dividends distributed	(810)	(810)
Shareholders' equity at December 31	6,494	6,168
Adjusted shareholders' equity (*)	5,075	4,792
% held	33.33%	33.33%
Dividends distributed during the year	(270)	(370)
Value of equity investment	1,421	1,227

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

16. Deferred tax assets

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

Refer to Note 24 for an analytical description of same and related changes for the year.

17. Trade receivables and receivables from associates and joint ventures

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Trade receivables	58,861	59,368	(507)
Receivables from associates and joint ventures	115	274	(159)
Current trade receivables	58,976	59,642	(666)

Note that the company uses non-recourse factoring; trade receivables with due dates after December 31, 2015 stands at €21.3 million (€22.1 million at December 31, 2014).

“Trade receivables” is stated net of €4.2 million of provisions for bad and doubtful receivables. The table below sets out the changes for the year in those provisions:

	12.31.2014	Provisions	Drawings	12.31.2015
(thousands of Euros)				
Provisions for bad and doubtful receivables	4,119	1,210	(1,100)	4,229
Total	4,119	1,210	(1,100)	4,229

Moreover, the current portion of trade receivables includes €0.2 million of receivables from related parties (against €0.5 million as at December 31, 2014); more information can be found in Note 31.

“Receivables from associates and joint ventures” consist mainly of Parent Company Reno De Medici S.p.A.’s commercial relations with joint ventures Careo S.r.l. and also includes relations, also of a commercial nature, of the French subsidiary RDM Blendecques S.a.s. with Careo S.a.s. More information can be found in Note 31.

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

	12.31.2015	12.31.2014
(thousands of Euros)		
Italy	46,408	45,725
EU	5,564	8,522
Rest of world	7,004	5,395
Total	58,976	59,642

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

Other non-current receivables	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Guarantee deposits	852	706	146
Other receivables	315	284	31
Total	1,167	990	177

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

Other current receivables	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Tax receivables	2,025	1,708	317
Prepaid expenses and accrued income	283	314	(31)
Miscellaneous receivables	4,981	6,540	(1,559)
Total	7,289	8,562	(1,273)
Other receivables from associates and joint ventures	470	372	98
Total	7,759	8,934	(1,175)

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

The item "Miscellaneous receivables" as at December 31, 2015 essentially includes:

- the recording of guarantee deposits of €1.9 million, which will be returned within the year, in favor of a factoring company in accordance with the provisions of agreements signed by the Parent Company R.D.M. SpA and the subsidiary RDM Blendecques;
- the recording of a receivable of €0.2 million following the allocation of Energy Efficiency Certificates;
- the recording of a receivable of €0.9 million following the energy authority's recognition of the Group as a "new entrant" in the ETS [emission trading system]/2 system;
- the recording of a receivable of €1.1 million from the sale of CO2 shares held by the German subsidiary Arnsberg.

The item "Other receivables from associates and joint ventures" refers to relations of a financial nature with Zar S.r.l. and Pac Service S.p.A.

19. Inventories

The table below provides a breakdown of inventories at December 31, 2015 and December 31, 2014:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Raw and ancillary materials and consumables	33,205	33,293	(88)
Provisions for obsolescence	(1,945)	(1,939)	(6)
Finished goods and goods for resale	37,245	39,379	(2,134)
Provisions for obsolescence	(114)	(138)	24
Total	68,391	70,595	(2,204)

The decrease in finished goods was largely due to a reduction in physical amounts on hand at December 31, 2014.

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

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

20. Net financial position

	12.31.2015	12.31.2015	12.31.2015	12.31.2014	12.31.2014	12.31.2014	Change
	Continuing	Assets held	Total	Continuing	Assets held	Total	
		for sale			for sale		
(thousands of Euros)							
Cash	15	1	16	20	8	28	(12)
Funds available from banks	23,131	163	23,294	2,356	694	3,050	20,244
A. Cash and cash equivalents	23,146	164	23,310	2,376	702	3,078	20,232
Other receivables from associates and joint ventures	470		470	372		372	98
Other receivables	246		246	249		249	(3)
B. Current financial receivables	716		716	621		621	95
<i>1. Current payables to banks</i>	<i>6</i>	<i>465</i>	<i>471</i>	<i>19,187</i>	<i>1,209</i>	<i>20,396</i>	<i>(19,925)</i>
<i>2. Current portion of medium- and long-term loans</i>	<i>14,672</i>	<i>359</i>	<i>15,031</i>	<i>16,774</i>	<i>177</i>	<i>16,951</i>	<i>(1,920)</i>
<i>3. Other current financial liabilities</i>	<i>161</i>	<i>2,531</i>	<i>2,692</i>	<i>235</i>	<i>1,680</i>	<i>1,915</i>	<i>777</i>
Payables to banks and other lenders (1+2+3)	14,839	3,355	18,194	36,196	3,066	39,262	(21,068)
Other payables from associates and joint ventures	1,954		1,954	2,445		2,445	(491)
Derivatives- current financial liabilities	146		146	286		286	(140)
C. Current financial debt	16,939	3,355	20,294	38,928	3,066	41,994	(21,700)
D. Net current financial debt (C-A- B)	(6,923)	3,191	(3,732)	35,931	2,364	38,295	(42,027)
Payables to banks and other lenders	53,280	656	53,936	26,725	856	27,581	26,355
Derivatives- non-current financial liabilities	50		50	18		18	32
E. Non-current financial debt	53,330	656	53,986	26,743	856	27,599	26,387
F. Net financial debt (D+E)	46,407	3,847	50,254	62,674	3,220	65,894	(15,640)

Consolidated Net Financial Debt at December 31, 2015 was €50.3 million (including the debt of Reno De Medici Ibérica S.l.u.), a reduction of €15.6 million over December 31, 2014, where the year ended with a debt of €65.9 million. This improvement is due to the positive operating performance recorded in 2015.

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

	within 12 months	over 12 months	over 60 months	total
(thousands of Euros)				
M.I.C.A.- due San Paolo Imi- due April 6, 2016	159	165		324
Emilia Romagna- due 5/15/2016 5/15/2016	310			310
Banco Popolare	1,684	1,306		2,990
Banca Popolare di Bergamo	1,923	5,803		7,726
FRIE 1	414	1,655	828	2,897
Friulia (Ovaro Transaction)		2,468		2,468
FRIE 2	812	3,250	812	4,874
Banca Popolare Milano	2,857	11,429	5,714	20,000
Banca Intesa	4,000	14,000		18,000
Cariparma	1,750	4,375		6,125
Credem	990	1,764		2,754
AGENCE DE L'EAU		55	83	138
Total nominal debt	14,899	46,270	7,437	68,607
Amortized cost effect	(227)	(427)		(654)
Total debt using amortized cost method	14,672	45,843	7,437	67,953

Note that 2014 featured the launch of a restructuring process of the Group's medium-/long-term financial debt with the purpose, above all, of extending its duration. Two new loans were already signed in the same year for a total amount of €15 million.

The above-mentioned restructuring process continued in 2015; specifically the pool loan was extinguished early, and four new loans for a total value of €51 million were taken out. Following these operations, the Group's financial debt is currently mainly based on long-term loans, which guarantee the Group the stability for the financial sources which is needed to adequately support operations, and specifically capital expenditure, as well as possible projects to take advantage of strategic investment opportunities.

These new loans require certain financial covenants to be respected based on the following ratios:

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

These financial parameters are calculated half-yearly or annually, depending on the loan, using the Group's consolidated financial statements data. The half-year calculations of the Group's gross

operating profit and net financial expense are based on the 12-month period ending on the last day of the half-year concerned.

In the event of non-compliance with the financial covenants, the lending banks may terminate the loan agreement: at December 31, 2015 the financial parameters were complied with.

Lastly, note that new financing involves restrictions and commitments from RDM including restrictions on the provision of core assets and extraordinary financing operations.

During the course of the year, Reno De Medici S.p.A., having voluntarily reduced its share capital in order to hedge losses from previous years, requested and obtained waivers from the lending banks.

During 2015, there were principal repayments of €22.4 million, and new loans were disbursed for a total amount of €51 million.

In terms of collateral, the Parent Company loan agreement requires, inter alia, RDM to provide mortgages on mills, in the total amount of €50.4 million.

Special liens on mills' plant and machinery are given as collateral, in the total amount of €20 million.

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

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

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

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

The fourth and final tranche of €0.6 million was disbursed on December 21, 2015.

On March 19, 2013 a €6.5 million loan was supplied by Banca Medio Credito Friuli Venezia Giulia S.p.A., for which the agreement was signed on October 23, 2012. The loan agreement is variable rate and the maturity is July 1, 2021. The half-yearly installments start from January 1, 2014.

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

On August 4, 2014 a €5 million loan was supplied by Banco Popolare for which the agreement was signed on July 31, 2014. The loan agreement is variable rate and the maturity is September 30, 2017. The quarterly installments start from December 31, 2014.

On August 5, 2014 a €10 million loan was supplied by UBI Banco Popolare di Bergamo for which the agreement was signed on August 5, 2014. The loan agreement is variable rate and the maturity is August 5, 2019. The quarterly installments start from November 5, 2014. A guarantee on this loan was issued by SACE S.p.A worth €5 million. In addition, this loan requires compliance with several financial parameters subject to annual review. At December 31, 2015 these financial parameters had been complied with.

On June 4, 2015 a €20 million loan was supplied by Intesa San Paolo S.p.A. for which the agreement was signed on June 4, 2015. The loan agreement is variable rate and the maturity is June 4, 2020. The half-yearly installments start from December 4, 2015. This loan requires compliance with several financial parameters subject to annual review. At December 31, 2015 these financial parameters had been complied with.

On July 1, 2015 a €3 million loan was supplied by Credito Emiliano S.p.A. for which the agreement was signed on July 1, 2015. The loan agreement is variable rate and the maturity is July 1, 2018. The quarterly installments start from October 1, 2015.

On July 31, 2015 a €7 million loan was supplied by Cariparma S.p.A. for which the agreement was signed on July 31, 2015. The loan agreement is variable rate and the maturity is June 30, 2019. The half-yearly installments start from December 31, 2015. This loan requires compliance with several financial parameters subject to annual review. At December 31, 2015 these financial parameters had been complied with.

On October 2, 2015 a €20 million loan was supplied by Banca Popolare di Milano S.p.A. for which the agreement was signed on September 16, 2015. The loan agreement is variable rate and the maturity is December 31, 2022. The half-yearly installments start from June 30, 2016. This loan requires compliance with several financial parameters subject to annual review. At December 31, 2015 these financial parameters had been complied with.

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

The company repaid the last installment of this loan in 2015.

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as of December 31, 2015: More information on the derivative instruments outstanding at December 31, 2015 can be found in Note 22.

21. Shareholders' Equity

Changes in shareholders' equity during 2015 are set out in the following table:

Description	Changes in the year							Shareholders' equity at 12.31.2015
	Shareholders' equity at 12.31. 2014	Allocation of profit (loss) for the year	Coverage of losses	Profit (loss) on translation of financial statements of foreign investee companies	"Actuarial Gain (loss)"	Hedge accounting	Profit (loss) for the year	
(thousands of Euros)								
Share capital	185,122		(34,723)					150,399
Share premium account								
Legal reserve	443	171	(614)					
Other reserves:								
- Extraordinary reserve	1,150		(1,150)					
- Foreign-currency translation reserve	(185)			(34)				(219)
Hedging reserve	28					(163)		(135)
Reserve for actuarial gain (loss)	(7,595)				1,188			(6,407)
Retained earnings (losses)	(43,243)	5,307	38,726					790
Profit (loss) for the year	5,478	(5,478)	(2,239)				9,790	7,551(*)
Treasury Shares								
Total	141,198			(34)	1,188	(163)	9,790	151,979

(*) Said amount is referred to the residual profit/loss for the year after the partial use of the result for the period of coverage of pre-existing losses in accordance with the resolutions of the Shareholders' Meeting of Reno De Medici S.p.A. on November 2, 2015

The Shareholders' Meeting of April 30, 2015 resolved to allocate the Parent Company's 2014 profit of €3,424,558.50 as follows: €171,227.93 to the legal reserve pursuant to article 2430 of the Italian Civil Code and the remaining 3,253,330.57 to cover previous losses.

On November 2, 2015 the shareholders' meeting of Reno De Medici S.p.A. resolved, following the amendment of the By-laws:

- the voluntary reduction of the share capital to cover the losses resulting from the interim statement of financial position at June 30, 2015, using the earnings for the period and the available reserves and partly reducing the share capital. As a result, part of the 2015 result, for an amount equal to €2,239,196.98 was allocated to cover losses;

- the establishment of an “Available Reserve” through the voluntary reduction of the share capital pursuant to Article 2445 of the Italian Civil Code for an amount equal to €10,399,255.80. At February 29, 2016, the share capital stood at €140,000,000;
- the authorization of a treasury share purchase program, as a stabilization tool for the stock performance, the number of which cannot exceed one fifth of the share capital.

In accordance with article 5 of the Company’s By-Laws, holders of savings shares may convert such shares to ordinary shares in February and September each year. In 2015, 17,196 savings shares were converted to ordinary shares. As a result of this, the share capital at December 31, 2015, fully subscribed and paid-up, could be broken down as follows:

	Number	Unit par value	Total value
Ordinary shares	377,527,066		150,290,217
Savings shares	273,928		109,039
Total	377,800,994		150,399,256

It is noted that the Extraordinary Shareholders’ meeting held on September 2, 2013 resolved to eliminate the nominal value of shares.

On February 1-29, 2016, 590 savings shares were converted to ordinary shares with dividend entitlement as of January 1, 2015.

The table below shows the number of outstanding shares as at December 31, 2015 and December 31, 2014:

	12.31.2015	12.31.2014	Change
Shares issued	377,800,994	377,800,994	
Total shares outstanding	377,800,994	377,800,994	

RDM’s By-Laws state that if, during any one financial year, savings shareholders are awarded a dividend which is less than 5% of the value of 0.49 euro, then the difference is added to the preferred dividend in the subsequent two years. No dividends were awarded in 2014 and 2015.

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

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

	12.31.2015			12.31.2014		
	Gross value	Tax (charge) benefit	Net value	Gross value	Tax (charge) benefit	Net value
(thousands of Euros)						
<i>Change in fair value of cash flow hedges</i>	(225)	62	(163)	310	(85)	225
<i>Actuarial gain (loss)</i>	1,510	(322)	1,188	(4,933)	1,176	(3,757)
<i>Profit (loss) on translation of financial statements of foreign investee companies</i>	(34)		(34)	(24)		(24)

All the figures in the table are presented net of the tax effect.

22. Derivative instruments

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as of December 31, 2015:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Non-current liabilities	50	18	32
Derivative financial instruments (hedge accounting)	50		50
Derivative financial instruments (no hedge accounting)		18	(18)
Current liabilities	146	286	(140)
Derivative financial instruments (hedge accounting)	140	250	(110)
Derivative financial instruments (no hedge accounting)	6	36	(30)

As at December 31, 2015, the derivative financial instruments represented by interest rates swaps had a fair value of €196,000. Note that in 2015, following the early repayment of the pool loan, the hedging derivative agreement was closed.

Two new interest rate swaps were signed in 2015 on the loans supplied by Intesa San Paolo S.p.A. and Banca Popolare di Milano.

The table below shows the main features of the derivative financial instruments outstanding as of December 31, 2015:

Company	Counterparty	Currency	Due date	Notional value (€/000)	Interest	Liquidation interest	Fair value of derivative (€/000)
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	06.04.2020	13,500	0.42% fixed	Semi-annual	(103)
Euribor 6m							
Reno De Medici S.p.A.	Banca Popolare di Milano	Eur	12.30.2022	20,000	0.45% fixed	Semi-annual	(87)
Euribor 6m							
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	05.15.2016	310	4.15% fixed	Semi-annual	(6)
Euribor 6m							
				33,810			(196)

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

The table below shows a breakdown of other payables:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Deferred income	130	182	(52)
Other non-current payables	130	182	(52)
Payables to personnel	4,624	5,434	(810)
Payables to social security authorities	3,901	3,841	60
Tax payables	2,216	2,427	(211)
Miscellaneous payables	239	29	210
Company bodies	948	1,027	(79)
Accrued expenses and deferred income	57	160	(103)
Other current payables	11,985	12,918	(933)
Other payables from associates and joint ventures	1,954	2,445	(491)
Total other payables	13,939	15,363	(1,424)

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

The item “Payables to personnel” mainly includes payables for deferred compensation; the difference compared with the previous year is due mainly to the greater use of holidays over the period and the consequent reduction in the fund.

“Payables to social security authorities” relate mainly to social security contributions due on current wages and salaries acknowledged to employees in December and paid in January 2016, and to provisions for social security contributions due on deferred compensation (employee leave, additional months’ salaries paid as a bonus, and overtime).

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

The item “Other payables to associates and joint ventures” as at December 31, 2015, includes relations of a financial nature between Reno De Medici S.p.A. and Careo S.r.l for an amount equal to €2 million.

24. Deferred taxes

The table below provides a summary of the calculation of deferred tax assets and deferred tax liabilities from temporary differences as at December 31, 2015:

	2015			2014		
	Temporary differences	Average tax rate %	Tax effect	Temporary differences	Average tax rate %	Tax effect
(thousands of Euros)						
Recognized deferred tax assets	43,375		11,775	46,335		13,073
Tax losses to carry forward	24,298	26%	6,326	27,656	27.5%	7,605
Write-downs for buildings	1,639	27.9%	457	540	31.4%	170
Inventory write-downs	459	3.9%	18	389	3.9%	15
Provisions for future charges (IRAP)	30	3.9%	1	30	3.9%	1
Provisions for future charges (IRES)	333	27.5%	92	2,047	27.5%	563
Other temporary differences	8,984	29.3%	2,634	5,797	29.7%	1,721
Other temporary differences (IRAP)	130	3.9%	5	203	3.9%	8
Effect of discounting of employee benefits	5,410	31.9%	1,726	7,450	31.9%	2,377
Valuation of derivatives with hedge accounting	185	27.5%	51	(21)	23.5%	(5)
Deferred tax assets consolidation entries	1,907	24.4%	465	2,244	27.5%	618
Recognized deferred tax liabilities	58,121		17,868	63,983		20,418
Depreciation in excess of amount allowed for tax purposes	19,439	27.8%	5,400	19,841	31.3%	6,218
Other temporary differences	594	31.5%	188	263	31.1%	82
Capital gains payment in installments	1,783	27.5%	490	1,406	27.5%	387
Deferred tax liabilities consolidation entries	36,305	32.5%	11,790	42,473	32.3%	13,731
Net recognized deferred tax (assets) liabilities			6,093			7,345
- of which deferred tax liabilities			8,888			10,589
- (of which deferred tax assets)			(2,795)			(3,244)
Unrecognized deferred tax assets	136,842		41,493	140,905		42,834
Write-downs for extended impairment	1,007	27.9%	281	2,127	31.4%	688
Inventory write-downs	459	24%	110	389	27.5%	107
Bad and doubtful receivables	1,060	24%	254	979	27.5%	269
Provisions for risks and charges	2,192	24.2%	530	2,202	27.8%	612
Effect of discounting of employee benefits	591	33.3%	197	812	33.3%	271
Tax losses to carry forward	127,591	30.4%	38,844	129,691	30.3%	39,339
Tax loss for the year	1,114	29.9%	334	1,264	29.5%	374
Deferred tax assets on differences in accounting standards	2,828	33.3%	943	3,441	33.3%	1,174
Unrecognized deferred tax assets			41,493			42,834

As at December 31, 2015, deferred tax liabilities were offset by deferred tax assets where conditions specified in IAS 12 were met, notably where the two items relate to income taxes levied by the same tax authority and where there is a legally enforceable right to offset in this manner.

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

Note that with effect from January 1, 2017, the IRES rate will change from 27.5% to 24% following the entry into force from January 1, 2016 of the 2016 Stability Law. The deferred taxes are therefore adequate for the new rate based on the deferral creating a positive effect in the income statement of €184,000.

The table below shows a breakdown of the Group's tax losses in the total amount of €151.9 million:

	2015
(thousands of Euros)	
Reno De Medici S.p.A.	25,281
RDM Ibérica S.l.u.	87,977
RDM Blendecques S.A.S.	26,235
Reno De Medici UK Limited	12,396
Total tax losses	151,889

25. Employee benefits

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

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Employee benefits	16,535	17,250	(715)
Employee benefits- TFR	12,528	13,424	(896)
Non-current employee benefits	29,063	30,674	(1,611)
Employee benefits- TFR	31	924	(893)
Current employee benefits	31	924	(893)
Total	29,094	31,598	(2,504)

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

The economic and financial assumptions used were as follows:

	Italy	Germany	France
Annual discount rate	1.39%	2.1%	2%
Annual inflation rate	1.50% for 2016 1.80% for 2017 1.70% for 2018 1.60% for 2019 2.0% from 2020 onwards	0.23	1.75%
Annual rate of increase in severance indemnity	2.625% for 2016 2.850% for 2017 2.775% for 2018 2.700% for 2019 3.0% from 2020 onwards	1.75%	2%

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

	Employee benefits	Total
(thousands of Euros)		
Actuarial value at 12.31.2014	30,674	30,674
Service cost	541	541
Interest cost	465	465
Benefits paid	(1,107)	(1,107)
Actuarial gains/losses	(1,510)	(1,510)
Actuarial value at 12.31.2015	29,063	29,063

Sensitivity analysis of the discount rate

The following table shows the balance that the item “Employee Benefits” would have as of December 31, 2015 in the event of a change to the discount rate shown at the reporting date.

Thousands of Euros		Italy		Germany		France
Increase of discount rate	+0.25%	9,563	+0.25%	15,797	+0.25%	2,721
Non-current employee benefits as of December 31, 2015	1.39%	9,740	2.1%	16,535	2%	2,788
Reduction of discount rate	-0.25%	9,923	-0.25%	17,327	-0.25%	2,863

26. Non-current and current provisions for risks and charges

The balance at December 31, 2015 was as follows:

	12.31.2014	Other Provisions changes	Drawings	12.31.2015
(thousands of Euros)				
Provisions for supplementary agents’ commission	238		(185)	86
Provisions for future charges	4,542	(114)	(2,419)	2,571
Total non-current provisions for risks and charges	4,780	(114)	(2,604)	2,657
Current provisions for future charges			553	452
Total current provisions for risks and charges			553	452
Total	4,780	(114)	1,148	3,109

“Provisions for supplementary agents’ commission” represents the calculation of liabilities based on actuarial techniques.

With reference to “Non-current provision for risks and charges”, the drawings for the period, equal to €2.4 million are mainly attributable to the provision for redundancy costs (€1.3 million) and the provision for the dismantling of the Marzabotto buildings (€0.3 million) and the use of the provision for cases brought by personnel (€0.3 million). The provision for the year (€0.6 million) refers mainly to the provision of costs for new lawsuits against personnel (€0.1 million) and the provision of costs recorded for a new tax inspection into the subsidiary R.D.M. OVARO S.p.A (€0.2 million).

The “Current provisions for risks and charges” refers to the cost of dismantling several buildings at the Magenta mill.

27. Trade payables and payables to associates and joint ventures

The balance at December 31, 2015 was as follows:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Trade payables	81,985	85,752	(3,767)
Payables to associates and joint ventures	2,894	2,780	114
Total	84,879	88,532	(3,653)

“Trade payables” recorded in the financial statements were €82 million (€85.8 million as at December 31, 2014) and are all due in less than 12 months. They are stated net of trade discounts and adjusted for any returns or rebates agreed with the counterparty.

“Payables to associates and joint ventures”, amounting to €2.9 million (€2.8 million as at December 31, 2014), relate mainly to trade payables to Careo S.r.l.

28. Current taxes

As at December 31, 2015 this item consists of the amount payable to tax authorities for current taxes incurred during the year.

The German subsidiary Reno De Medici Arnsberg GmbH is currently undergoing the tax audit of the period 2011-2013. In this ambit, the German Tax Authorities are bringing into question the Logo Fee charged by the mother company Reno De Medici S.p.A. It has to be pointed out that the Logo Fee charged was accepted in the previous tax audit of Reno De Medici Arnsberg GmbH, for the period 2007-2010. At the current visibility it is not possible to predict the outcome of the discussions, and the possible relevant consequences and therefore any provision wasn't booked.

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

Significant Non-Recurring Events and Transactions

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

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

Positions or Transactions Deriving from Abnormal and/or Unusual Transactions

In 2015 there were no abnormal and/or unusual transactions defined by the above-mentioned Consob communication DEM/6064293 implemented by the Group. Abnormal and/or unusual transactions are transactions which due to their size, their importance, the nature of the counterparties, their subject, the means of interpreting their price and the timing may give rise to doubt over:

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

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

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

Commitments and collateral given to third parties include:

- a surety of €4.1 million issued in favor of the Province of Belluno relating to the landfill site at the Santa Giustina mill (BL);
- a surety of €421,000 issued in favor of the Region of Lazio relating to the landfill site at the Villa Santa Lucia mill (FR);
- sureties of €2.3 million issued to the Comieco consortium;
- sureties of €67,000 issued in favor of the customs authorities;
- a surety of €90,000 issued in favor of the Province of Milan;
- a surety of €386,000 issued in favor of the Province of Frosinone;
- a surety of €612,000 issued in favor of the Cassa Conguaglio;
- a surety of €72,000 issued in favor of the Polytechnic Institute of Milan;
- a surety of €88,000 issued in connection with property leases;
- a surety of €177,000 issued in favor of Stogit S.p.A.;
- sureties of €228,000 issued in favor of Terna S.p.A.;

- a surety of €694,000 issued in favor of the Revenue Agency for Carta Service Friulana S.r.l. and Cartiera Alto Milanese in liquidation S.p.A.;
- a surety of €1.6 million issued in favor of Unicredit;
- a surety of €2.5 million issued in favor of Cariparma.

As part of the sale of the Ovaro mill to R.D.M. Ovaro S.p.A., Reno De Medici S.p.A. and FRIULIA S.p.A. respectively obtained a call option, exercisable between June 27, 2014 and June 27, 2017, and a put option, exercisable between June 27, 2015 and June 27, 2017, on FRIULIA S.p.A.'s stake in R.D.M. Ovaro S.p.A. At the date of the financial statements, the options were not exercised.

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

- a lock-up period ending May 31, 2013;
- where the shareholders accept an offer from a third party for the purchase of 100% of the company's share capital (including during the lock-up period), a drag-along obligation;
- at the end of the lock-up period, a drag-along right for shareholders if only one of them indicates a willingness to sell its shares in the company to third parties;
- after three years from the date the agreement was signed, and at its own initiative, the right for Intesa Sanpaolo to set in motion a contractually established procedure for the sale of its holding to Reno De Medici, and, in such an event, for the other shareholders to express their own intent to sell their holdings to Reno De Medici. Reno De Medici shall not be under any obligation to purchase such holdings. Should the parties fail to reach an agreement, Intesa Sanpaolo shall be entitled to seek offers for its holding and for the holdings of the other shareholders on the open market, at terms and conditions that protect the investments made. In such an event, all shareholders shall be obliged to sell their shares;
- after four years from the date the agreement was signed, the possibility (by way of a call option) for Reno De Medici to purchase all the holdings of the other shareholders at their market value as at the exercise date.

31. Related-Party Transactions

- Transactions with Subsidiaries, Associates and Joint Ventures

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

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

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

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

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

- Other related parties

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

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

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

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

Related-party transactions include:

- commercial relations with Pac Service S.p.A., a company of which RDM owns 33%, in connection with sales of cartonboard. Sales made in 2015 totaled €4,555,000, while trade payables at December 31, 2015 amounted to €239,000. During the year, RDM sold the trade receivables of Pac Service S.p.A. under a new non-recourse factoring program. More information can be found in the "Notes" for this Report;

- commercial relations with ZAR s.r.l., a company of which RDM owns 33.33%, in connection with purchase of waste paper. Purchases made in 2015 totaled €4,229,000, while trade payables as at December 31, 2015 amounted to €257,000;

Breakdown of Related-Party Transactions

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

	2015		2014	
	Directors	Statutory auditors	Directors	Statutory auditors
(thousands of Euros)				
Short-term benefits	870	166	1,132	166
Post-employment benefits	16		16	
Total	886	166	1,148	166

Compensation not yet paid to Directors and Statutory Auditors as at December 31, 2015 amounted to €512,000 and €166,000 respectively.

Receivables and Payables with Related Parties

The table below provides a breakdown of receivables and payables with related parties as at December 31, 2015 and at December 31, 2014:

December 31, 2015	Current assets			Current liabilities		
	Trade receivables	Receivables from associates and joint ventures	Other receivables from associates and joint ventures	Trade payables	Payables to associates and joint ventures	Other payables from associates and joint ventures
(thousands of Euros)						
Careo S.A.S.		8			8	
Careo S.r.l.		98			2,390	1,954
Cascades Asia Ltd	212					
Cascades Multi Pro	17					
Cascades S.A.S				495		
Cascades Groupe Produits				1		
Pac Service S.p.A.			100		239	
ZAR SRL		9	370		257	
Total	229	115	470	496	2,894	1,954
Share of item total	0.4%	100%	100%	0.6%	100%	100%

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

Revenues and costs deriving from related-party transactions

The tables below provide a breakdown of revenues and costs with other related parties during 2015 and 2014:

December 31, 2015	Revenues from sales	Other revenues	Financial income
(thousands of Euros)			
Careo GmbH		21	
Careo S.A.S.	2	34	
Careo S.r.l.		385	1
Cascades Asia Ltd	1,691		
Cascades Multi Pro	96		
Cascades S.A.S		2	
Pac Service S.p.A.	4,555		
ZAR S.r.l.			7
Total	6,344	442	8
Share of item total	1.4%	6.8%	40%

December 31, 2015	Cost of raw materials and services	Financial expense
(thousands of Euros)		
Careo S.A.S.	36	
Careo S.r.l.	9,517	17
Careo Ltd	1	
Cascades Canada ULC	72	
Cascades S.A.S	1,488	
ZAR SRL	4,229	
Red. Imm. S.r.l.	20	
Total	15,363	17
Share of item total	4.6%	0.5%

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

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

This analysis compares the situation at the reporting date December 31, 2015 with the situation as at December 31, 2014, and it refers to the RDM Group's consolidated financial statements.

All figures are stated in thousands of Euros.

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

Impact of Financial Instruments on the Financial position

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

	12.31.2015		12.31.2014	
	Book value	Fair value	Book value	Fair value
(thousands of Euros)				
Cash and cash equivalents	23,146	23,146	2,376	2,376
Loans and receivables	67,902	67,902	69,566	69,566
Trade receivables	58,976	58,976	59,542	59,542
Other receivables from associates and joint ventures	470	470	472	472
Other receivables	8,456	8,456	9,552	9,552
Available-for-sale financial assets				
Financial liabilities at amortized cost	(167,034)	(169,255)	(163,042)	(167,106)
Unsecured medium- and long-term bank loans at amortized cost	(37,801)	(39,393)	(14,547)	(16,633)
Secured medium- and long-term bank loans at amortized cost	(30,279)	(30,908)	(25,232)	(27,210)
Short-term bank loans for use of commercial facilities	(6)	(6)	(19,187)	(19,187)
Trade payables	(84,879)	(84,879)	(88,531)	(88,531)
Other payables to associates and joint ventures	(1,954)	(1,954)	(2,445)	(2,445)
Other payables	(12,115)	(12,115)	(13,100)	(13,100)
Financial liabilities at fair value through profit and loss	(6)	(6)	(54)	(54)
Hedging derivatives	(190)	(190)	(250)	(250)
	(76,182)	(78,404)	(91,404)	(95,468)
Unrecognized profits (losses)	(2,221)		(4,064)	

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

Derivative instruments

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

The Group's only derivative instruments indexed to interest rates are interest rate swaps. A discounted cash flow model is used to measure these instruments, whereby the fair value of a

derivative is given by the sum of the present values of future cash flows estimated on the basis of the riskless curve of the deposit rates, futures and swaps at the reporting date.

The reference international accounting standard (IFRS 13) identifies a measurement hierarchy based on three levels:

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

	Classification	12.31.2015	Fair value as at the date of the financial statements based on:		
			Level 1	Level 2	Level 3
(thousands of Euros)					
Derivative instruments on interest rates	Non-current derivative instruments	50		50	
Derivative instruments on interest rates	Current derivative instruments	146		146	

As at December 31, 2015, the Group did not hold any foreign-exchange derivative instruments or any derivative instruments indexed to commodity prices.

Loans

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

In the case of indexed loans, future interest rates were estimated by calculating the forward rates implicit in the quoted euro deposit rates, futures and swaps riskless curve as at December 31, 2015 and December 31, 2014.

Future flows were discounted on the basis of the same euro yield curve as at December 31, 2015 and December 31, 2014.

Financial Assets

The table below provides a breakdown of financial assets:

	12.31.2015	12.31.2014
(thousands of Euros)		
Non-current financial assets		
<i>Non-derivative financial assets</i>	0	0
Available-for-sale financial assets	0	0
Total	0	0
Current financial assets		
Non-derivative financial assets	23,146	2,376
Total	23,146	2,376

Financial Liabilities

The table below provides a breakdown of financial liabilities:

	12.31.2015	12.31.2014
(thousands of Euros)		
Non-current liabilities		
<i>Non-derivative liabilities</i>	(53,280)	(22,825)
Unsecured medium- and long-term bank loans at amortized cost	(27,351)	(10,930)
Secured medium- and long-term bank loans at amortized cost	(25,929)	(11,895)
<i>Hedging derivatives</i>	(50)	
<i>Non-hedging derivatives</i>		(18)
Total	(53,330)	(22,843)
Current liabilities		
<i>Non-derivative liabilities</i>	(14,806)	(36,141)
Current portion of unsecured medium- and long-term bank loans at amortized cost	(10,450)	(3,617)
Current portion of secured medium- and long-term bank loans at amortized cost	(4,350)	(13,337)
Short-term bank loans for the use of commercial facilities	(6)	(19,187)
<i>Hedging derivatives</i>	(140)	(250)
<i>Non-hedging derivatives</i>	(6)	(36)
Total	(14,952)	(36,427)

Loan Repayment Plans, Terms and Conditions

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

	Currency	Nominal interest rate	Year of maturity	Nominal value at 12.31.2015	Book value	Nominal value at 12.31.2014	Book value
(thousands of Euros)							
Secured medium- and long-term bank loans at amortized cost				30,550	30,247	25,338	25,139
Intesa SanPaolo syndicated loan (tranche A)	Euro	Eur6m+spread	2016	-	-	7,258	7,165
Intesa SanPaolo syndicated loan (tranche B)	Euro	Eur6m+spread	2016	-	-	3,000	2,981
Banca Popolare Emilia Romagna	Euro	Eur6m+spread	2016	310	310	930	928
Intesa San Paolo	Euro	Eur6m+spread	2016	-	-		
Dresdner Bank	Euro	Eur6m+spread	2015	-	-	714	714
Frie 1	Euro	Eur6m	2022	2,897	2,897	2,960	2,960
Frie 2	Euro	Eur6m	2022	4,875	4,875	5,688	5,688
Friulia Loan	Euro	Eur6m+spread	2019	-	-	1,928	1,907
Friulia S.p.A.	Euro	Eur6m+spread		2,468	2,468	2,861	2,796
Banca popolare di Milano	Euro	Eur6m+spread	2022	20,000	19,697		
Unsecured medium- and long-term bank loans at amortized cost				38,058	37,707	14,641	14,460
MinIndustria 11172	Euro	Fix	2017	324	324	477	477
Banco Popolare	Euro	Eur3m+spread	2017	2,990	2,977	4,606	4,581
Banca Popolare di Bergamo	Euro	Eur6m+spread	2019	7,727	7,625	9,557	9,402
Banca Intesa San Paolo	Euro	Eur6m+spread	2020	18,000	17,833		
Credem	Euro	Eur3m+spread	2018	2,754	2,754		
Cariparma	Euro	Eur6m+spread	2019	6,125	6,056		
Agence de l'eau (Blendecques)	Euro		2026	138	138		
Total medium- and long-term loans				68,608	67,954	39,979	39,599
Short-term bank loans for use of commercial facilities				6	6	19,187	19,187
Used portfolio	Euro	Euribor+spread	n/a	6	6	7,687	7,720
Pre-paid invoices	Euro	Euribor+spread	n/a			3,000	3,000
Export loans	Euro	Euribor+spread	n/a			6,000	6,000
Import loans	Euro	Euribor+spread	n/a			2,500	2,467
Total short-term loans				6	6	19,187	19,187
Total interest-bearing liabilities				68,614	67,960	59,166	58,786

Other Financial Instruments

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

Other Information

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

(thousands of Euros)	
Reserve 12.31.2014	29
<i>Fair value adjustment of cash flow hedge derivatives</i>	(185)
<i>Tax effect of fair value adjustment of cash flow hedge derivatives</i>	51
<i>Transfers to the income statement</i>	(40)
<i>Tax effect of transfers to the income statement</i>	11
Reserve 12.31.2015	134

Credit Risk

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

Risk Exposure

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

	12.31.2015	12.31.2014
(thousands of Euros)		
Gross trade receivables	63,204	63,661
- provision for bad and doubtful debts	(4,228)	(4,119)
Total	58,976	59,542

Overdue or Impaired Financial Assets

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

December 31, 2015	Overdue receivables			Non-overdue receivables	Total
	More than 60 days	From 31 to 60 days	From 0 to 30 days		
(thousands of Euros)					
Italy	2,361	339	2,124	41,585	46,409
EU	263	17	2,013	3,270	5,563
Rest of world	152	24	844	5,984	7,004
Total	2,776	380	4,981	50,839	58,976

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

The Group's overdue receivables as at December 31, 2015 showed an improvement in absolute terms dropping from €9.6 million to €8.1 million. They represent 14% of the total portfolio compared to 16% reported in the previous year.

How Credit Risk is Managed

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

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

The internal procedures for carrying out a creditworthiness assessment involve collecting and analysing qualitative and quantitative information and the use of external databases and commercial information. The policies adopted have so far enabled losses on receivables to be limited.

Market Risk

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

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

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

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

Currency Risk

The Group's exposure to currency risk derives from:

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

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

In terms of exposure to currency risk, in 2015, the Group managed the marginal imbalance between investments and funds in the same currency by using a natural-hedging approach and by carefully and continually monitoring market conditions; as a result, it was not deemed necessary to resort to hedging derivatives.

The Group's exposure in euros is shown below, based on the official ECB exchange rates as at December 31, 2015 and December 31, 2014, as reported in the following table:

ECB exchange rates	12.31.2015	12.31.2014
(per euro)		
USD	1.0887	1.2141
GBP	0.7340	0.7789
CHF	1.0835	1.2024
CAD	1.5116	1.4063

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

	12.31.2015				12.31.2014			
	USD	GBP	CHF	CAD	USD	GBP	CHF	CAD
(thousands of Euros)								
Trade receivables	4,946	284	-	-	4,196	643		6
Short-term bank loans for use of commercial facilities	-	-	-	-				
Trade payables	(2,358)	(35)	-	-	(2,454)		(28)	
Cash and cash equivalents	818	149	1	2	1,584	171	1	1
Exposure	3,405	398	1	2	3,326	814	(27)	7

Sensitivity Analysis of Currency Risk

In order to measure the possible effects of changes in the reporting-date exchange rates on the statement of financial position and income statement, assumptions were made (at December 31, 2015 and December 31, 2014) as to variations in the value of the euro against the major foreign currencies.

Specifically, two scenarios took place: the appreciation and the depreciation of the euro compared with other currencies by 10%. For each of the two scenarios, the gain or loss arising from transactions outstanding as at December 31, 2015 and December 31, 2014 was then calculated. In this way, it was possible to determine the effect on the income statement and on shareholders' equity had exchange rates been subject to changes as assumed.

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

10% appreciation of the euro	Profit or loss	10% depreciation of the euro	Profit or loss
(thousands of Euros)		(thousands of Euros)	
December 31, 2015		December 31, 2015	
USD	(371)	USD	371
GBP	(29)	GBP	29
CHF	0	CHF	0
CAD	0	CAD	0
Total	(400)	Total	400
December 31, 2014		December 31, 2014	
USD	(302)	USD	370
GBP	(74)	GBP	90
CHF	2	CHF	(3)
CAD	(1)	CAD	1
Total	(375)	Total	458

How Currency Risk is Managed

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

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

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

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

Interest Rate Risk

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

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

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

	12.31.2015	%	12.31.2014	%
(thousands of Euros)				
Floating-rate medium- and long-term loans	(20,433)	30.9%	(19,454)	34.6%
Floating-rate medium- and long-term loans hedged by IRS	(30,643)	46.3%	(310)	0.6%
Fixed-rate medium- and long-term loans	(164)	0.2%	(324)	0.6%
Total non-current liabilities	(51,240)	77.5%	(20,088)	35.7%
Floating-rate medium- and long-term loans	(11,883)	18%	(8,793)	15.6%
Floating-rate medium- and long-term loans hedged by IRS	(2,857)	4.3%	(8,084)	14.4%
Fixed-rate medium- and long-term loans	(160)	0.2%	(153)	0.3%
Floating-rate short-term bank loans as use of commercial facilities	(6)	0.0%	(19,187)	34.1%
Total current liabilities	(14,906)	22.5%	(36,217)	64.3%
<i>Total (floating rate)</i>	<i>(32,332)</i>	<i>48.9%</i>	<i>(47,434)</i>	<i>84.2%</i>
<i>Total (fixed rate or hedged floating rate)</i>	<i>(33,824)</i>	<i>51.1%</i>	<i>(8,871)</i>	<i>15.8%</i>
Total	(66,146)	100.0%	(56,305)	100.0%

Sensitivity Analysis of Interest Rate Risk

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

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

- for loans with a repayment plan, the change in financial expense was calculated by applying +/- 50 bps to the loan interest rate payable at each refixing date, multiplied by the outstanding principal during the year;
- the change in the fair value of interest rate swaps at the reporting date was calculated by applying +/- 50 bps to the euro riskless curve of the deposit rates, futures and swaps at the reporting date.

	Profit (loss)			
	Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps
(thousands of Euros)				
December 31, 2015				
Cash flows during the year	(475)	475		
<i>Cash flows from derivatives</i>	78	(78)		
<i>Floating-rate loans</i>	(553)	553		
Effectiveness of hedges			449	(461)
Net sensitivity of financial flows	(475)	475	449	(461)
December 31, 2014				
Cash flows during the year	(181)	181		
<i>Cash flows from derivatives</i>	37	(37)		
<i>Floating-rate loans</i>	(218)	218		
Effectiveness of hedges			34	(30)
Net sensitivity of financial flows	(181)	181	34	(30)

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

How Interest Rate Risk is Managed

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

The techniques used most often are:

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

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

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

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

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

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

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

Commodity Risk

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

In 2014 and 2015 the Group signed natural gas procurement agreements for 2015, mainly on a quarterly basis, negotiating fixed unit prices for each of the individual quarters. This method makes it possible to limit commodity risk for the first part of the year *ex ante*. The rates for the subsequent quarters are also negotiated and confirmed during the year, in order to fulfill the needs of the plants and at the same time take advantage of the lower price trends for energy commodity prices. All quotes are expressed in euros per unit of volume with later adjustment to the primary energy content.

At the end of November 2014, the Group signed electricity procurement contracts at a price indexed to the listings of several continental energy markets, in some cases involving fixing operations after signing the contracts, taking advantage of dedicated clauses in the contracts. The supply quotas at indexed prices in relation to the reference markets are procured with fixed spreads in relation to these quotes. The aim of fixing the supply prices is to contain commodity risk. Negotiated prices are expressed in euros per unit of electricity.

As at December 31, 2015, there were no outstanding derivative instruments for hedging commodity risk.

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

How Commodity Risk is Managed

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

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

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

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

Liquidity Risk

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

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

For each contract maturity date, the analysis aimed to measure the cash flows deriving from the various types of financial liability held as at December 31, 2015 and December 31, 2014.

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

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

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

December 31, 2015	Book value	Contractual financial flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
(thousands of Euros)							
Cash and cash equivalents	23,146	23,146	23,146				
Trade receivables	58,976	58,976	58,976				
Other receivables from associates and joint ventures	470	470	470				
Other receivables	8,455	8,455	7,303		482	187	483
Medium- and long-term bank loans	(68,079)	(70,238)	(6,585)	(10,204)	(15,573)	(30,423)	(7,407)
Short-term bank loans for use of commercial facilities	(6)	(6)	(6)				
Other payables	(12,115)	(12,115)	(11,985)	(52)	(52)	(26)	
Other payables from associates and joint ventures	(1,954)	(1,954)	(1,954)				
Hedging derivative instruments	(190)	(190)	(71)	(69)	(45)	(5)	-
Non-hedging derivative instruments	(6)	(6)	(6)				-
Trade payables	(84,879)	(84,879)	(84,879)				
Total	(76,182)	(78,341)	(15,591)	(10,325)	(15,188)	(30,267)	(6,924)

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

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

How Liquidity Risk is Managed

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

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

OTHER INFORMATION

Equity investments in subsidiaries, associates and joint ventures as at December 31, 2015 (pursuant to article 38, paragraph 2 of Legislative Decree 127/91).

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

Cartonboard sector – subsidiaries

Cartiera Alto Milanese S.p.A. in liquidation

Milan – Italy

Direct ownership 100%

Emmaus Pack S.r.l.

Milan- Italy

Direct ownership 51.39%

RDM Blendecques S.A.S.

Blendecques – France

Direct ownership 100%

RDM Ovaro S.p.A.

Milan- Italy

Direct ownership 80%

Reno De Medici Arnsberg GmbH

Arnsberg – Germany

Direct ownership 94%

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

Reno De Medici Ibérica S.L.U.

Prat de Llobregat- Barcelona- Spain

Direct ownership 100%

Reno De Medici UK Limited

Wednesbury – UK

Direct ownership 100%

Carta Service Friuliana S.r.l.

Milan- Italy

Direct ownership 100%

Services sector – subsidiaries

Cascades Grundstück GmbH & Co.KG

Arnsberg – Germany

Direct ownership 100%

LIST OF EQUITY-ACCOUNTED INVESTMENTS

Cartonboard and other industrial production sector

Manucor S.p.A.

Milan- Italy

Direct ownership 22.75%

Pac Service S.p.A.

Vigonza- Padua- Italy

Direct ownership 33.33%

ZAR S.r.l.

Silea- Italy

Direct ownership 33.33%

Service sector

Careo S.r.l.

Milan – Italy

Indirect ownership 70%

Careo Gmbh

Krefeld – Germany

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

Careo S.A.S.

Paris – France

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

Careo Spain S.L.

Prat de Llobregat – Barcelona – Spain

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

Careo Ltd

Wednesbury – UK

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

Careo S.r.o.

Prague – Czech Republic

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

Careo KFT

Budapest- Hungary

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

Careo SP z.o.o.

Warsaw- Poland

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

LIST OF INVESTMENTS IN OTHER COMPANIES

Cartonboard sector

Cartonnerie Tunisienne S.A.

Les Berges Du Lac- Tunis

Direct ownership 5.274%

Consortium

Gas Internsive S.c.r.l.

Milan – Italy

Consortium share

Comieco

Milan – Italy

Consortium share

Conai

Milan – Italy

Consortium share

Consorzio Filiera Carta

Frosinone – Italy

Consortium share

C.I.A.C. S.c.r.l.

Valpenga (TO)- Italy

Consortium share

Idroenergia S.c.r.l.

Aosta- Italy

Consortium share

Paper Interconnector

Milan- Italy

Consortium share

Università Carlo Cattaneo

Castellanza (VA) – Italy

Consortium share

SUBSEQUENT EVENTS

With reference to subsequent events after the 2015 year end, see the Directors' Report.

CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015 PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AND LATER AMENDMENTS AND ADDITIONS.

1. The undersigned Ignazio Capuano, as CEO and Stefano Moccagatta as Financial Reporting Executive of Reno De Medici S.p.A., certify, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of February 24, 1998:

- the suitability for the characteristics of the business and
- the effective implementation

of the administrative and accounting procedures pertaining to the preparation of the year-end consolidated financial statements for the period from January 1 to December 31, 2015.

2. No significant issues have emerged in this regard.

3. It is further certified that

3.1. the consolidated financial statements:

- a) were prepared in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
- b) are consistent with the figures reported in the relevant accounting books and records;
- c) are able to provide a true and fair view of the financial position, the results and the cash flows of the issuer and of the companies whose accounts have been consolidated;

3.2. The Directors' Report comprises a reliable analysis of operating performance and results, as well as of the situation of the issuer and of the companies whose accounts have been consolidated, together with a description of the major risks and uncertainties to which they are exposed.

Milan, March 17, 2016

Chief Executive Officer

/f/

Ignazio Capuano

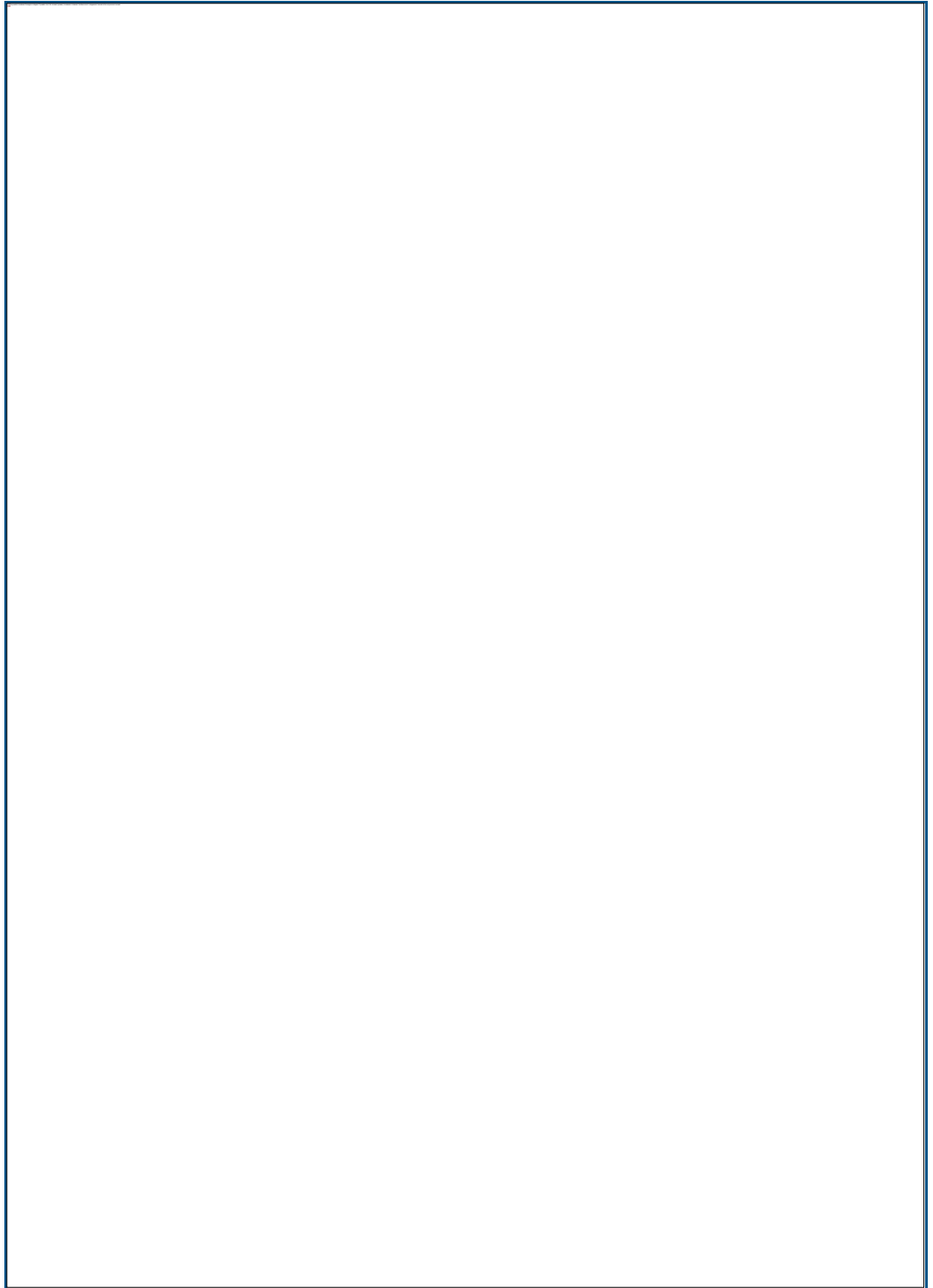
Financial Reporting Executive

/f/

Stefano Moccagatta

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS







**NOTES TO THE
SEPARATE
FINANCIAL
STATEMENTS AT
DECEMBER 31,
2015**

STATEMENT OF INCOME

	Note	12.31.2015	12.31.2014
Revenues from sales	1	217,505,263	208,812,422
- of which related parties	35	18,156,764	34,344,865
Other revenues and income	2	9,079,679	17,110,486
- of which related parties	35	5,119,675	6,081,512
Change in inventories of finished goods	3	(2,042,283)	(2,319,011)
Cost of raw materials and services	4	(171,423,156)	(168,005,399)
- of which related parties	35	(8,265,834)	(8,297,417)
Personnel costs	5	(25,975,480)	(28,160,309)
Other operating costs	6	(2,982,567)	(2,795,303)
Gross operating profit		24,161,456	24,642,886
Depreciation and amortization	7	(12,059,929)	(11,525,216)
Write-downs	8	(2,288,351)	(943,279)
Operating profit		9,813,176	12,174,391
Financial expense		(3,031,653)	(4,367,078)
Gains (losses) on foreign exchange		83,083	168,403
Financial income		240,631	278,804
Net financial income (expense)	9	(2,707,939)	(3,919,871)
Gains (losses) from investments	10	6,536,014	(3,683,836)
Taxes	11	(1,252,306)	(1,146,126)
Profit (loss) for the year		12,388,945	3,424,558

STATEMENT OF COMPREHENSIVE INCOME

	Note	12.31.2015	12.31.2014
Profit (loss) for the period		12,388,945	3,424,558
Other components of comprehensive profit (loss)			
Other components that may be transferred to the income statement in subsequent financial periods:		(163,484)	225,024
<i>Change in fair value of cash flow hedges</i>	24	(163,484)	225,024
Other components that will not be transferred to the income statement in subsequent financial periods:		270,261	(674,325)
<i>Actuarial gain/ (loss)</i>	24	270,261	(674,325)
Total other components of comprehensive profit (loss)		106,777	(449,301)
Total comprehensive profit (loss)		12,495,722	2,975,257

The change in fair value of cash flow hedges is stated net of the related tax effect.

STATEMENT OF FINANCIAL POSITION

	Note	12.31.2015	12.31.2014
ASSETS			
Non-current assets			
Tangible assets	12	125,603,302	133,714,134
Other intangible assets	13	915,481	867,933
Investments in Subsidiaries	14	69,357,550	68,697,963
Investments in associates	15	601,558	600,650
Deferred tax assets	16	1,394,976	2,033,483
Other receivables	17	472,077	396,638
Total non-current assets		198,344,944	206,310,801
Current assets			
Inventories	18	34,823,508	36,881,710
Trade receivables	19	32,084,207	27,168,525
Receivables from Group Companies	20	7,975,752	9,609,544
Other receivables	17	3,125,327	4,590,373
Other receivables from Group Companies	21	7,819,416	7,243,462
Cash and cash equivalents	22	22,800,735	2,086,712
Total current assets		108,628,945	87,580,326
Assets held for sale	23	800,000	1,838,163
TOTAL ASSETS		307,773,889	295,729,290

	Note	12.31.2015	12.31.2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		150,399,256	185,122,487
Other reserves		1,308,735	2,794,561
Retained earnings (losses)			(41,979,589)
Profit (loss) for the year		12,388,945	3,424,558
Use of profit for the year to cover losses		(2,239,197)	
Residual profit (loss) for the year		10,149,748	3,424,558
Total shareholders' equity	24	161,857,739	149,362,017
Non-current liabilities			
Payables to banks and other lenders	22	44,128,883	15,139,883
Derivative instruments	25	50,114	18,085
Other payables	26	130,258	182,361
Employee benefits	27	7,150,403	7,649,043
Non-current provisions for risks and charges	28	2,014,258	4,134,155
Total non-current liabilities		53,473,916	27,123,527
Current liabilities			
Payables to banks and other lenders	22	13,542,046	32,064,548
Derivative instruments	25	146,082	267,786
Trade payables	29	52,869,075	50,581,237
Payables to Group Companies	30	2,801,891	2,915,170
Other payables	26	5,530,976	6,265,095
Other payables to Group Companies	31	16,853,630	26,078,993
Current taxes	32	216,022	177,809
Employee benefits	27	30,642	893,108
Current provisions for risks and charges	28	451,870	
Total current liabilities		92,442,234	119,243,746
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		307,773,889	295,729,290

STATEMENT OF CASH FLOWS

	Note	12.31.2015	12.31.2014
(thousands of Euros)			
Profit (loss) for the period before tax		13,641	4,571
Depreciation and amortization	7	12,060	11,526
Write-downs	8	2,288	943
Losses (gains) from investments	10	(6,536)	3,684
Financial (income) expense	9	2,791	4,088
Capital losses (gains) on sale of fixed assets		0	(577)
Change in provisions for employee benefits and in other provisions, including the provision for bad and doubtful receivables		(2,467)	(3,538)
Change in inventories	18	1,988	1,891
Change in trade receivables		(2,653)	11,113
- of which related parties	35	854	5,794
Change in trade payables		2,009	(9,126)
- of which related parties	35	(113)	(1,445)
Change in total working capital		1,344	3,878
Gross cash flows		23,121	24,575
Interest paid in the year		(2,769)	(3,556)
- of which related parties	35	(481)	(509)
Interest received in the period		262	266
- of which related parties	35	219	243
Taxes paid in the period		(1,899)	(2,143)
Cash flows from operating activities		18,715	19,142
Sale (purchase) of available-for-sale financial assets		(1)	
Investment net of disinvestment in tangible and intangible assets		(6,653)	(16,225)
Disinvestment in non- current assets held for sale and spare parts			
Capital transactions of subsidiaries and joint ventures	15		(25)
Equity investments in subsidiaries	15	(3)	
Investment in joint ventures			
Sale of business unit			
Dividends received		8,545	3,795
Cash flows from investing activities		1,888	12,455
Change in other financial assets and liabilities and short-term payables to banks		(27,782)	(4,461)
- of which related parties	35	(9,825)	649
Change in medium- and long-term loans		27,891	(2,418)
- of which related parties	35		(714)
Cash flows from financing activities		109	(6,879)
Change in unrestricted cash and cash equivalents	23	20,712	(192)
Unrestricted cash and cash equivalents at the beginning of the period	23	2,086	2,278
Unrestricted cash and cash equivalents at the end of the period	23	22,801	2,086

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Legal reserve	Extraordinary reserve	Retained earnings (losses)	Profit (loss) for the period	Hedging reserve	Reserve for actuarial gain (loss)	Other reserves	Total Shareholders' Equity
(thousands of Euros)									
Shareholders' equity at 12.31.2013	185,122	408	1,150	(42,622)	677	(195)	(1,258)	3,105	146,387
Allocation of 2013 profit		35		642	(677)				
Profit (loss) for the period					3,425				3,425
Other components of comprehensive profit (loss)						224	(674)		(450)
Total comprehensive profit (loss)					3,425	224	(674)		2,975
Shareholders' equity at 12.31.2014	185,122	443	1,150	(41,980)	3,425	29	(1,932)	3,105	149,362
Allocation of 2014 profit		171		3,254	(3,425)				
Coverage of previous losses	(34,723)	(614)	(1,150)	38,726	(2,239)				
Profit (loss) for the period					12,389				12,389
Other components of comprehensive profit (loss)						(163)	270		107
Total comprehensive profit (loss)					12,389	(163)	270		12,496
Shareholders' equity at 12.31.15	150,399				10,150 (*)	(134)	(1,662)	3,105	161,858

(*) Said amount is referred to the residual profit/loss for the year after the partial use of the result for the period of coverage of pre-existing losses in accordance with the resolutions of the Shareholders' Meeting of Reno De Medici S.p.A. on November 2

NOTES TO THE FINANCIAL STATEMENTS

Structure and content

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

RDM has its headquarter in Milan, Italy.

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

RDM's draft separate financial statements were approved and authorized for publication by its Board of Directors on March 17, 2016.

Reno De Medici S.p.A., as Parent Company, also prepared the consolidated financial statements of the RDM Group at December 31, 2015.

The 2015 separate financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and endorsed by the European Union, as well as on the basis of the provisions issued to implement Article 9 of Legislative Decree 38/2005. IFRS also refers to all the international accounting principles revised (International Accounting Standards or IAS), all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC").

RDM applied the same accounting principles as for the Annual Financial Report at December 31, 2014.

Accounting principles, amendments and interpretations effective from January 1, 2015 specifying any impact in these separate financial statements for each of them:

- IFRIC 21 – *Levies*. Provides clarifications on the time of recording a liability related to levies (other than income taxes) imposed by a government body. The principle deals with both liabilities for levies that come under the scope of the application of IAS 37- Provisions, Contingent Liabilities and Contingent Assets, and those for levies where the timing and amount are known; The adoption of the principle did not have any effects.
- "Annual Improvements to IFRSs: 2011-2013 Cycle" which includes the changes to some principles under the scope of the annual improvement process (including: IFRS 3 Business Combinations – Scope exception for joint ventures, IFRS 13 Fair Value Measurement – Scope of portfolio exception, IAS 40 Investment Properties – Interrelationship between IFRS 3 and IAS 40). The adoption of the principle did not have any effects.

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

- Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”, which proposes to present the contributions (relating only to the service provided by the employee in the period) made by employees or third parties to benefit plans to reduce service costs during the period in which this contribution is paid.
- Amendment to IFRS 11 Joint Arrangements – Accounting for acquisitions of interests in joint operations; Relates to the accounting of the acquisition of an interest in a joint operation which constitutes a business.
- Amendment to IAS 16 Property, plant and Equipment and IAS 38 Intangible Assets – “Clarification of acceptable methods of depreciation and amortization” in accordance with an amortization criterion based on revenues is usually considered inappropriate, because the revenues generated by an asset which include the use of the asset subject to amortization generally reflect factors other than consumption of economic benefits of the actual assets, a requirement which, on the other hand, is needed for the amortization.
- Amendment to IAS 1 – Disclosure Initiative; the aim of the changes is to clarify the information elements that could be perceived as hindering the clear and intelligible preparation of the financial statements.
- Amendment to IAS 27- Equity Method in Separate Financial Statements: introduces the option, in the separate financial statements of an entity, of valuing the investments in subsidiaries, joint ventures and associates at equity.
- Lastly, under the scope of the annual process for improving the principles, on December 12, 2013, the IASB published the documents “Annual Improvements to IFRSs: 2010-2012 Cycle” and on September 25, 2014 “Annual Improvements to IFRSs: 2012-2014 Cycle”.

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

- IFRS 15 – Revenue from Contracts with Customers;
- IFRS 9 – Financial Instruments (final version)
- IFRS 16 – Leases
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

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

The financial statements are prepared on a historical cost basis with the exception of derivative financial instruments and financial assets held for sale, which are recognized at fair value, and

financial liabilities, which are recognized at amortized cost. The carrying amount of hedged assets and liabilities which qualify for hedge accounting is adjusted to take into account changes in the fair value of the hedged risks.

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

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

The Parent Company has chosen to present the structure and content of its separate financial statements in the following manner:

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

ACCOUNTING PRINCIPLES

TANGIBLE ASSETS

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

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

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

Assets acquired under finance leases, which assign to the Group substantially all the risks and rewards of ownership, are recognized as tangible assets at the lower of their fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as financial debt.

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

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

Category		Years
Buildings	Industrial buildings	33
	Small structures	20
Plant and machinery	General plant and machinery	20 – 10- 5
	Specific plant and machinery	20 – 10- 5
Industrial and commercial equipment	Miscellaneous equipment	5
Other assets	Furniture and ordinary office machines	8
	Electronic office machines	5
	Internal vehicles	5
	Motor vehicles	4

The Company checks at least once a year if there is any indication that tangible assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss, as described in the section “Impairment” below.

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

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

ASSETS HELD FOR SALE

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

INTANGIBLE ASSETS

Intangible assets consist of identifiable assets without physical substance which are controlled by the Company and from which future economic benefits are expected.

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

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

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

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

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

IMPAIRMENT

At each reporting date, the Company reviews the carrying amount of its tangible and intangible assets with a finite useful life to assess whether there are any signs that these assets may have lost value (impairment indicators). If any such signs exist, the Company estimates the recoverable amount of such assets to determine the write-down amount (impairment test). Where it is not

possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

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

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

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND OTHER COMPANIES

Investments in subsidiaries, associates and joint ventures are measured at cost and undergo testing to determine the extent of any impairment losses, as described in the “Impairment” section above.

The test is conducted whenever there are impairment indicators.

With regard to investments in subsidiaries, associates and joint ventures, where the investee company has distributed dividends, the following situations are also considered to be impairment indicators:

- the book value of the holding on the separate financial statements exceeds the carrying amount of the investee company’s net assets (including any related goodwill) on the consolidated financial statements;
- the dividend exceeds the comprehensive profits (statement of comprehensive income) of the investee company in the period to which the dividend applies;
- the recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Specifically, when considering the existence of possible impairment of equity investments in subsidiaries and associates, since these are holdings for which a reliable market value (fair value less

costs to sell) cannot be determined, the recoverable amount was defined as value in use, i.e. the present value of cash flows estimated with reference to the forecast results of the investee companies and to the estimated value of a hypothetical ultimate disposal in accordance with IAS 28 (paragraph 33).

When it is necessary to proceed with a write-down, this is charged to the income statement for the year in which it was measured.

When the impairment of an asset is subsequently eliminated or reduced, the carrying value of the asset is increased to the new estimate of the recoverable amount and may not exceed the value that would have been determined if no impairment had occurred. The reversal of the impairment is recognized immediately on the income statement.

Investments in other companies are measured at fair value with changes recorded in equity. Where there is objective evidence that a financial asset is impaired significantly or for an extended period, the impairment loss is recognized in the income statement even if the investment has not been sold. Where fair value cannot be reliably measured, investments are measured at cost as adjusted for any impairment losses.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

DERIVATIVE INSTRUMENTS

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

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

- the hedging relationship is formally designated and documented at its inception;
- the hedge is expected to be highly effective;
- effectiveness can be reliably measured;

- the hedge is highly effective throughout the financial reporting periods for which it is designated.

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

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

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

TRADE AND OTHER RECEIVABLES

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

INVENTORIES

Inventories are measured at the lower of purchase or production cost, determined on a weighted-average basis, and estimated realizable value, determined from market trends.

In the case of raw materials, market value means replacement cost; for finished goods and semi-finished goods, market value means net realizable value (net of the costs necessary to make the sale), representing the amount that the Company would expect to obtain from the sale of these goods as part of its normal business.

CASH AND CASH EQUIVALENTS

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

EMPLOYEE BENEFITS

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

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

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

PROVISIONS FOR RISKS AND CHARGES

The Company records provisions for risks and charges when it has a legal or constructive obligation, arising from a past event, where it is probable that a cost will be incurred to fulfill that obligation and when a reliable estimate of the amount can be made. Provisions are measured at the best estimate of the amount which, at the reporting date, the Company could reasonably expect to pay to extinguish the obligation or transfer it to a third party.

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

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

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

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

PAYABLES TO BANKS AND OTHER LENDERS

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

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

TRADE AND OTHER PAYABLES

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

RECOGNITION OF REVENUES

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

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

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

TAXES

Current income taxes are based on an estimate of the taxable income for the year and on applicable rates and legislation. The expected liability, net of any payments on account or withholding tax incurred, is recognized on the statement of financial position under “Current taxes”, or under “Other receivables” if during the year the Company has paid more on account than its tax liability.

Reno De Medici S.p.A., all of its Italian subsidiaries (Emmaus Pack S.r.l., Cartiera Alto Milanese S.p.A. in liquidation and R.D.M. Ovaro SpA) and the joint venture Careo S.r.l. have signed up to the Italian national tax consolidation scheme pursuant to Article 117 et.seq. of the Consolidated Law on Income Tax (T.U.I.R.). The Company acts as the consolidating company and becomes a single taxable base for

the group of adhering companies, thereby enabling this group to offset taxable income against tax losses in a single tax return. Each company that belongs to the national tax consolidation scheme transfers the tax revenues to the consolidating company (taxable income or tax loss): as a consequence of this transfer, Reno De Medici S.p.A. recognizes a receivable or a payable corresponding to the IRES (Italian corporate income tax), net of any payments on account, from or to the participating company, depending on whether it contributes taxable income or a tax loss.

Deferred tax assets and liabilities reflect the temporary differences between the carrying amount of an asset or liability and its tax base. “Deferred tax liabilities” consist of deferred tax liabilities arising from temporary differences which will be taxed in future years in accordance with prevailing tax legislation. “Deferred tax assets” consist of taxes which, despite being recoverable in future years, refer to the current year and are recognized where it is probable that future taxable income will be sufficient to absorb their recovery.

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

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

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

FOREIGN-EXCHANGE DIFFERENCES

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

DIVIDENDS

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

ESTIMATES AND VALUATIONS

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

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

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

VALUATION METHODS

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

FAIR VALUE OF DERIVATIVE CONTRACTS AND FINANCIAL INSTRUMENTS

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

TAXES

The overall determination of tax expense may require the use of estimates and valuations, including those relating to any specific tax liabilities which may not be determinable at the time the individual

transactions are carried out. In addition, in order to calculate deferred tax assets, the Company employs estimates and valuations which also take into account expectations of future events.

IMPAIRMENT TESTS

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

No goodwill has been allocated to the Reno de Medici CGUs, meaning there is no need for a specific annual impairment test. However, the current global economic and financial crisis, which has caused heavy losses on the major regulated markets over recent months, makes it impossible to predict national and global future economic scenarios.

The market capitalization of the Parent Company continues to remain at a lower average level than the Shareholders' Equity in the financial statements.

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

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

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

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

- a) estimates of future operating cash flows;
- b) the discount rate;
- c) the final growth rate.

With respect to point a), given the current economic and financial crisis, the Parent Company has made a prudent assumption, valid only for impairment testing, of the development of its operations between 2016 and 2018.

The Parent Company has used the same net discount rate, 5.70%, for all cash-generating units when discounting cash flows, a rate which reflects current market assessments and also takes into account the specific risks of the sector.

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

Based on the revised costs, there was no need for impairment with the exception of the investment in RDM Blendecques S.A.S..

With reference to the investment in Reno De Medici Ibérica S.l.u., it should be pointed out that in the financial statements at December 31, 2014, the investment was partly written-down following the impairment test based on the value in use in accordance with the requirements of IAS 36. In addition, following the reclassification of the investment in the assets held for sale, a further write-down then proved necessary, aligning the value of the actual investment to the lower value between the carrying value and the fair value net of sales costs.

For the purpose of the 2015 financial statements, the value of the investment was further written-down in order to align it to the lower value between the carrying value and the fair value net of sales costs

As far as the Magenta mill is concerned, in order to assess the recoverable amount, rather than the value in use method, the fair value method was used, deducting selling costs (current market value), as determined by the appraisal conducted by an independent expert.

In addition, on the basis of the recommendations included in Joint Document no. 4 of the Bank of Italy, Consob (the Italian stock exchange regulator) and ISVAP (the Italian insurance regulator) of March 4, 2010, the Parent Company prepared sensitivity analyses on the results of the tests, basing these on changes in the underlying assumptions (the use of the growth rate in calculating the terminal value and the discount rate) that affect the value in use of the cash-generating units, but there was no need to record impairment losses.

Considering that recoverable amounts are calculated on the basis of estimates, and given the uncertainty surrounding how the present global crisis will evolve, the Parent Company cannot be certain that a revision of these estimates, and the resulting adjustment to values, will not be required in the future. The Parent Company will continually monitor the changing situation in order to make any necessary revision to the assumptions underlying the estimates.

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

In this respect, however, the present valuations may need to be revised if the crisis continues or worsens.

NOTES

1. Revenues from sales

These revenues arise essentially from sales of cartonboard:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Revenues from sales	217,505	208,812	8,693
Total revenues from sales	217,505	208,812	8,693

In 2015 revenues increased by €8.7 million (+4.16%) also due to the greater production support of the Santa Giustina mill. Note that in 2014 production was slowed down as a result of the significant rebuilding of the board machine.

The division of sales revenues by geographic area is given below and highlights a 1.2% increase in the domestic market mainly linked to the increase in sales prices that took place in the second half of 2015. The growth of sales in Non-EU countries was due essentially to greater penetration of the African market (Egypt in particular) and the Middle East, while the fall in sales in Europe was mainly due to the Czech Republic, Benelux and Slovenia.

	12.31.2015	12.31.2014	Change	%
(thousands of Euros)				
Italy	121,807	120,348	1,459	1.2%
EU	46,808	49,863	(3,055)	(6.1%)
Non-EU	48,890	38,601	10,289	26.7%
Total revenues from sales	217,505	208,812	8,693	4.2%

2. Other revenues and income

Other revenues and income may be analyzed as follows:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Grants	346	528	(182)
Indemnities	479	538	(59)
Ordinary capital gains	360	577	(217)
Increases in assets		87	(87)
Rental income	446	440	6
Revenues for services	5,221	5,975	(754)
Revenues from sales of energy	2,123	8,740	(6,617)
Other revenues	105	225	(120)
Total	9,080	17,110	(8,030)

“Grants” mainly involve ordinary contributions from Comieco in relation to the use of waste paper from public separated waste collection.

“Indemnities” refer to insurance payouts relating to accidents that occurred during the year.

“Revenues for services” refers to the payment for general services provided by Group companies; the fall is due to the lower actual cost incurred by the company for providing the services.

“Revenues from sales of energy” relate to revenues received from certain energy suppliers for joining the “interruption” scheme as well as the allocation of energy efficiency certificates. The decrease compared with 2014 is mainly due to the lower allocation of energy efficiency certificates.

“Other revenues” consist mainly of extraordinary income, in the form of collections from creditors’ arrangement procedures and revenues from non-cartonboard sales.

3. Change in inventories of finished goods

The change in inventories was negative by €2.0 million compared with a negative change of €2.3 million at December 31, 2014. This reduction is due to the lower physical inventories as a result of the rise in sales in 2015.

4. Cost of raw materials and services

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Cost of raw materials	99,404	94,710	4,694
Purchase of raw materials	99,388	95,219	4,169
Change in inventories of raw materials	16	(509)	525
Commercial services	24,055	23,184	871
Shipping	18,642	18,123	519
Commission and agents' costs	5,413	5,061	352
Industrial services	39,900	41,841	(1,941)
Energy	25,064	27,751	(2,687)
Maintenance	3,039	2,742	297
Waste disposal	4,929	5,008	(79)
Other industrial services	6,868	6,340	528
General services	7,340	7,291	49
Insurance	1,227	1,202	25
Legal, notarial, administrative and contractual services	2,703	2,941	(238)
Board of directors	358	469	(111)
Board of statutory auditors	168	166	2
Postal and telecommunications	580	557	23
Other	2,304	1,956	348
Costs for use of third-party assets	724	979	(255)
Rental and leasing	724	979	(255)
Total	171,423	168,005	3,418

The increase in costs of raw materials and services was proportionally lower than the increase in sales revenues, with an effect of less than 1.7% on costs.

“Cost of raw materials” refers mainly to the purchase of products used to make the mixture (waste paper, wood paste, cellulose and chemicals) and for packaging. As far as the performance of the main factors of production are concerned, in 2015 the prices of pulp raw materials, which went up until August, stabilized in September and then fell in the later months of the year. These price dynamics meant that the overall effect of the cost of raw materials on the value of production (“Sales

revenues” plus the “Change in inventories of finished good”), increased by 0.2% remaining essentially in line with the previous year.

“Service costs” decreased (71.3 million as at December 31, 2015 against €72.3 million at December 31, 2014), as well as their weighting as a percentage of value of production which decreased from 35.0% at the end of the previous year to 33.1%. Energy costs caused a fall in costs for services, mainly due to the fall in gas market prices and the optimization of electricity costs.

“Costs for use of third-party assets” fell by 26% at December 31, 2015 compared with the figures at December 31, 2014, mainly due to the lower rental costs for the Company’s new offices.

5. Personnel costs

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Salaries and wages	18,418	19,391	(973)
Social security contributions	6,400	6,610	(210)
Allowance for defined-contribution plans	1,094	1,143	(49)
Other costs	65	1,016	(951)
Total	25,975	28,160	(2,185)

The decrease in the cost of labor compared with the previous year equal to approximately €2.2 million (-7.8%) is due to the reduction in the average workforce and the presence in 2014 of costs for personnel mobility following the revision of agreements with the Trade Union Organizations. These factors more than compensated the contractual salary raises that were granted.

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

Employees by category	12.31.2015	12.31.2014	Change
Executives	12	12	
White-collars	147	146	1
Blue-collars	322	338	(16)
Total	481	496	(15)
Workers subject to wage guarantee fund		23	(23)
Active workforce	481	473	8

Average employees by category	12.31.2015	12.31.2014	Change
Executives	12	12	
White-collars	144	153	(9)
Blue-collars	326	397	(71)
Total	482	562	(80)

In 2015 the Company completed the restructuring plan that also involves use of the extraordinary wage guarantee fund pursuant to Article 1, paragraph 3, Law 223/91 for the corporate restructuring of all company plants and premises according to the plan presented to the Ministry of Employment under the strategic business plan, also aimed at the technological updating of the systems.

6. Other operating costs

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Provisions for risks	143	65	78
Write-downs of current receivables	293	123	170
Miscellaneous operating costs	2,547	2,607	(60)
Total	2,983	2,795	188

The item "Other operating costs" increased by 6.7% compared with the previous year.

Specifically, there were more provisions for external trade receivables and for other risks.

"Miscellaneous operating costs" consists mainly of various taxes incurred by the Company, membership subscriptions to various industrial associations and trade bodies.

7. Depreciation and amortization

The table below breaks this item down into amortization of intangible assets and depreciation of tangible assets:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Amortization of intangible assets	200	328	(128)
Depreciation of tangible assets	11,860	11,197	663
Total	12,060	11,525	535

Overall the item recorded a 4.6% increase going from €11.5 million at December 31, 2014 to €12.1 million at December 31, 2015. While intangible assets fell due to the completion of the amortization process, depreciation and amortization relating to tangible assets increased as a result of the investments made by the company mainly in production plants.

8. Write-downs

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Write-downs	2,288	943	1,345
Total	2,288	943	1,345

The write-downs at December 31, 2015 refer mainly to several buildings of the Magenta mill and their service structures for €2,206,000, where the possibility of their future industrial use no longer exists. Said write-down also includes the costs of dismantling some buildings equal to €553,000 set aside in a dedicated fund;

9. Net financial income (expense)

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Financial income	240	279	(39)
Income from subsidiaries and associates	221	265	(44)
Other income	19	14	5
Financial expense	(3,031)	(4,367)	1,336
Interest paid to subsidiaries and associates	(483)	(531)	48
Interest paid to banks	(1,555)	(2,081)	526
Losses on derivative financial instruments	(6)	(356)	350
Financial expense on defined-benefit plans	(68)	(206)	138
Expenses, commission and other financial charges	(919)	(1,193)	274
Gains (losses) on foreign exchange	83	168	(85)
Realized gains (losses) on foreign exchange:			
Realized gains on foreign exchange	856	708	148
Realized losses on foreign exchange	(664)	(539)	(125)
Unrealized gains (losses) on foreign exchange:			
Unrealized gains on foreign exchange	30	16	14
Unrealized losses on foreign exchange	(139)	(17)	(122)
Total	(2,708)	(3,920)	1,212

Net financial expenses recorded an improvement of €1.2 million due to the fall in overall net debt (from €64.0 million to €43.9 million). The decrease in long-term interest rates, following the conversion of the Company's short-term debt into long-term debt, enabled a decrease in interest expense. Also note that with regard to "gains (losses) on exchange rates", the Company had a positive balance linked to the appreciation of the US dollar in the first quarter of the year.

The item "Financial expense on defined-benefit plans" refers to the interest cost relating to the provision at the start of the period and the changes during the year; this element is conceptually similar to the net revaluation of the TFR fund.

10. Gains (losses) from investments

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Income from equity investments in subsidiaries	8,275	3,425	4,850
Dividends from Reno De Medici Arnsberg GmbH	6,000	3,000	3,000
Dividends from Emmaus Pack S.r.l.		257	(257)
Dividends from Cartiera Alto Milanese S.p.A. in liquidation	75	168	(93)
Dividends from RDM Ovaro S.p.A.	2,200		2,200
Income from equity investments in associates	270	369	(99)
Dividends from Pac Service S.p.A.	270	369	(99)
Write-downs and charges on investments in subsidiaries and associates	(2,009)	(7,478)	5,469
Write-down on RDM Blendecques S.a.s.	(971)	(2,193)	1,222
Write-down on Reno De Medici Ibérica S.l.u.	(1,038)	(4,978)	3,940
Write-down on Cartiera Alto Milanese S.p.A. in liquidation		(287)	287
Write-down on RDM UK Ltd		(20)	20
Total	6,536	(3,684)	10,220

Gains from investments amounted to €6.5 million, compared with expenses of €3.7 million in the previous year. The change is due to the increase in dividends received, which rose by €4.9 million and the lower write-downs of subsidiaries, which went from €7.5 million in 2014 to €2.0 million in 2015.

The write-down of the investment in the subsidiary RDM Blendecques S.A.S is in line with the impairment test based in the value in use in accordance with the provision of IAS 36. The investment in the subsidiary Reno De Medici Ibérica S.l.u., classified under assets held for sale, was written down in order to adjust the carrying value to the fair value minus sales costs, recording a further write-down in the year of €1.0 million. This investment was sold on January 27, 2016 as described in the paragraph "Subsequent Events" at a price essentially in line with the fair value.

11. Taxes

Taxes recorded amounted to €1.3 million compared with €1.1 million in the previous year and break down as follows:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Current taxes	(552)	(633)	81
IRAP for the year	(865)	(1,330)	465
IRES for the year	(469)	(261)	(208)
Income from tax consolidation (IRES)	766	815	(49)
Adjustment from previous years	16	143	(127)
Deferred taxes	(700)	(513)	(187)
IRES	(771)	(618)	(153)
IRAP	71	105	(34)
Total	(1,252)	(1,146)	(106)

The item "IRES deferred taxes" incorporates the allocation of advance taxes in the amount of €1.4 million and the release of deferred taxes in the amount of €0.7 million. For further information, reference is made to Note 16.

IRES for the period represents the tax relating to Reno De Medici S.p.A. which takes account of the national tax consolidation result. The increase is connected to the increase in taxable income, while the decrease in IRAP is mainly due to the 2015 stability law which involves greater deductions for expenses incurred in relation to employees on permanent employment contracts.

The item "Income from tax consolidation (IRES)" refers to the immediate recognition by subsidiaries of the benefit resulting from the use of previous losses of Reno De Medici S.p.A.

Reconciliation between the Theoretical and Actual Tax Burden (IRES)

The table below shows the reconciliation between the theoretical and actual IRES burden.

For the current period, Reno De Medici reported positive taxable income at the individual company level and at the level of tax consolidation.

IRES	Taxable income	% IRES	12.31.2015
(thousands of Euros)			
Profit (loss) before taxes	13,641		
Theoretical tax burden		27.50%	3,751
Reversal of temporary differences from previous years	(3,113)		
Temporary differences which will be reversed in future years	3,989		
Permanent differences which will not be reversed in future years	(5,984)		
Total differences	(5,108)		
Use of previous tax losses	(6,826)		
Actual tax burden	1,707	27.50%	469

Reconciliation between the Theoretical and Actual Tax Burden (IRAP)

IRAP	Taxable income	% IRAP	12.31.2015
(thousands of Euros)			
Difference between value and cost of production (excluding B9, B10 c), d) and B12 and B13)	38,506		
New 2015 Stability Law labor cost deduction	(19,342)		
Total	19,164		
Theoretical tax burden		3.90%	747
Permanent differences owing to higher regional rates	1,643		
Reversal of temporary differences from previous years	354		
Permanent differences which will not be reversed in future years	1,023		
Total differences	3,020		
Actual tax burden	22,184	3.90%	865
Effective tax rate		4.51%	

“Permanent differences owing to higher regional rates” refers to the application of the higher rate of 4.82% to the net value of production in the Lazio region.

12. Tangible assets

The changes in tangible fixed assets for 2015 and 2014 are listed below:

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under development	Total
(thousands of Euros)							
Historical cost	22,145	77,872	309,015	1,841	9,062	5,053	424,988
Accumulated depreciation/write-downs	(1,120)	(47,613)	(236,879)	(1,743)	(9,040)	0	(296,395)
Net book value at 12.31.2013	21,025	30,259	72,136	98	22	5,053	128,593
Increases		983	1,261	45	108	14,712	17,109
Decreases ⁽¹⁾		(2,440)	(17,233)	(463)	(241)		(20,377)
Reclassification of cost		1,694	2,321			(4,015)	0
Depreciation for the period		(2,317)	(8,844)	(28)	(8)		(11,197)
Use of acc. depr. ⁽¹⁾		2,013	17,233	463	241		19,950
Write-downs / (use of provision)		(364)					(364)
Value at 12.31.2014							
Historical cost	22,145	78,109	295,364	1,423	8,929	15,750	421,720
Accumulated depreciation/write-downs	(1,120)	(48,281)	(228,490)	(1,308)	(8,807)	0	(288,006)
Net book value at 12.31.2014	21,025	29,828	66,874	115	122	15,750	133,714

(1) The two items involve, respectively, the decrease in the historical cost and the turnaround of the accumulated depreciation /write-downs following the disposal of assets that took place during the course of the year.

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under development	Total
(thousands of Euros)							
Historical cost	22,145	78,109	295,364	1,423	8,929	15,750	421,720
Accumulated depreciation/write-downs	(1,120)	(48,281)	(228,490)	(1,308)	(8,807)	0	(288,006)
Net book value at 12.31.2014	21,025	29,828	66,874	115	122	15,750	133,714
Increases		305	3,885	16		2,199	6,405
Decreases ⁽¹⁾	(1,994)	(2,030)	(5,019)	(210)	(990)		(10,243)
Reclassification of cost			15,750			(15,750)	0
Depreciation for the period		(2,482)	(9,322)	(37)	(19)		(11,860)
Use of acc. depr./write-downs ⁽¹⁾	1,092	1,950	4,971	210	990		9,213
Write-downs		(1,624)			(2)		(1,626)
Value at 12.31.2015							
Historical cost	20,151	76,384	309,980	1,229	7,939	2,199	417,882
Accumulated depreciation/write-downs	(28)	(50,437)	(232,841)	(1,135)	(7,838)	0	(292,279)
Net book value at 12.31.2015	20,123	25,947	77,139	94	101	2,199	125,603

(1) The two items involve, respectively, the decrease in the historical cost and the turnaround of the accumulated depreciation /write-downs following the disposal of assets that took place during the course of the year.

Note that following the sale of the Ovaro business unit in 2012, the plant tangible assets were transferred to R.D.M. Ovaro S.p.A., with the exception of the land and buildings, which remain owned by RDM.

“Land” includes the areas pertaining to mills at Magenta (MI), Santa Giustina (BL), Villa Santa Lucia (FR). The decrease in the item and the use of the write-downs fund relate to the sale of the Marzabotto (BO) mill.

“Buildings” relate mainly to the mills. The increases for the year relate to the improvement operations on the properties owned, while the decreases and the use of the provision always relate to the sale of the Marzabotto (BO) mill.

Investments in tangible assets incurred in 2015 amounted to €6.4 million (€17.1 million in 2014).

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

- **Santa Giustina mill:** the second step relating to the new generation belt calender was capitalized. This investment was aimed at reducing energy and pulp costs, and improving quality.

- **Villa Santa Lucia** mill: improvement and modernization works on plant and machinery, specifically the turbine and the reduction unit installed on the turbogenerator were overhauled.

“Reclassification of cost” relates to the entry into service of “Assets in course of construction” at the end of the previous year.

“Industrial and commercial equipment” consists mainly of assets used in the production process at the various mills. Increases relate principally to miscellaneous purchases of immaterial single amounts.

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

Rights (mortgages and privileges) totaling €52.0 million attached to owned property, plant and machinery are pledged in favor of banks as security on loans for which the outstanding balance at December 31, 2015 amounted to €24.9 million.

In 2015 the buildings of the Magenta mill were written down (€1.7 million) as explained in Note 8. The write-down at December 31, 2014 concerned land and buildings at the Marzabotto mill (€0.8 million and €1.1 million respectively), remaining plant assets and certain parts of buildings at the Magenta mill (€1 million).

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

13. Intangible Assets

Changes in intangible assets during 2015 and 2014 were as follows:

Other intangible assets	Concessions, licenses, trademarks and similar rights	Assets under development	Total
(thousands of Euros)			
Net book value at 12.31.13	612	474	1,086
Increases	83	27	110
Reclassification	210	(210)	
Depreciation and amortization for the year	(328)		(328)
Net book value at 12.31.14	577	291	868

Other intangible assets	Concessions, licenses, trademarks and similar rights	Assets under development	Total
(thousands of Euros)			
Net book value at 12.31.14	577	291	868
Increases	14	233	247
Reclassification	13	(13)	
Depreciation and amortization for the year	(200)		(200)
Net book value at 12.31.15	404	511	915

“Concessions, licenses trademarks and similar rights” relate to costs incurred for the purchase of software licenses.

“Reclassification of cost” relates to the entry into service of “Assets in course of construction” at the end of the previous year.

There have been no revaluations or write-downs of intangible assets during the year.

14. Investments in Subsidiaries

	Historical cost 12.31.2014	Provision for losses on investment 12.31.2014	Net value 12.31.2014	Increase (Decrease) in investments	Historical cost 12.31.2015	Increase (Decrease) in impairment provision	Provision for losses on investment 12.31.2015	Net value 12.31.2015
	A	B	C=A+B	D	E=A+D	F	G=B+F	H=E+G
(thousands of Euros)								
Cartiera Alto Milanese S.p.A. in liquidation	2,864	(1,912)	952		2,864		(1,912)	952
Reno De Medici Arnsberg GmbH	54,113		54,113		54,113			54,113
Reno De Medici UK Ltd	1,717	(1,717)			1,717		(1,717)	
Cascades Grundstuck GmbH	3,470		3,470	3	3,473			3,473
Emmaus Pack S.r.l.	108		108		108			108
R.D.M. Ovaro S.p.A.	10,000		10,000		10,000			10,000
RDM Blendecques S.A.S.	6,538	(6,538)		1,627	8,165	971	(7,509)	656
Carta Service Friuliana S.r.l.	55		55		55			55
Total	78,865	(10,167)	68,698	1,630	80,495	971	(11,138)	69,357

The following table shows the Company's percentage shareholding, the subsidiary's share capital, the subsidiary's shareholders' equity and the subsidiary's result for 2015. These data are presented in accordance with IFRS, except for Cartiera Alto Milanese S.p.A. in liquidation, Emmaus Pack S.r.l.,

R.D.M. Ovaro S.p.A. and Carta Service Friulana S.r.l. whose data are expressed in conformity with national accounting standards:

	Headquarter	Direct investment share	Share capital at 12.31.2015	Shareholders' equity at 12.31.2015	Profit (loss) for the year
(thousands of Euros)					
Cartiera Alto Milanese S.p.A. in liquidation	Milan (IT)	100%	200	1,010	21
Reno De Medici Arnsberg GmbH	Arnsberg (DE)	94%	5,113	49,662	2,865
Reno De Medici UK Ltd	Wednesbury (GB)	100%	12,963	(570)	(36)
Cascades Grundstuck GmbH	Arnsberg (DE)	100%	19	307	(7)
Emmaus Pack S.r.l.	Milan (IT)	51.39%	200	940	147
R.D.M. Ovaro S.p.A.	Milan (IT)	80%	12,500	14,543	1,572
RDM Blendecques S.A.S.	Blendecques (FR)	100%	1,037	(1,298)	(353)
Reno De Medici Ibérica S.l.u.	Prat de Llobregatt (ES)	100%	7,467	4,760	(1,079)
Carta Service Friulana S.r.l.	Milan (IT)	100%	60	43	(4)

Reno De Medici Arnsberg GmbH is held directly at 94% and indirectly at 6% through Cascades Grundstück GmbH & Co. KG.

At the end of the current financial period the Company gave a waiver for part of the receivables (€1.6 million) with regard to the subsidiary RDM Blendecques S.A.S.. The investment was written-down by €1.0 million following the result of the impairment test.

Note that the investment in Cartiera Alto Milanese S.p.A. was liquidated by the Company on September 8, 2014.

Note that the investment already held in Reno De Medici Ibérica S.l.u. since 2014 was reclassified from “investments in subsidiaries” to “assets held for sale”. For further information, reference is made to Note 23.

15. Investments in Associates, Joint Ventures and other companies

The table below shows equity investments in associates, joint ventures and other companies by investment:

	Headquarter	Investment share	Book value 12.31.2014	Increases (decreases)	Book value 12.31.2015
(thousands of Euros)					
Careo S.r.l.	Milan (IT)	70%			
Manucor S.p.A.	Milan (IT)	22.75%			
Pac Service S.p.A.	Vigonza (IT)	33.33%	387		387
Zar S.r.l.	Silea (IT)	33.33%	30		30
Total equity investments in associates and joint ventures			417		417
C.I.A.C. S.c.r.l.	Valpenga (TO)- Italy	Consortium share	1		1
Cartonnerie Tunisienne S.A.	Les Berges Du Lac- Tunis	5.274%	121		121
Comieco	Milan- Italy	Consortium share	30	(5)	25
Conai	Milan- Italy	Consortium share	23		23
Consorzio Filiera Carta	Isola del Liri (Fr)- Italy	Consortium share	7		7
Gas Internsive S.c.r.l.	Milan- Italy	Consortium share	1		1
Idroenergia S.c.r.l.	Aosta- Italy	Consortium share	1		1
Paper Interconnector S.c.r.l.	Milan- Italy	Consortium share		5	5
Total equity investments in other companies			184		184
Total equity investments			601		601

The table below summarizes the key figures from the statement of financial position and the income statement of Careo S.r.l., Pac Service S.p.A. and ZAR S.r.l. as at December 31, 2015:

	Careo S.r.l. (*)	Manucor S.p.A.	Pac Service S.p.A.	Zar S.r.l.
(thousands of Euros)				
Total assets	7,073	109,233	13,446	993
Shareholders' Equity	484	13,656	6,494	191
Other liabilities	6,589	95,577	6,952	802
Value of production	12,111	171,570	19,979	17,891
Profit (loss) for the year	136	1,260	1,136	57

(*) Figures refer to the consolidated data prepared for equity accounting used in the Reno De Medici Group Consolidated Financial Statements.

Investments in other companies, mainly comprising the investment in Cartonnerie Tunisienne S.A. of €0.1 million and other minor items relating to the investments in consortia, are recorded at cost adjusted for any impairment as their fair value cannot be reliably measured.

16. Deferred tax assets

Changes in deferred tax assets were as follows:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Non-current assets	1,395	2,033	(638)
Total deferred tax assets	1,395	2,033	(638)

The table below provides a summary of the calculation of deferred tax assets and liabilities from temporary differences as at December 31, 2015:

Taxes	12.31.2015			12.31.2014		
	Temporary differences	Average tax %	Tax effect	Temporary differences	Tax %	Tax effect
(thousands of Euros)						
Recognized deferred tax assets	27,946		7,210	31,250		8,506
Tax losses to carry forward	24,298	26.03%	6,325	27,656	27.50%	7,605
Write-downs for extended impairment	1,639	27.90%	457	540	31.40%	170
Inventory write-downs	459	3.90%	18	389	3.90%	15
Provisions for future charges (IRAP)	30	3.90%	1	30	3.90%	1
Provisions for future charges (IRES)	333	27.50%	92	2,040	27.50%	561
Other temporary differences (IRAP)	42	3.90%	2	42	3.90%	2
Other temporary differences (IRES)	960	27.50%	264	593	27.50%	163
Valuation of derivatives with hedge accounting	185	27.50%	51	(40)	27.50%	(11)
Recognized deferred tax liabilities	20,879		5,815	20,765		6,473
Depreciation in excess of amount allowed for tax purposes	18,887	27.90%	5,268	19,542	31.40%	6,137
Other temporary differences (IRES)	49	27.50%	13	49	27.50%	13
Misalignment of TFR for IFRS application	1,943	27.50%	534	1,174	27.50%	323
Net recognized deferred tax (assets) liabilities			(1,395)			(2,033)
Unrecognized deferred tax assets	5,460		1,350	12,147		3,423
Write-downs for extended impairment	1,007	27.90%	281	2,127	31.40%	668
Inventory write-downs	459	24.00%	110	389	27.50%	107
Bad and doubtful receivables	919	24.00%	221	979	27.50%	269
Provisions for future charges (IRES)	2,092	24.00%	502	2,032	27.50%	559
Tax losses to carry forward	983	24.00%	236	6,620	27.50%	1,820
Unrecognized deferred tax assets			1,350			3,423

Note that with effect from January 1, 2017, the IRES rate will change from 27.5% to 24% following the entry into force from January 1, 2016 of the 2016 Stability Law. The deferred taxes are therefore

adequate for the new rate based on the deferral generating a positive effect on the income statement of €248,000.

Tax assets and liabilities for deferred taxes are offset when permitted by law. Following the recording of deferred IRES tax assets (€1.3 million) and the release of IRES deferred tax liabilities (€0.7 million) in the year ending a receivable for net deferred IRES and IRAP tax assets of €1.4million (€2.0 million at December 31, 2014) were recorded.

The origin of these deferred tax liabilities lies mostly in the excess of the statutory carrying amounts of certain fixed asset items over their tax bases. This situation arose following the allocation of the deficit that emerged during the 1998 merger and the effects of the transition to IFRS. Deferred tax liabilities therefore represent the future tax expense that will be incurred by the Company as a consequence of the fact that a portion of annually accounted depreciation will not be deductible from taxable income calculated for IRES and IRAP purposes.

Deferred tax assets are recognized where it is probable that the Company will have taxable income in the future, including the deferral of taxable temporary differences to future years, that will allow the utilization of deductible temporary differences or tax losses carried forward. Deferred tax assets have been recognized on the portion of previous tax losses deemed to be recoverable from future taxable income identified in the Company's business plans. This is possible because Legislative Decree no. 98 of July 6, 2011 (the so-called "2011 Emergency Budget") allows tax losses to be carried forward for an unlimited time.

The Company's previous tax losses as the tax-consolidating company stood at €25.3 million at December 31, 2015. This amount includes the use of losses under the scope of the tax consolidation scheme and the definition of the 2009 assessment of the tax inspection described in the Directors' Report which should be referred to.

17. Other Current and Non-Current Receivables

The table below shows a breakdown of other current and non-current receivables:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Guarantee deposits	456	381	75
Other receivables	16	16	
Non-current receivables	472	397	75
Tax receivables	784	582	202
Miscellaneous receivables	1,952	3,530	(1,578)
Accrued income	143	229	(86)
Financial receivables	246	249	(3)
Current receivables	3,125	4,590	(1,465)
Total	3,597	4,987	(1,390)

Other receivables are receivables from companies in liquidation as well as a deposit in favor of a factoring company (€0.3 million as at December 31, 2015 compared to €0.2 million as at December 31, 2014) and other guarantee deposits.

Current "Tax receivables" rose by €0.2 million over the previous year, mainly through the IRAP credit of €0.4 million, not present the previous year, partly offset by the fall in the VAT credit which decreased by €0.2 million.

Current "Miscellaneous receivables" mainly include the value of the allocation of energy efficiency certificates (€0.2 million at December 31, 2015 compared with €0.9 million at December 31, 2014) and the monetary receivable relating to the allocation of the "new entrant" qualification under the ETS/2 Emissions Trading System (€0.9 million). The decrease in the item is due to the sale of energy efficiency certificates and the full recovery of receivables from social security authorities for advances made during recourse to the wage guarantee fund equal to €0.7 million. The item also includes a deposit in favor of a factoring company equal to €0.8 million (compared with €0.9 million in 2014).

"Prepaid expenses" refer mainly to various service costs, insurance and rentals.

"Financial receivables" are mainly receivables from a factoring company following the sale of a loan with recourse.

18. Inventories

The table below provides a breakdown of inventories at December 31, 2015:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Raw and ancillary materials and consumables	14,047	13,993	54
Provisions for obsolescence	(459)	(389)	(70)
Finished goods and goods for resale	21,236	23,278	(2,042)
Total	34,824	36,882	(2,058)

The balance of inventories of “raw and ancillary materials and consumables” was in line with the previous year.

With reference to “finished products and goods”, note that the decrease in stocks (-8.8%) is mainly due to a stock optimization process at the Company’s cutting centers also made in order to optimize net working capital.

19. Trade receivables

The table below shows the changes in trade receivables from third parties, which amounted to €32.1 million as at December 31, 2015:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Trade receivables	32,084	27,169	4,915
Current trade receivables	32,084	27,169	4,915

The increase in receivables compared with the previous year is due, in addition to the increase in overall sales, to the slow-down in production at the Santa Giustina mill on account of the rebuilding of the board machine carried out in at the end of 2014 which caused a fall in sales in the last period of the year which was reflected in the receivables.

In addition, non-recourse factoring went from €16.3 million at December 31, 2014 to €15.9 million at December 31, 2015.

The item is stated net of €1.7 million of provisions for bad and doubtful receivables. The table below sets out the changes for the year in those provisions:

	12.31.2014	Provisions	Drawings	12.31.2015
(thousands of Euros)				
Provisions for bad and doubtful receivables	1,875	293	(436)	1,732
Total	1,875	293	(436)	1,732

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

	12.31.2015	12.31.2014
(thousands of Euros)		
Italy	25,617	23,723
EU	869	335
Rest of world	5,598	3,111
Total	32,084	27,169

20. Receivables from Group Companies

“Receivables from Group companies”, equal to €8.0 million, break down as follows:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Receivables from subsidiaries	7,869	9,384	(1,515)
Total receivables from subsidiaries	7,869	9,384	(1,515)
Receivables from associates and joint ventures	107	226	(119)
Total receivables from associates and joint ventures	107	226	(119)
Total receivables from Group companies	7,976	9,610	(1,634)

“Receivables from subsidiaries”, equal to €7.9 million, break down as follows:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Cartiera Alto Milanese S.p.A. in liquidation		828	(828)
Emmaus Pack S.r.l.	5,232	5,529	(297)
Reno De Medici Ibérica S.l.u.	338	718	(380)
R.D.M. Ovaro S.p.A.	1,009	720	289
Reno De Medici Arnsberg GmbH	646	590	56
RDM Blendecques S.A.S.	644	999	(355)
Total	7,869	9,384	(1,515)

The decrease in the item is mainly due to the placing of the subsidiary Cartiera Alto Milanese S.p.A. in liquidation and the consequent zeroing of its position, as well as changes in the other subsidiaries, linked to the dynamics of collections and payments at the closing date of the financial statements.

Note that receivables from subsidiaries includes the sum of €803,000 (€710,000 at the end of the previous year) arising from the tax consolidation scheme of which €723,000 pertains to R.D.M. Ovaro S.p.A., €80,000 to Emmaus Pack S.r.l.

“Receivables from associates and joint ventures” amount to €107,000 and break down as follows:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Careo S.r.l.	98	226	(128)
Zar S.r.l.	9		9
Total receivables from associates and joint ventures	107	226	(119)

The decrease in the item is due to the collection of the receivable from Careo S.r.l. due to the dynamics of collections and the fall in credit resulting from membership of the national consolidated tax scheme (€100,000 at the end of 2014 compared with a debt position in 2015, classified under liabilities).

These receivables, which result from commercial relations and relations connected to the provision of services by the Company to its subsidiaries and joint ventures, are settled under normal market conditions.

21. Other receivables from Group Companies

These receivables relate to the cash-pooling arrangement with Group companies:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Emmaus Pack S.r.l.	2,289	1,532	757
RDM Blendecques S.a.s.	5,060	5,339	(279)
Total receivables from subsidiaries	7,349	6,871	478
Zar S.r.l.	370	372	(2)
Pac Service S.p.A.	100		100
Total receivables from joint ventures	470	372	98
Total receivables from Group companies	7,819	7,243	576

This item recorded an increase of €0.6 million due mainly to the subsidiary Emmaus Pack S.r.l. only partly offset by the subsidiary RDM Blendecques S.A.S., in addition to the receivable from Pac Service S.p.A. equal to €0.1 million for dividends.

22. Net financial position

The table below provides a breakdown of the net financial position at December 31, 2015 and 2014:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Cash	11	9	2
Funds available from banks	22,790	2,078	20,712
A. Cash and cash equivalents	22,801	2,087	20,714
Other receivables from Group Companies	7,819	7,243	576
Receivables from other lenders	246	249	(3)
B. Current financial receivables	8,065	7,492	573
<i>1. Current payables to banks</i>	<i>96</i>	<i>17,717</i>	<i>(17,621)</i>
<i>2. Current portion of medium- and long-term loans</i>	<i>13,446</i>	<i>14,294</i>	<i>(848)</i>
<i>3. Payables to other lenders</i>	<i>0</i>	<i>54</i>	<i>(54)</i>
Payables to banks and other lenders (1+2+3)	13,542	32,065	(18,523)
Other payables to Group Companies	16,854	26,079	(9,225)
Derivatives- current financial liabilities	146	268	(122)
C. Current financial debt	30,542	58,412	(27,870)
D. Net current financial debt (C- A- B)	(324)	48,833	(49,157)
Payables to banks and other lenders	44,129	15,140	28,989
Derivatives- non-current financial liabilities	50	18	32
E. Non-current financial debt	44,179	15,158	29,021
F. Net financial debt (D+E)	43,855	63,991	(20,136)

The Company had net financial debt of €43.9 million as at December 31, 2015 (compared with €64.0 million as at December 31, 2014). The decrease in the item (€20.1 million) is mainly attributable to the positive operations and actions undertaken for containing working capital.

“Other receivables from Group companies” and “Other payables from Group companies” consist of financial balances resulting from cash-pooling transactions carried out as part of the Group’s centralized financial management.

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

	within 12 months	over 12 months	over 60 months	total
(thousands of Euros)				
M.I.C.A.- due San Paolo Imi- due April 6, 2016	159	165		324
Emilia Romagna- due 5/15/2016 May 15, 2016	310			310
Banco Popolare	1,684	1,306		2,990
Banca Popolare di Bergamo	1,923	5,803		7,726
Banca Popolare Milano	2,857	11,429	5,714	20,000
Banca Intesa	4,000	14,000		18,000
Cariparma	1,750	4,375		6,125
Credem	990	1,764		2,754
Total nominal debt	13,673	38,842	5,714	58,229
Amortized cost effect	(227)	(427)		(654)
Total debt using amortized cost method	13,446	38,415	5,714	57,575

Note that 2014 featured the launch of a restructuring process of the Group's medium-/long-term financial debt with the purpose, above all, of extending its duration. Two new loans were already signed in the same year for a total amount of €15 million.

The above-mentioned restructuring process continued in 2015; specifically the pool loan with San Paolo Imi was extinguished early, and four new loans for a total value of €50 million were taken out. Following these operations, the Company's financial debt is currently mainly based on long-term loans, which guarantee the stability for the financial sources which is needed to adequately support operations, and specifically capital expenditure, as well as possible projects to take advantage of strategic investment opportunities.

These new loans require certain financial covenants to be respected based on the following ratios:

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

These financial parameters are calculated half-yearly or annually, depending on the loan, using the Group's consolidated financial statements data. The half-year calculations of the Group's gross operating profit and net financial expense are based on the 12-month period ending on the last day of the half year concerned.

Lastly, note that new financing involves restrictions and commitments from RDM including restrictions on the provision of core assets and extraordinary financing operations.

In the event of non-compliance with the financial covenants, the lending banks may terminate the loan agreement.: at December 31, 2015 the financial parameters were complied with.

During 2015, there were principal repayments of €17.6 million, and new loans were disbursed in the amount of €50 million.

With reference to the guarantees, the Company granted mortgages on plants for a total sum of €50.4 million.

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

On August 4, 2014 a €5 million loan was supplied by Banco Popolare for which the agreement was signed on July 31, 2014. The loan agreement is variable rate and the maturity is September 30, 2017. The quarterly installments start from December 31, 2014.

On August 5, 2014 a €10 million loan was supplied by UBI Banca Popolare di Bergamo for which the agreement was signed on August 5, 2014. The loan agreement is variable rate and the maturity is August 5, 2019. The quarterly installments start from November 5, 2014. A guarantee on this loan was issued by SACE S.p.A worth €5 million. In addition, this loan requires compliance with several financial parameters subject to annual review. At December 31, 2015 these financial parameters had been complied with.

On June 4, 2015 a €20 million loan was supplied by Intesa San Paolo S.p.A. for which the agreement was signed on June 4, 2015. The loan agreement is variable rate and the maturity is June 4, 2020. The half-yearly installments start from December 4, 2015. This loan requires compliance with several financial parameters subject to annual review. At December 31, 2015 these financial parameters had been complied with.

On July 1, 2015 a €3 million loan was supplied by Credito Emiliano S.p.A. for which the agreement was signed on July 1, 2015. The loan agreement is variable rate and the maturity is July 1, 2018. The quarterly installments start from October 1, 2015.

On July 31, 2015 a €7 million loan was supplied by Cariparma S.p.A. for which the agreement was signed on July 31, 2015. The loan agreement is variable rate and the maturity is June 30, 2019. The half-yearly installments start from December 31, 2015. This loan requires compliance with several financial parameters subject to annual review. At December 31, 2015 these financial parameters had been complied with.

On October 2, 2015 a €20 million loan was supplied by Banca Popolare di Milano S.p.A. for which the agreement was signed on September 16, 2015. The loan agreement is variable rate and the maturity is December 31, 2022. The half-yearly installments start from June 30, 2016. This loan requires compliance with several financial parameters to be subject to annual and half-yearly verification. At December 31, 2015 these financial parameters had been complied with.

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as of December 31, 2015: More information on the derivative instruments outstanding can be found in Note 25.

23. Assets held for sale

The item at December 31, 2015 breaks down as follows:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Reno de Medici Ibérica S.l.u.	800	1,838	(1,038)
Total	800	1,838	(1,038)

Note that already at December 31, 2014 the investment in the subsidiary Reno De Medici Ibérica S.l.u. was reclassified from “investment in subsidiaries” to “investments held for sale” following the decision of the Board of Directors of Reno De Medici S.p.A. to no longer deem the Spanish company a strategic asset for the Group, in addition to the fact that the Company was in contact with several potential buyers. The carrying value of the Spanish company was adjusted to the fair value less cost to sell, with the sale completed through a notarial deed on January 27, 2016. The write-down for the year was recorded in the income statement for amount equal to €1.0 million, as commented on in Note 10.

24. Shareholders' Equity

Changes in shareholders' equity during 2015 are set out in the following table:

Description	Changes in the year					Shareholders' equity at 12.31.2015	
	Shareholders' equity at 12.31.2014	Allocation of the profit (*)	Coverage of losses	"Actuarial gain/(loss)"	Hedge accounting		Profit (loss) for the year
(thousands of Euros)							
Share capital	185,122		(34,723)			150,399	
Legal reserve	443	171	(614)				
Other reserves:							
- Extraordinary reserve	1,150		(1,150)				
- Hedging reserve	29				(163)	(134)	
- Ovaro sale reserve	3,105					3,105	
- Reserve for actuarial gain (loss)	(1,932)			270		(1,662)	
Retained earnings (losses)	(41,980)	3,254	38,726				
Profit (loss) for the year	3,425	(3,425)	(2,239)		12,389	10,150 (*)	
Total	149,362			270	(163)	12,389	161,858

(*) Said amount is referred to the residual profit/loss for the year after the partial use of the result for the period of coverage of pre-existing losses in accordance with the resolutions of the Shareholders' Meeting of Reno De Medici S.p.A. on November 2, 2015.

The Shareholders' Meeting of April 30, 2015 resolved to allocate the Company's 2014 profit of €3,424,558.50 as follows: €171,227.93 to the legal reserve pursuant to Article 2430 of the Italian Civil Code and the remaining €3,253,330.57 to cover the previous losses.

On November 2, 2015 the shareholders' meeting of Reno De Medici S.p.A. resolved, following the amendment of the By-laws:

- the voluntary reduction of the share capital to cover the losses resulting from the interim statement of financial position at June 30, 2015, using the earnings for the period and the available reserves and partly reducing the share capital. As a result, part of the 2015 result, for an amount equal to €2,239,196.98 was allocated to cover losses. This operation is preparatory to the possible future distribution of dividends;

- the establishment of an “Available Reserve” through the voluntary reduction of the share capital pursuant to Article 2445 of the Italian Civil Code for an amount equal to €10,399,255.80. At February 29, 2016 the share capital stood at €140,000,000;
- the authorization of a treasury share purchase program, as a stabilization tool for the stock performance, the number of which cannot exceed one fifth of the share capital.

In accordance with article 5 of the Company’s By-Laws, holders of savings shares may convert such shares to ordinary shares in February and September each year. In 2015, 17,196 savings shares were converted to ordinary shares. As a result of this, the share capital at December 31, 2015, fully subscribed and paid-up, could be broken down as follows:

	Number	Total value
Ordinary shares	377,527,066	150,290,207.47
Savings shares	273,928	109,048.33
Total	377,800,994	150,399,255.80

It is noted that the Extraordinary Shareholders’ meeting held on September 2, 2013 resolved to eliminate the nominal value of shares.

On February 1-29, 2016, 590 savings shares were converted into ordinary shares with dividend entitlement as of January 1, 2015.

The table below shows the number of outstanding shares as at December 31, 2015 and December 31, 2014:

	12.31.2015	12.31.2014	Change
Shares issued	377,800,994	377,800,994	
Total shares outstanding	377,800,994	377,800,994	

With reference to the savings shares, the Reno De Medici By-Laws require that if a dividend of less than 5% of the value (€0.49) is assigned to the savings shares in a financial year, the difference is calculated as an increase in the privileged dividend in the next two financial years. No dividends were awarded in 2014 and 2015.

The table below provides a breakdown of each item of shareholders' equity by availability, origin and use in previous years, as required by Article 2427, no. 7-bis of the Italian Civil Code:

Description	Amount at 12.31.2015	Possibilities of use	Available portion	Summary of uses 2015 – 2014 – 2013	
				to cover losses	for other purposes
(thousands of Euros)					
Share capital	150,399			(34,723)	
Legal reserve				(614)	
Other reserves:					
- Extraordinary reserve				(1,150)	
- Hedging reserve	(134)				
- Reserve for sale of Ovaro business unit	3,105				
- Reserve for actuarial gain (loss)	(1,662)				
Previous retained profits (losses)				38,726	
Total	151,708			(2,239)	

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

	12.31.2015			12.31.2014		
	Gross value	Tax (charge) benefit	Net value	Gross value	Tax (charge) benefit	Net value
(thousands of Euros)						
<i>Change in fair value of cash flow hedges</i>	(225)	62	(163)	310	(86)	224
<i>"Actuarial gain/(loss)"</i>	270		270	(674)		(674)

25. Derivative instruments

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as of December 31, 2015:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Derivative financial instruments (hedge accounting)	50		50
Derivative financial instruments (no hedge accounting)		18	(18)
Non-current liabilities	50	18	32
Derivative financial instruments (hedge accounting)	140	250	(110)
Derivative financial instruments (no hedge accounting)	6	18	(12)
Current liabilities	146	268	(122)
Total	196	286	(90)

As at December 31, 2015, the derivative financial instruments represented by interest rates swaps had a fair value of €196,000. Note that in 2015, following the early repayment of the pool loan, the hedging derivative agreement was closed.

Two new interest rate swaps were signed in 2015 on the loans supplied by Intesa San Paolo S.p.A. and Banca Popolare di Milano.

The table below shows the main features of the derivative financial instruments outstanding as of December 31, 2015:

Company	Counterparty	Currency	Due date	Notional value (€/000)	Interest	Liquidation interest	Fair value of derivative (€/000)
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	06.04.2020	13,500	0.42% fixed	Semi-annual	(103)
Euribor 6m							
Reno De Medici S.p.A.	Banca Popolare di Milano	Eur	12.30.2022	20,000	0.45% fixed	Semi-annual	(87)
Euribor 6m							
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	05.15.2016	310	4.15% fixed	Semi-annual	(6)
Euribor 6m							
33,810							(196)

26. Other Current and Non-Current Payables

The table below provides a breakdown of other current and non-current payables:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Deferred income	130	182	(52)
Other non-current payables	130	182	(52)
Payables to personnel	1,473	2,088	(615)
Payables to social security authorities	2,098	2,122	(24)
Tax payables	791	828	(37)
Miscellaneous payables	760	787	(27)
Company bodies	357	388	(31)
Accrued expenses and deferred income	52	52	0
Other current payables	5,531	6,265	(734)
Total other payables	5,661	6,447	(786)

The non-current portion of the item “Other payables” at December 31, 2015 stands at €130,000 and refers to the non-current portion of the contribution pertaining to Law 488 relating to the Villa Santa Lucia mill.

The current portion of “Other payables” at December 31, 2015 totaled €5.5 million falling by €0.7 million, mainly due to the decrease in payables to employees, reduced in the main following the reduction of the payables for deferred compensation, which represents the main item in “Payables to personnel”.

“Payables to social security authorities” relate mainly to social security contributions due on current wages and salaries acknowledged to employees in December and paid in January 2016, and to provisions for social security contributions due on deferred compensation (employee leave, additional months’ salaries paid as a bonus, and overtime). This item was in line with the previous year.

“Tax payables” relate to payables, to withholding tax due on remuneration paid to employees in December, and to miscellaneous tax payables. This item is essentially in line with the balance at December 31, 2014.

The current portion of “Miscellaneous payables” is mainly represented by the payable of the water rates for use in typical Company activities. The balance was essentially in line with the previous year.

“Deferred income” refers to Law 488 relating to the Villa Santa Lucia mill, pertaining to the next financial year.

27. Employee benefits

The table below shows a comparison between the situation at December 31, 2015 and December 31, 2014:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Employee benefits- TFR	7,150	7,649	(499)
Non-current employee benefits	7,150	7,649	(499)
Employee benefits- TFR	31	893	(862)
Current employee benefits	31	893	(862)
Total	7,181	8,542	(1,361)

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

The actuarial valuation of TFR as at December 31, 2015, in accordance with IAS 19, was made by an independent actuary on the basis of information provided by the Company.

The following demographic assumptions were used by the actuary:

- RG48 table was used to estimate mortality rates for employees being assessed (source: Ragioneria Generale dello Stato, which is the Italian State General Accounting Department);
- INPS table broken down by age and gender was used to estimate incapacity rates for employees being assessed;
- for the purposes of estimating pension requirements, it was assumed that workers will meet the minimum requirements of the Assicurazione Generale Obbligatoria (Compulsory General Insurance);
- an annual turnover frequency of 5.00% was assumed to estimate the probability of employees leaving for reasons other than death;
- an annual figure of 3.00% was assumed to estimate the probability of advances on the TFR.

The economic and financial assumptions used were as follows:

	Italy
Annual discount rate	1.39%
Annual inflation rate	1.50% for 2016 1.80% for 2017 1.70% for 2018 1.60% for 2019 2.00% from 2020 onwards
TFR annual rate of increase	2.625% for 2016 2.850% for 2017 2.775% for 2018 2.700% for 2019 3.000% from 2020 onwards
Salary annual rate of increase	Executives 1.50% White-collars 0.50% Blue-collars 0.50%

Changes in the actuarial value of employee benefits for the year were as follows:

	Employee benefits
(thousands of Euros)	
Actuarial value at 12.31.2014	7,649
<i>Interest cost</i>	68
Benefits paid	(297)
<i>Actuarial gains/losses</i>	(270)
Actuarial value at 12.31.2015	7,150

28. Non-current and current provisions for risks and charges

The balance at December 31, 2015 was as follows:

	12.31.2014	Provisions	Drawings	12.31.2015
(thousands of Euros)				
Provisions for future charges	4,114	207	(2,307)	2,014
Provisions for losses on investments	20		(20)	
Non-current provisions for risks and charges	4,134	207	(2,327)	2,014
Provisions for future charges		553	(101)	452
Current provisions for risks and charges		553	(101)	452
Total	4,134	760	(2,428)	2,466

With reference to “Non-current provisions for future charges”, the use in the period, equal to €2.3 million, is first and foremost attributable to the use of the mobility fund (€1.3 million), as well as to the use of the provision set aside for the expenses involved in the dismantling of the Marzabotto mill buildings and the disputes that have arisen in the previous financial year.

The “Current provisions for future charges” also refers to the cost of dismantling the some Magenta mill buildings.

The provision for the year (€0.2 million) refers, in the main, to the provision of costs relating to disputes with personnel.

The provision for the “Provision for losses on investments”, which refers to the subsidiary Reno De Medici UK Ltd was used during the course of the year.

29. Trade payables

“Trade payables” to third-party suppliers were €52.9 million (€50.6 million as at December 31, 2014) and are all due within less than 12 months. They are stated net of trade discounts and adjusted for any returns or rebates agreed with the counterparty.

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Trade payables	52,869	50,581	2,288
Current trade payables total	52,869	50,581	2,288

The increase in payables was essentially due to purchases for investment made at the end of 2015.

30. Payables to Group Companies

Payables to Group companies arise from commercial relations with Group companies and are settled under normal market conditions.

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Payables to subsidiaries	507	712	(205)
Total payables to subsidiaries	507	712	(205)
Payables to associates and joint ventures	2,295	2,203	92
Total payables to associates and joint ventures	2,295	2,203	92
Total payables to Group companies	2,802	2,915	(113)

The table below shows a breakdown of current payables to subsidiaries:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Reno De Medici Arnsberg GmbH	64	73	(9)
RDM Blendecques S.A.S.		387	(387)
Cartiera Alto Milanese S.p.A. in liquidation	31	9	22
Emmaus Pack S.r.l.	14	5	9
Reno De Medici Ibérica S.l.u.	9	31	(22)
R.D.M. Ovaro S.p.A.	389	207	182
Total payables to subsidiaries	507	712	(205)

“Payables to associates and joint ventures” continues to be dominated by the payable to Careo S.r.l. and, to a lesser extent, by the payable to Pac Service S.p.A. and Zar S.r.l., mainly relating to the smaller payable, as shown the table below:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Pac Service S.p.A.	239	154	85
Total payables to associates	239	154	85
Careo S.r.l.	1,937	1,948	(11)
Careo S.A.S.		18	(18)
Zar S.r.l.	119	83	36
Total payables to joint ventures	2,056	2,049	7
Total payables to associates and joint ventures	2,295	2,203	92

31. Other payables to Group Companies

“Other payables to Group companies” represents the payable for cash pooling due to associates or joint ventures and only involves current liabilities.

The breakdown of the current portion of payables of a financial nature is given below:

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
Cartiera Alto Milanese S.p.A. in liquidation	880	1,418	(538)
Reno De Medici Arnsberg GmbH	9,441	12,618	(3,177)
RDM Blendecques S.A.S.		13	(13)
R.D.M. Ovaro S.p.A.	4,144	9,171	(5,027)
Reno De Medici Ibérica S.l.u.	435	414	21
Total other current payables to subsidiaries	14,900	23,634	(8,734)
Careo S.r.l.	1,954	2,445	(491)
Total current other payables to joint ventures	1,954	2,445	(491)
Total other current payables to Group companies	16,854	26,079	(9,225)

In 2015, the last instalment of the loan provided by Reno De Medici Arnsberg GmbH equal to €0.7 million was repaid.

32. Current taxes

This item represents the amount payable to the authorities for IRES incurred during the year, net of payments on account. The balance was essentially in line with the previous year.

	12.31.2015	12.31.2014	Change
(thousands of Euros)			
IRES payables	216	178	38
Total current taxes	216	178	38

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

Significant Non-Recurring Events and Transactions

The effects of non-recurring transactions, as defined in Consob Communication no. DEM/6064293, are shown in the income statement and described in the notes to the relevant items.

The financial position, results and cash flows of Reno De Medici S.p.A. have not been affected by any events and significant non-recurring transactions. This refers to transactions or events which do not occur frequently as part of normal operations.

Positions or Transactions Deriving from Abnormal and/or Unusual Transactions

In 2015 there were no atypical and/or unusual transactions defined by the above-mentioned Consob communication DEM/6064293 implemented by the Company. Abnormal and/or unusual transactions are transactions which due to their size, their importance, the nature of the counterparties, their subject, the means of interpreting their price and the timing may give rise to doubt over:

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

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

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

Commitments and collateral given to third parties include:

- sureties of €4.1 million issued in favor of the Province of Belluno regarding the landfill site at the Santa Giustina (BL) mill;
- a surety of €421,000 issued in favor of the Region of Lazio regarding the landfill site at the Villa Santa Lucia (FR) mill;
- sureties of €2.3 million issued to the Comieco consortium;
- sureties of €67,000 issued in favor of the customs authorities;
- a surety of €90,000 issued in favor of the Province of Milan;
- a surety of €386,000 issued in favor of the Province of Frosinone;
- a surety of €612,000 issued in favor of the Cassa Conguaglio;
- a surety of €72,000 issued in favor of the Polytechnic Institute of Milan;
- a surety of €88,000 issued in connection with property leases;
- a surety of €177,000 issued in favor of Stogit S.p.A.;
- sureties of €228,000 issued in favor of Terna S.p.A.;
- a surety of €718,000 issued in favor of the Revenue Agency for Carta Service Friulana S.r.l. and Cartiera Alto Milanese S.p.A.;
- a surety of €1.6 million issued in favor of Unicredit;
- a surety of €2.5 million issued in favor of Cariparma;

There are mortgages on the Ovaro (UD) mill properties for a total of €13.2 million guaranteeing three loans granted to the subsidiary R.D.M. Ovaro S.p.A. by the Banca Mediocredito del Friuli Venezia Giulia S.p.A. (€11.9 million) and by the Finanziaria Regionale Friuli Venezia Giulia S.p.A. (€1.3 million) whose residual value at December 31, 2015 was €9.9 million.

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

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

- a lock-up period ending May 31, 2013;
- where the shareholders accept an offer from a third party for the purchase of 100% of the company's share capital (including during the lock-up period), a drag-along obligation;
- at the end of the lock-up period, a drag-along right for shareholders if only one of them indicates a willingness to sell its shares in the company to third parties;
- after three years from the date the agreement was signed, and at its own initiative, the right for Intesa Sanpaolo to set in motion a contractually established procedure for the sale of its holding to Reno De Medici, and, in such an event, for the other shareholders to express their own intent to sell their holdings to Reno De Medici. Reno De Medici shall not be under any obligation to purchase such holdings. Should the parties fail to reach an agreement, Intesa Sanpaolo shall be entitled to seek offers for its holding and for the holdings of the other shareholders on the open market, at terms and conditions that protect the investments made. In such an event, all shareholders shall be obliged to sell their shares;
- after four years from the date the agreement was signed, the possibility (by way of a call option) for Reno De Medici to purchase all the holdings of the other shareholders at their market value as at the exercise date.

It is recalled that Reno De Medici approved the increase in the capital of Mancur, however it resolved not to underwrite it in order to concentrate on its core business.

35. Related-Party Transactions

For details of the transactions, refer to the paragraph "Main transactions of the Reno De Medici Group in 2015" in the Directors' Report.

The disclosures on related-party transactions required under IAS 24 and Consob Communication no. 6064293 of July 28, 2006 can be found in Annex A to these financial statements "Breakdown of Related-Party and Intragroup Transactions as at December 31, 2015" and in the "Related-Party Transactions" section of the Directors' Report.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

This analysis compares the situation at the reporting date December 31, 2015 with the situation as at December 31, 2014, and it refers to the separate financial statements of the Parent Company.

All figures are stated in thousands of Euros.

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

Impact of Financial Instruments on the Financial position

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

	12.31.2015		12.31.2014	
	Book value	Fair value	Book value	Fair value
(thousands of Euros)				
Cash and cash equivalents	22,801	22,801	2,087	2,087
Loans and receivables	51,477	51,477	49,008	49,008
Trade receivables	39,252	39,252	35,968	35,968
Other receivables from Group Companies	8,627	8,627	7,243	7,243
Other receivables	3,598	3,598	5,797	5,797
Available-for-sale financial assets	0	0	0	0
Financial liabilities at amortized cost	(135,857)	(139,220)	(129,272)	(134,079)
Unsecured medium- and long-term bank loans at amortized cost	(37,663)	(39,393)	(14,547)	(16,633)
Secured medium- and long-term bank loans at amortized cost	(20,008)	(21,641)	(11,122)	(13,843)
Short-term bank loans for use of commercial facilities	0	0	(17,582)	(17,582)
Trade payables	(55,622)	(55,622)	(53,496)	(53,496)
Other payables to Group companies	(16,903)	(16,903)	(26,078)	(26,078)
Other payables	(5,661)	(5,661)	(6,447)	(6,447)
Financial liabilities at fair value through profit and loss	(6)	(6)	(36)	(36)
Hedging derivatives	(190)	(190)	(250)	(250)
	(61,775)	(65,138)	(78,463)	(83,270)
Unrecognized profits (losses)	(3,363)		(4,807)	

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

Derivative instruments

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

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

Reference international accounting standard (IFRS 13) identifies a measurement hierarchy based on three levels:

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

	Classification	12.31.2015	Fair value as at the date of the financial statements based on:		
			Level 1	Level 2	Level 3
(thousands of Euros)					
Derivative instruments on interest rates	Non-current derivative instruments	50		50	
Derivative instruments on interest rates	Current derivative instruments	146		146	

As at December 31, 2015, the Parent Company did not hold any foreign-exchange derivative instruments or any derivative instruments indexed to commodity prices.

Loans

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

In the case of indexed loans, future interest rates were estimated by calculating the forward rates implicit in the quoted euro deposit rates, futures and swaps riskless curve as at December 31, 2015 and December 31, 2014.

Future flows were discounted on the basis of the same euro yield curve as at December 31, 2015 and December 31, 2014.

Financial Assets

The table below provides a breakdown of financial assets:

	12.31.2015	12.31.2014
(thousands of Euros)		
Non-current financial assets		
<i>Non-derivative financial assets</i>	0	0
Available-for-sale financial assets	0	0
Total	0	0
Current financial assets		
Non-derivative financial assets	22,801	2,087
Financial receivables from Group Companies	7,819	7,243
Total	30,620	9,330

Financial Liabilities

The table below provides a breakdown of financial liabilities:

	12.31.2015	12.31.2014
(thousands of Euros)		
Non-current liabilities		
<i>Non-derivative liabilities</i>	(44,129)	(11,240)
Unsecured medium- and long-term bank loans at amortized cost	(27,213)	(10,930)
Secured medium- and long-term bank loans at amortized cost	(16,916)	(310)
Medium- and long-term loans from subsidiaries	-	-
<i>Hedging derivatives</i>	(50)	-
<i>Non-hedging derivatives</i>	-	(18)
Total	(44,179)	(11,258)
Current liabilities		
<i>Non-derivative liabilities</i>	(30,396)	(58,089)
Current portion of unsecured medium- and long-term bank loans at amortized cost	(10,450)	(3,617)
Current portion of secured medium- and long-term bank loans at amortized cost	(3,092)	(10,812)
Short-term bank loans for use of commercial facilities		(17,582)
Current portion of loans from subsidiaries	-	(714)
Cash pooling current account	(16,854)	(25,365)
<i>Hedging derivatives</i>	(140)	(250)
<i>Non-hedging derivatives</i>	(6)	(18)
Total	(30,542)	(58,357)

Loan Repayment Plans, Terms and Conditions

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

	Currency	Nominal interest rate	Year of maturity	Nominal value at 12.31.2015	Book value	Nominal value at 12.31.2014	Book value
(thousands of Euros)							
Secured medium- and long-term bank loans at amortized cost				20,310	20,006	11,188	11,074
Intesa SanPaolo syndicated loan (tranche A)	Euro	Eur6m+spread	2016	-	-	7,258	7,165
Intesa SanPaolo syndicated loan (tranche B)	Euro	Eur6m+spread	2016	-	-	3,000	2,981
Banca Popolare Emilia Romagna	Euro	Eur6m+spread	2016	310	310	930	928
Banco Popolare di Milano	Euro	Eur6m+spread	2022	20,000	19,697	-	-
Unsecured bank loans at amortized cost				37,920	37,569	14,641	14,460
Minindustria 11172	Euro	fix	2017	324	324	477	477
Banca popolare di Lodi	Euro	Eur3m+spread	2017	2,990	2,977	4,606	4,581
Banca popolare di Bergamo	Euro	Eur3m+spread	2019	7,727	7,625	9,557	9,402
Banca Intesa San Paolo	Euro	Eur6m+spread	2020	18,000	17,833	-	-
Credem	Euro	Eur3m+spread	2018	2,754	2,754	-	-
Cariparma	Euro	Eur6m+spread	2019	6,125	6,056	-	-
Total medium- and long-term loans				58,230	57,575	25,829	25,534
Short-term bank loans for use of commercial facilities				-	-	17,581	17,581
Used portfolio	Euro	Euribor+spread	n/a	-	-	6,081	6,081
Pre-paid invoices	Euro	Euribor+spread	n/a	-	-	3,000	3,000
Export loans	Euro	Euribor+spread	n/a	-	-	6,000	6,000
Import loans	Euro	Euribor+spread	n/a	-	-	2,500	2,500
Total short-term loans				-	-	17,581	17,581
Total interest-bearing liabilities				58,230	57,575	43,410	43,115

Other Financial Instruments

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

Other Information

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

(thousands of Euros)	
Reserve 12.31.2014	29
<i>Fair value adjustment of cash flow hedge derivatives</i>	(185)
<i>Tax effect of fair value adjustment of cash flow hedge derivatives</i>	51
<i>Transfers to the income statement</i>	(40)
<i>Tax effect of transfers to the income statement</i>	11
Reserve 12.31.2015	134

The figure for hedge accounting represents the release of the reserve when the cash flows for outstanding loans occurred, while the figure for fair value is the accrual to reserves.

Credit Risk

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

Risk Exposure

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

	12.31.2015	12.31.2014
(thousands of Euros)		
Gross trade receivables	40,985	37,843
- provision for bad and doubtful debts	(1,733)	(1,875)
Total	39,252	35,968

Overdue or Impaired Financial Assets

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

December 31, 2015	Overdue receivables			Non-overdue receivables	Total
	More than 60 days	From 31 to 60 days	From 0 to 30 days		
(thousands of Euros)					
Italy	738	11	899	29,508	31,156
EU	153	45	320	1,979	2,497
Rest of world	168	25	376	5,030	5,599
Total	1,059	81	1,595	36,517	39,252

December 31, 2014	Overdue receivables			Non-overdue receivables	Total
	More than 60 days	From 31 to 60 days	From 0 to 30 days		
(thousands of Euros)					
Italy	1,055	183	1,182	27,796	30,216
EU	197	11	126	2,307	2,641
Rest of world	203	138	603	2,167	3,111
Total	1,455	332	1,911	32,270	35,968

As at December 31, 2015 the Parent Company's overdue receivables improved in absolute value dropping from €3.7 million to €2.7 million. They represent 7% of the total portfolio compared to 10.3% reported in the previous year.

How Credit Risk is Managed

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

Non-recourse receivable assignment agreements were also entered into.

The internal procedures for carrying out a creditworthiness assessment involve collecting and analyzing qualitative and quantitative information and the use of external data bases and

commercial information. The policies adopted have to date allowed for limiting losses on receivables, which were equal to zero in 2015.

Market Risk

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

The market risk to which the Parent Company was exposed during 2011 may be broken down as follows:

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

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

Currency Risk

The Parent Company's exposure to currency risk derives from:

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

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

In 2015, the Parent Company managed the marginal imbalance between investments and funds in the same currency by using a natural-hedging approach and by carefully and continually monitoring market conditions; as a result, it was not deemed necessary to resort to hedging derivatives.

The Parent Company's exposure in euros is shown below, based on the official ECB exchange rates as at December 31, 2015 and December 31, 2014, as reported in the following table:

ECB exchange rates	12.31.2015	12.31.2014
(per euro)		
USD	1.0887	1.2141
GBP	0.7340	0.7789
CHF	1.0835	1.2024
CAD	1.5116	1.4063

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

	12.31.2015				12.31.2014			
	USD	GBP	CHF	CAD	USD	GBP	CHF	CAD
(thousands of Euros)								
Trade receivables	3,471	-	-	-	2,384	21	-	-
Trade payables	(2,297)	(25)	(1)	-	(1,492)	-	(1)	-
Cash pooling towards Subsidiaries		(282)			-	(780)	-	-
Cash and cash equivalents	769	149	1	0	834	171	1	-
Net exposure	1,944	(159)	(0)	0	1,727	(588)	-	-

Sensitivity Analysis of Currency Risk

In order to measure the possible effects of changes in the reporting-date exchange rates on the statement of financial position and income statement, assumptions were made (at December 31, 2015 and December 31, 2014) as to variations in the value of the euro against the major foreign currencies.

Specifically, two scenarios took place: the appreciation and the depreciation of the euro compared with other currencies by 10%. For each of the two scenarios, the gain or loss arising from transactions outstanding as at December 31, 2015 and December 31, 2014 was then calculated. In this way, it was possible to determine the effect on the income statement and on shareholders' equity had exchange rates been subject to changes as assumed.

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

10% appreciation of the euro		10% depreciation of the euro	
(thousands of Euros)	Profit or loss	(thousands of Euros)	Profit or loss
December 31, 2015		December 31, 2015	
USD	(194)	USD	194
GBP	16	GBP	(16)
CHF		CHF	
CAD		CAD	
Total	(180)	Total	180
December 31, 2014		December 31, 2014	
USD	(157)	USD	192
GBP	53	GBP	(65)
CHF		CHF	
CAD		CAD	
Total	(105)	Total	127

How Currency Risk is Managed

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

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

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

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

Interest Rate Risk

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

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

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

	12.31.2015	%	12.31.2014	%
(thousands of Euros)				
Floating-rate medium- and long-term loans	(13,748)	18.3%	(10,717)	15.4%
Floating-rate medium- and long-term loans hedged by IRS	(30,643)	40.8%	(310)	0.4%
Fixed-rate medium- and long-term loans	(165)	0.2%	(324)	0.5%
Fixed-rate medium- and long-term loans from subsidiaries	-	0.0%	-	0.0%
Total non-current liabilities	(44,556)	59.3%	(11,351)	16.3%
Floating-rate medium- and long-term loans	(10,753)	14.3%	(7,089)	10.2%
Floating-rate medium- and long-term loans hedged by IRS	(2,857)	3.8%	(7,370)	10.6%
Fixed-rate medium- and long-term loans	(159)	0.2%	(153)	0.2%
Floating-rate short-term bank loans as use of commercial facilities	-	0.0%	(17,582)	25.3%
Fixed-rate medium- and long-term loans from subsidiaries	-	0.0%	(714)	1.0%
Floating-rate cash pooling with subsidiaries and joint ventures	(16,854)	22.4%	(25,365)	36.4%
Total current liabilities	(30,623)	40.7%	(58,273)	83.7%
<i>Total (floating rate)</i>	(24,501)	32.6%	(35,387)	50.8%
<i>Total (fixed rate or hedged floating rate)</i>	(50,678)	67.4%	(34,236)	49.2%
Total	(75,179)	100.0%	(69,624)	100.0%

Sensitivity Analysis of Interest Rate Risk

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

- for bank current-account exposure and spreads settled by interest rate swaps, financial income/expense was recalculated by applying +/-50 bps to the interest rate payable, multiplied by the carrying amounts and for a period equal to the financial year;
- for loans with a repayment plan, the change in financial expense was calculated by applying +/-50 bps to the loan interest rate payable at each refixing date, multiplied by the outstanding principal during the year;
- the change in the fair value of interest rate swaps at the reporting date was calculated by applying +/-50 bps to the euro riskless curve of the deposit rates, futures and swaps at the reporting date.

	Profit (loss)		Shareholders' Equity	
	Increase of 50 bps	Decrease of 50 bps	Increase of 50 bps	Decrease of 50 bps
(thousands of Euros)				
December 31, 2015				
Cash flows during the year	(550)	550		
<i>Cash flows from derivatives</i>	78	(78)		
<i>Intragroup accounts</i>	(75)	75		
<i>Floating-rate loans</i>	(553)	553		
Effectiveness of hedges			449	(461)
Net sensitivity of financial flows	(550)	550	449	(461)
December 31, 2014				
Cash flows during the year	(267)	267		
<i>Cash flows from derivatives</i>	31	(31)		
<i>Intragroup accounts</i>	(118)	118		
<i>Floating-rate loans</i>	(180)	180		
Effectiveness of hedges			34	(30)
Net sensitivity of financial flows	(267)	267	34	(30)

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

How Interest Rate Risk is Managed

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

The techniques used most often are:

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

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

From an operational point of view, the Parent Company sets about achieving this goal by using derivatives in the form of interest rate swaps (IRS).

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

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

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

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

Commodity Risk

In terms of the nature of the business carried out by RDM, commodity risk is the risk that the profit for the year will be reduced by incurring higher costs to purchase raw materials for the mills. This

risk is part of the broader category of market risk where the cost of the raw material is dependent on changes in a quoted index.

In 2014 and 2015 the Group signed natural gas procurement agreements for 2015, mainly on a quarterly business, negotiating fixed unit prices for each of the individual quarters. The method makes it possible to contain the commodity risk for the first part of the year ex ante. The rates for the subsequent quarters are also negotiated and confirmed during the year, in order to fulfill the needs of the plants and at the same time take advantage of the lower price trends for energy commodity prices. All quotes are expressed in euros per unit of volume with later adjustment to the primary energy content.

At the end of November 2014, the Group signed electricity procurement contracts at a price indexed to the listings of several continental energy markets, in some cases involving fixing operations after signing the contracts, taking advantage of dedicated clauses in the contracts. The supply quotas at indexed prices in relation to the reference markets are procured with fixed spreads in relation to these quotes. The aim of fixing the supply prices is to contain commodity risk. Negotiated prices are expressed in euros per unit of electricity.

As at December 31, 2015, there were no outstanding derivative instruments for hedging commodity risk.

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

How Commodity Risk is Managed

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

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

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

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

Liquidity Risk

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

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

For each contract maturity date, the analysis aimed to measure the cash flows deriving from the various types of financial liability held as at December 31, 2015 and December 31, 2014.

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

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

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

December 31, 2015	Book value	Contractual financial flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
(thousands of Euros)							
Cash and cash equivalents	22,801	22,801	22,801				
Trade receivables	39,252	39,252	39,252				
Other receivables from Group Companies	8,627	8,627	8,627				
Other receivables	3,598	3,598	3,126		282		190
Medium- and long-term bank loans	(57,671)	(60,682)	(5,897)	(7,177)	(14,459)	(27,196)	(5,953)
Short-term bank loans for use of commercial facilities	-	-	-				
Other payables to Group companies	(16,903)	(16,903)	(16,903)				
Financial payables to subsidiaries	-	-					
Hedging derivatives	(190)						
Non-hedging derivatives	(6)						
Trade payables	(55,622)	(55,622)	(55,622)				
Other payables	(5,661)	(5,661)	(5,661)				
Total	(61,775)	(64,590)	(10,277)	(7,177)	(14,177)	(27,196)	(5,763)

December 31, 2014	Book value	Contractual financial flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
(thousands of Euros)							
Cash and cash equivalents	2,087	2,087	2,087				
Trade receivables	35,968	35,968	35,968				
Other receivables from associates and joint ventures	7,243	7,243	7,243				
Other receivables	5,797	5,797	5,400		284		113
Medium- and long-term bank loans	(25,669)	(30,476)	(6,887)	(6,650)	(8,745)	(8,193)	
Short-term bank loans for use of commercial facilities	(17,582)	(17,582)	(17,582)				
Other payables to Group companies	(25,364)	(25,364)	(25,364)				
Financial payables to subsidiaries	(714)	(721)	(362)	(359)			
Hedging derivatives	(250)	(250)	(131)	(82)	(37)		
Non-hedging derivatives	(36)	(36)	(18)	(12)	(6)		
Trade payables	(53,496)	(53,496)	(53,496)				
Other payables	(6,447)	(6,447)	(6,447)				
Total	(78,463)	(83,277)	(59,589)	(7,103)	(8,504)	(8,193)	113

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

How Liquidity Risk is Managed

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

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

ANNEXES

The information in the annexes mentioned below forms an integral part of these Notes to the Financial Statements.

Annex A: Breakdown of related-party and intragroup transactions as at December 31, 2015

Annex B: Equity investments in subsidiaries and associates

Annex C: Information pursuant to article 149-duodecies of the Consob Issuer Regulations

ANNEX A – BREAKDOWN OF RELATED-PARTY AND INTRAGROUP TRANSACTIONS AS AT DECEMBER 31 2015

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

RECEIVABLES, PAYABLES, REVENUES AND COSTS WITH GROUP COMPANIES

The tables below provide a breakdown of transactions carried out in 2015 and 2014 with direct and indirect subsidiaries, and with associates and joint ventures. Transactions between Reno De Medici S.p.A. and other Group companies, whether of an industrial, financial or service-related nature, are carried out under market conditions taking into consideration the quality of the goods and services provided.

INTRAGROUP RECEIVABLES AND PAYABLES

December 31, 2015 (thousands of Euros)	Current assets				Non-current liabilities	Current liabilities			
	Receivables from subsidiaries		Receivables from joint ventures and associates		Payables to subsidiaries	Payables to subsidiaries		Payables to joint ventures and associates	
	trade ⁽¹⁾	financial ⁽²⁾	trade ⁽¹⁾	financial ⁽²⁾	financial ⁽³⁾	trade ⁽⁴⁾	financial ⁽⁵⁾	trade ⁽⁴⁾	financial ⁽⁵⁾
Careo S.r.l.			98					1,937	1,954
Cartiera Alto Milanese S.p.A. in liquidation						31	880		
Emmaus Pack S.r.l.	5,233	2,289				15			
Pac Service S.p.A.				100				239	
RDM Blendecques S.A.S.	644	5,060							
RDM Ovaro S.p.A.	1,009					389	4,143		
Reno De Medici Arnsberg Gmbh	646					64	9,441		
Reno de Medici Ibérica S.l.u.	339					9	434		
ZAR S.r.l.				379				119	
Total	7,871	7,349	98	479		508	14,898	2,295	1,954

December 31, 2014	Current assets				Non-current liabilities	Current liabilities			
	Receivables from subsidiaries		Receivables from joint ventures and associates		Payables to subsidiaries	Payables to subsidiaries		Payables to joint ventures and associates	
	trade ⁽¹⁾	financial ⁽²⁾	trade ⁽¹⁾	financial ⁽²⁾	financial ⁽³⁾	trade ⁽⁴⁾	financial ⁽⁵⁾	trade ⁽⁴⁾	financial ⁽⁵⁾
(thousands of Euros)									
Careo S.r.l.			225					1,948	2,445
Careo S.A.S.								18	
Cartiera Alto Milanese S.p.A. in liquidation	828					9	1,418		
Emmaus Pack S.r.l.	5,529	1,532				5			
Pac Service S.p.A.								154	
RDM Blendecques S.A.S.	999	5,339				387	13		
RDM Ovaro S.p.A.	720					207	9,171		
Reno De Medici Arnsberg Gmbh	590					73	12,617		
Reno de Medici Ibérica S.l.u.	718					31	414		
ZAR S.r.l.				372					83
Total	9,384	6,871	225	372	-	712	23,633	2,203	2,445

(1) See statement of financial position – total of item “Group trade receivables” classified in “Current assets”

(2) See statement of financial position – total of item “Other Group receivables” classified in “Current assets”

(3) See statement of financial position – total of item “Other Group payables” classified in “Non-current liabilities”

(4) See statement of financial position – total of item “Group trade payables” classified in “Current liabilities”

INTRAGROUP REVENUES

December 31, 2015	Revenues from sales ⁽¹⁾	Other revenues ⁽²⁾	Financial income
(thousands of Euros)			
Careo S.r.l.		385	1
Cartiera Alto Milanese S.p.A. in liquidation	(23)		
Emmaus Pack S.r.l.	11,845	132	59
Pac Service S.p.A.	4,555		
RDM Blendecques S.A.S.		1,272	154
RDM Ovaro S.p.A	153	446	
Reno De Medici Arnsberg Gmbh		2,697	
Reno De Medici Ibérica S.l.u.	677	187	
Reno De Medici UK Ltd			
Zar S.r.l.			7
Total	17,207	5,119	221

December 31, 2014	Revenues from sales ⁽¹⁾	Other revenues ⁽²⁾	Financial income
(thousands of Euros)			
Careo S.r.l.		605	12
Cartiera Alto Milanese S.p.A. in liquidation	12,119	79	3
Emmaus Pack S.r.l.	12,146	113	54
Pac Service S.p.A.	3,785		
RDM Blendecques S.A.S.		1,361	162
RDM Ovaro S.p.A	94	596	
Reno De Medici Arnsberg Gmbh		2,684	
Reno De Medici Ibérica S.l.u.	5,242	643	3
Reno De Medici UK Ltd			28
Zar S.r.l.			2
Total	33,386	6,081	264

(1) See RDM income statement – “Revenues from sales – of which related parties” includes “Revenues from sales” intercompany and other related parties

(2) See RDM income statement – “Other revenues – of which related parties” includes “Other revenues” intercompany and other related parties

INTRAGROUP COSTS

December 31, 2015	Cost of raw materials and services ⁽¹⁾		Financial expense
	raw materials	services	
(thousands of Euros)			
Careo S.r.l.		5,375	17
Cartiera Alto Milanese S.p.A. in liquidation			15
Emmaus Pack S.r.l.	24		
RDM Blendecques S.A.S.			
RDM Ovaro S.p.A.	13		184
Reno De Medici Arnsberg Gmbh			226
Reno De Medici Ibérica S.l.u.			40
ZAR S.r.l.	2,533		
Total	2,753	5,375	483

December 31, 2014	Cost of raw materials and services ⁽¹⁾		Financial expense
	raw materials	services	
(thousands of Euros)			
Careo S.r.l.		5	15
Cartiera Alto Milanese S.p.A. in liquidation			13
Emmaus Pack S.r.l.	30		
RDM Blendecques S.A.S.	372		2
RDM Ovaro S.p.A.	31		238
Reno De Medici Arnsberg Gmbh		278	246
Reno De Medici Ibérica S.l.u.			16
ZAR S.r.l.	2,509		
Total	2,942	5,312	530

(1) See RDM income statement – “Cost of raw material – of which related parties” includes “Raw material and service costs” intercompany and other related parties

RECEIVABLES, PAYABLES, REVENUES AND COSTS WITH OTHER RELATED PARTIES

RECEIVABLES AND PAYABLES WITH OTHER RELATED PARTIES

The table below provides a breakdown of receivables and payables with related parties as at December 31, 2015 and at December 31, 2014:

	Current assets	Non-current assets	Current liabilities	Non-current liabilities
December 31, 2015	Receivables from third party customers	Non-current receivables	Payables to third party suppliers	Non-current payables
(thousands of Euros)				
Cascades Asia Ltd	186			
Cascades Canada Ulc				
Cascades Inc				
Cascades Groupe Produits Spec.			1	
Total	186	-	1	-
Share of item total	0.5%		0.00%	

	Current assets	Non-current assets	Current liabilities	Non-current liabilities
December 31, 2014	Receivables from third party customers	Non-current receivables	Payables to third party suppliers	Non-current payables
(thousands of Euros)				
Cascades Asia Ltd	265			
Cascades Canada Ulc	1			
Cascades Inc			1	
Cascades Groupe Produits Spec.			1	
Total	266	-	2	-
Share of item total	0.98%		0.00%	

(1) See statement of financial position – total of item “Other payables” classified in “Non current liabilities”

REVENUES AND COSTS WITH OTHER RELATED PARTIES

The tables below provide a breakdown of revenues and costs with other related parties during 2015 and 2014:

December 31, 2015	Revenues from sales ⁽¹⁾	Other revenues ⁽²⁾
(thousands of Euros)		
Cascades Asia Ltd	949	-
Total	949	-
Share of item total	0.4%	0.0%

December 31, 2014	Revenues from sales ⁽¹⁾	Other revenues ⁽²⁾
(thousands of Euros)		
Cascades Asia Ltd	959	-
Total	959	-
Share of item total	0.5%	0.0%

(1) See RDM income statement – “Revenues from sales – of which related parties” includes “Revenues from sales” intercompany and other related parties

December 31, 2015	Cost of raw materials and services ⁽¹⁾
(thousands of Euros)	
Cascades S.A.S.	46
Cascades Canada Ulc	72
Red. Im. S.r.l.	20
Total	138
Share of item total	0.1%

December 31, 2014	Cost of raw materials and services ⁽¹⁾
(thousands of Euros)	
Cascades S.A.S.	4
Cascades Canada Ulc	
Red. Im. S.r.l.	20
Total	44
Share of item total	0.0%

(1) See RDM income statement – “Cost of raw material – of which related parties” includes “Raw material and service costs” intercompany and other related parties

ANNEX B – EQUITY INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Equity investments of more than 10% of capital in unlisted stock companies or limited-liability companies as at December 31, 2015 (pursuant to article 126 of Consob Resolution no. 11971 of May 14, 1999 as subsequently supplemented and amended).

Cartonboard sector – subsidiaries

Cartiera Alto Milanese S.p.A. in liquidation

Milan – Italy

Direct ownership 100%

Emmaus Pack S.r.l.

Milan- Italy

Direct ownership 51.39%

RDM Blendecques S.A.S.

Blendecques – France

Direct ownership 100%

RDM Ovaro S.p.A.

Milan- Italy

Direct ownership 80%

Reno De Medici Arnsberg GmbH

Arnsberg – Germany

Direct ownership 94%

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

Reno De Medici Ibérica S.l.u.

Prat de Llobregat- Barcelona- Spain

Direct ownership 100%

Reno De Medici UK Limited

Wednesbury – UK

Direct ownership 100%

Carta Service Friuliana S.r.l.

Milan- Italy

Direct ownership 100%

Services sector – subsidiaries

Cascades Grundstück GmbH & Co.KG

Arnsberg – Germany

Direct ownership 100%

Cartonboard and other industrial production sector- associates and joint ventures

Manucor S.p.A.

Milan- Italy

Direct ownership 22.75%

Pac Service S.p.A.

Vigonza- Padua- Italy

Direct ownership 33.33%

ZAR S.r.l.

Silea- Italy

Direct ownership 33.33%

Service sector

Careo S.r.l.

Milan – Italy

Indirect ownership 70%

Careo Gmbh

Krefeld – Germany

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

Careo S.A.S.

Paris – France

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

Careo Spain S.L.

Prat de Llobregat – Barcelona – Spain

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

Careo Ltd

Wednesbury – UK

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

Careo S.r.o.

Prague – Czech Republic

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

Careo KFT

Budapest- Hungary

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

Careo SP z.o.o.

Warsaw- Poland

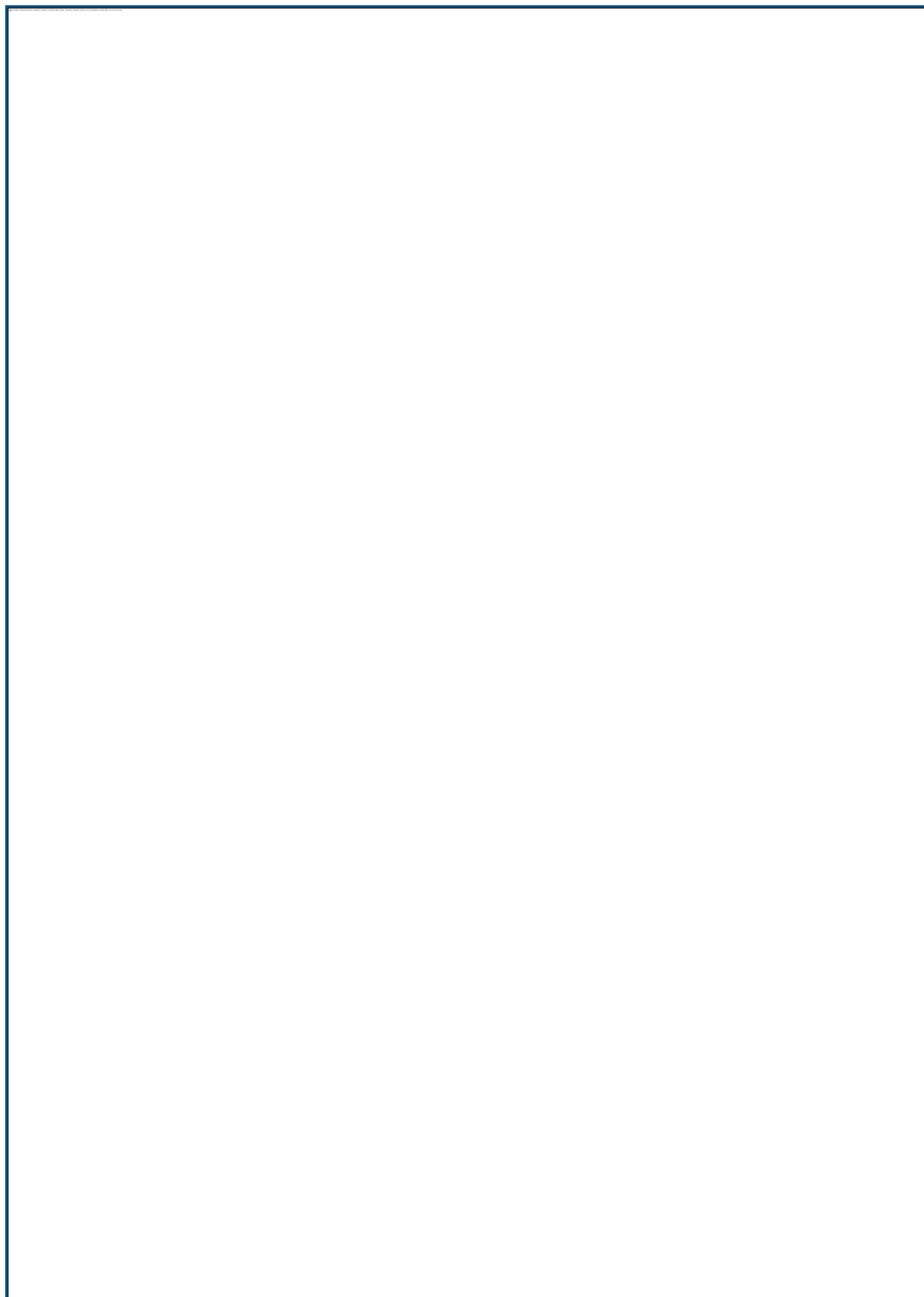
Indirect ownership 70% (through Careo S.r.l.)

ANNEX C: INFORMATION PURSUANT TO ARTICLE 149-DUODECIES OF CONSOB ISSUER REGULATIONS

The table below, prepared pursuant to Article 149-duodecies of the Consob Issuer Regulations, shows the 2015 fees for auditing and other services provided by the independent auditor Deloitte & Touche S.p.A. and by organizations belonging to its network (Network Deloitte & Touche S.p.A.).

DESCRIPTION	Service provider company	Recipient	2015 fees (thousands of Euros)
Statutory audit	<i>Deloitte & Touche S.p.A.</i>	<i>Parent Company Reno De Medici S.p.A.</i>	148
	<i>Deloitte & Touche S.p.A.</i>	<i>Subsidiaries</i>	46
	<i>Deloitte & Touche S.p.A. Network</i>	<i>Subsidiaries</i>	129
Other auditing services	<i>Deloitte & Touche S.p.A. Network</i>	<i>Subsidiaries</i>	11
Total			334

BOARD OF STATUTORY AUDITOR'S REPORT



CERTIFICATION OF SEPARATE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015 PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AND LATER AMENDMENTS AND ADDITIONS.

1. The undersigned Ignazio Capuano, as CEO and Stefano Moccagatta as Financial Reporting Executive of Reno De Medici S.p.A., certify, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of February 24, 1998:

- the suitability for the characteristics of the business and
- the effective implementation

of the administrative and accounting procedures pertaining to the preparation of the year-end financial statements for the period from January 1 to December 31, 2015.

2. No significant issues have emerged in this regard.

3. It is further certified that

3.1. the separate financial statements:

- a) were prepared in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
- b) are consistent with the figures reported in the relevant accounting books and records;
- c) are able to provide a true and fair view of the financial position, the results and the cash flows of the issuer and of the companies whose accounts have been consolidated;

3.2. The Directors' Report comprises a reliable analysis of operating performance and results, as well as of the situation of the issuer and of the companies whose accounts have been consolidated, together with a description of the major risks and uncertainties to which they are exposed.

Milan, March 17, 2016

Chief Executive Officer

/f/

Ignazio Capuano

Financial Reporting Executive

/f/

Stefano Moccagatta

INDEPENDENT AUDITOR'S REPORT



PROPOSED RESOLUTION

Dear Shareholders,

the 2015 financial statements that we are submitting for your approval, end the year with a profit of €12,388,940.36 which we propose to allocate as follows:

- € 619,447.02 to the legal reserve pursuant to article 2430 of the Italian Civil Code;
- €2,239,196.98 to hedge the residual losses following the resolution of November 2, 2015;
- €20,090.34 as a dividend to be distributed to the 273,338 savings shares as a preferred dividend of €0.0245 for 2015 as well as a preferred dividend on €0.0245 for 2014 and a preferred dividend of €0.0245 for 2013 making a total preferred dividend of €0.0735 for each savings share;
- €1,963,143.81 as a dividend to be distributed to the 377,527,656 ordinary shares, equal to a dividend of €0.0052 for each outstanding ordinary share, realizing that it is lower than the 3% dividend of €0.49 required by Article 22, paragraph 2, letter a) of the Company's By-Laws, as the dividend due to ordinary shares once the preferred dividend of the savings shares has been satisfied (in addition to the preferred dividend of the previous two years, where not previously satisfied);
- €7,547,062.21 (or the residual amount of the profits if the number of shares with dividend rights at the record date is different) to be allocated to the "Available reserve" created through the effect of the capital reduction approved on November 2, 2015 which took effect on February 29, 2016, which was therefore increased to €17,946,218.01;
- to establish that the payment of the dividend takes place in one go on May 11, 2016, for each ordinary share with rights and for each savings share with rights, with the ex-coupon date of May 9 and the record date of May 10, 2016.

If you agree with this proposal, we invite you to approve the following resolution:

"The Ordinary Shareholders' Meeting of Reno De Medici S.p.A.:

- *having examined the Directors' Report and all documents attached thereto;*
- *having examined the Report of the Board of Statutory Auditors;*
- *having seen the Separate Financial Statements as at 12.31.2015;*
- *having acknowledged the Report of Deloitte & Touche S.p.A.*

resolves

- to approve the Directors' Report, the Report on Operations, inclusive of all other documents and Reports, and the Separate Financial Statements as at December 31, 2015;

• to approve the proposal made by the Board of Directors to allocate the profit of €12,388,940.36 for 2015 as follows:

- € 619,447.02 to the legal reserve pursuant to article 2430 of the Italian Civil Code;
- €2,239,196.98 to hedge the residual losses following the resolution of November 2, 2015;
- €20,090.34 as a dividend to be distributed to the 273,338 savings shares as a preferred dividend of €0.0245 for 2015 as well as a preferred dividend on €0.0245 for 2014 and a preferred dividend of €0.0245 for 2013 making a total preferred dividend of €0.0735 for each savings share;
- €1,963,143.81 as a dividend to be distributed to the 377,527,656 ordinary shares, equal to a dividend of €0.0052 for each outstanding ordinary share, realizing that it is lower than the 3% dividend of €0.49 required by Article 22, paragraph 2, letter a) of the Company's By-Laws, as the dividend due to ordinary shares once the preferred dividend of the savings shares has been satisfied (in addition to the preferred dividend of the previous two years, where not previously satisfied);
- €7,547,062.21 (or the residual amount of the profits if the number of shares with dividend rights at the record date is different) to be allocated to the "Available reserve" created through the effect of the capital reduction approved on November 2, 2015 which took effect on February 29, 2016, which was therefore increased to €17,946,218.01;
- to establish that the payment of the dividend takes place in one go on May 11, 2016, for each ordinary share with rights and for each savings share with rights, with the ex-coupon date of May 9 2016 and the record date of May 10, 2016.

• to instruct the Chairman of the Board of Directors and the Chief Executive Officer, separately, to take all such action necessary to execute this resolution".

Milan, March 17, 2016

On behalf of the Board of Directors

The Chairman

Signed

Robert Hall

SUMMARY TABLES OF THE KEY FIGURES FROM THE MOST RECENT FINANCIAL STATEMENTS OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES OF THE RENO DE MEDICI GROUP

In accordance with Article 2429, paragraphs 3 and 4, of the Italian Civil Code, summary tables of the key figures of Reno De Medici Group subsidiaries and associates as at December 31, 2015, as listed below, are attached hereto.

SUBSIDIARIES

Included in the scope of consolidation

Cartiera Alto Milanese S.p.A. in liquidation

Cascades Grundstück GmbH & Co.KG

Emmaus Pack S.r.l.

RDM Blendecques S.A.S.

RDM Ovaro S.p.A.

Reno De Medici Arnsberg GmbH

Reno De Medici Ibérica S.l.u.

Reno De Medici UK Limited

Carta Service Friuliana S.r.l.

ASSOCIATES

Pac Service S.p.A.

JOINT VENTURE

Careo S.r.l.

Manucor S.p.A.

ZAR S.r.l.

Cartiera Alto Milanese S.p.A. in liquidation

Headquarter in Milan- Viale Isonzo, 25

Share capital €200,000

Statement of Financial Position

(thousands of Euros)

	12.31.2015	12.31.2014
Assets		
Non-current assets	121	162
Current assets	928	3,036
TOTAL ASSETS	1,049	3,198
Liabilities and shareholders' equity	12.31.2015	12.31.2014
Shareholders' Equity	1,024	1,130
Provisions for Risks and Charges		185
Payables	25	1,883
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,049	3,198

Income Statement

(thousands of Euros)

	12.31.2015	12.31.2014
Value of production	39	12,939
Cost of production	(52)	(12,796)
Operating profit	(13)	143
Financial income (expense)	12	(27)
Profit (loss) before taxes	(1)	116
Taxes for the year	(30)	(48)
Profit (loss) for the year	(31)	68

Cascades Grundstück GmbH & Co.KG

Headquarter in Arnsberg- Hellefelder Street, 51

Capitale Sociale Euro 19,000

Statement of Financial Position

(thousands of Euros)		
	12.31.2015	12.31.2014
Assets		
Non-current assets	307	307
Current assets	4	2
TOTAL ASSETS	311	309
Liabilities and shareholders' equity	12.31.2015	12.31.2014
Shareholders' Equity	307	307
Provisions for Risks and Charges		
TFR		
Payables	4	2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	311	309

Income Statement

(thousands of Euros)		
	12.31.2015	12.31.2014
Value of production		
Cost of production	(7)	(8)
Operating profit	(7)	(8)
Financial income (expense)		
Profit (loss) before taxes	(7)	(8)
Taxes for the year		
Profit (loss) for the year	(7)	(8)

Emmaus Pack S.r.l.

Headquarter in Milan- Viale Isonzo, 25

Share capital €200,000

Statement of Financial Position

(thousands of Euros)		
	12.31.2015	12.31.2014
Assets		
Non-current assets	463	518
Current assets	10,254	10,306
TOTAL ASSETS	10,717	10,824
Liabilities and shareholders' equity	12.31.2015	12.31.2014
Shareholders' Equity	940	793
Provisions for Risks and Charges	98	92
TFR	259	244
Payables	9,420	9,693
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,717	10,824

Income Statement

(thousands of Euros)		
	12.31.2015	12.31.2014
Value of production	17,352	17,628
Cost of production	(16,902)	(17,496)
Operating profit	450	132
Financial income (expense)	(82)	(85)
Profit (loss) before taxes	368	47
Taxes for the year	(221)	(167)
Profit (loss) for the year	147	(120)

RDM Blendecques S.A.S.

Headquarter in Blendecques – Rue de L’Hermitage B.P. 53006

Share capital €1,037,000

Statement of Financial Position

(thousands of Euros)		
	12.31.2015	12.31.2014
Assets		
Non-current assets	7,440	7,185
Current assets	11,735	11,946
TOTAL ASSETS	19,175	19,131
Liabilities and shareholders’ equity	12.31.2015	12.31.2014
Shareholders’ Equity	(1,298)	(2,793)
Provisions for Risks and Charges		
TFR	2,926	3,034
Payables	17,547	18,889
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	19,175	19,131

Income Statement

(thousands of Euros)		
	12.31.2015	12.31.2014
Value of production	55,261	57,417
Cost of production	55,286	(58,714)
Operating profit	(25)	(1,297)
Financial income (expense)	(174)	(251)
Profit (loss) before taxes	(199)	(1,548)
Taxes for the year	(154)	(156)
Discontinued operations		500
Profit (loss) for the year	(353)	(1,204)

Reno De Medici Arnsberg Gmbh

Headquarter in Arnsberg- Hellefelder Street, 51

Share capital €5,112,919

Statement of Financial Position

(thousands of Euros)		
	12.31.2015	12.31.2014
Assets		
Non-current assets	54,873	59,827
Current assets	34,494	42,176
TOTAL ASSETS	89,367	102,003
Liabilities and shareholders' equity	12.31.2015	12.31.2014
Shareholders' Equity	49,662	52,156
TFR	16,535	17,250
Payables	23,170	32,597
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	89,367	102,003

Income Statement

(thousands of Euros)		
	12.31.2015	12.31.2014
Value of production	120,148	117,928
Cost of production	(115,974)	(114,945)
Operating profit	4,174	2,983
Financial income (expense)	43	(50)
Profit (loss) before taxes	4,217	2,933
Taxes for the year	(1,352)	(942)
Profit (loss) for the year	2,865	1,991

Reno De Medici Ibérica S.l.u.

Headquarter in Prat De Llobregat (Barcelona) calle Selva, 2

Share Capital €7,467

Statement of Financial Position

(thousands of Euros)

Assets	12.31.2015	12.31.2014
Non-current assets	4,070	4,282
Current assets	8,502	10,589
TOTAL ASSETS	12,572	14,871
Liabilities and shareholders' equity	12.31.2015	12.31.2014
Shareholders' Equity	4,760	5,838
Payables	7,812	9,033
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,572	14,871

Income Statement

(thousands of Euros)

	12.31.2015	12.31.2014
Value of production	22,605	29,935
Cost of production	(23,519)	(30,794)
Operating profit	(914)	(859)
Financial income (expense)	(165)	(119)
Profit (loss) before taxes	(1,079)	(978)
Taxes for the year		
Profit (loss) for the year	(1,079)	(978)

Reno De Medici UK Limited

Headquarter in Wednesbury – Pacific Avenue, Parkway

Share Capital €12,962,949

Statement of Financial Position

(thousands of Euros)		
	12.31.2015	12.31.2014
Assets		
Non-current assets		
Current assets		
TOTAL ASSETS		
Liabilities and shareholders' equity	12.31.2015	12.31.2014
Shareholders' Equity	(570)	(504)
Provisions for Risks and Charges		
TFR		
Payables	570	504
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		

Income Statement

(thousands of Euros)		
	12.31.2015	12.31.2014
Value of production		584
Cost of production	(34)	(833)
Operating profit	(34)	(249)
Financial income (expense)	(1)	(28)
Profit (loss) before taxes	(35)	(277)
Taxes for the year		
Profit (loss) for the year	(35)	(277)

Reno De Medici Ovaro S.p.A. (formerly Reno Logistica S.r.l. in liquidation)

Headquarter in Milan- Viale Isonzo, 25

Share capital €12,500,000

Statement of Financial Position

(thousands of Euros)

	12.31.2015	12.31.2014
Assets		
Non-current assets	12,258	10,795
Current assets	22,426	26,796
TOTAL ASSETS	34,684	37,591
Liabilities and shareholders' equity	12.31.2015	12.31.2014
Shareholders' Equity	12,996	13,065
Provisions for Risks and Charges	304	177
TFR	2,284	2,441
Payables	19,100	21,908
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	34,684	37,591

Income Statement

(thousands of Euros)

	12.31.2015	12.31.2014
Value of production	43,438	44,162
Cost of production	40,139	(41,213)
Operating profit	3,299	2,949
Financial income (expense)	7	(57)
Profit (loss) before taxes	3,306	2,892
Taxes for the year	(681)	(1,071)
Profit (loss) for the year	2,625	1,821

Careo S.r.l. (*)

Headquarter in Milan- Viale Isonzo, 25

Share capital €100,000

Statement of Financial Position

(thousands of Euros)

Assets	12.31.2015	12.31.2014
Non-current assets	883	823
Current assets	6,190	6,541
TOTAL ASSETS	7,073	7,364
Liabilities and shareholders' equity	12.31.2015	12.31.2014
Shareholders' equity	484	371
Non-current liabilities	2,964	3,153
Current liabilities	3,625	3,840
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,073	7,364

Income Statement

(thousands of Euros)

	12.31.2015	12.31.2014
Value of production	12,111	13,061
Cost of production	(11,771)	(12,433)
Operating profit	340	628
Financial income (expense)	(22)	(34)
Profit (loss) before taxes	318	594
Taxes for the year	(182)	(270)
Profit (loss) for the year	136	324

(*) Figures refer to the consolidated data prepared for equity accounting used in the Reno De Medici Group Consolidated Financial Statements

Manucor S.p.A.

Headquarter in Milan – Via Durini, 16/18

Share capital €10,000,000

Statement of Financial Position

(thousands of Euros)

Assets	12.31.2015	12.31.2014
Non-current assets	66,812	71,370
Current assets	42,421	43,242
TOTAL ASSETS	109,233	114,612
Liabilities and shareholders' equity	12.31.2015	12.31.2014
Shareholders' equity	13,656	8,131
Non-current liabilities	54,811	68,258
Current liabilities	40,766	38,223
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	109,233	114,612

Income Statement

(thousands of Euros)

	12.31.2015	12.31.2014
Value of production	171,570	166,839
Cost of production	(168,954)	(175,291)
Operating profit	2,616	(8,452)
Financial income (expense)	(3,258)	(2,762)
Other income (expense)		
Profit (loss) before taxes	(642)	(11,214)
Taxes for the year	1,902	1,514
Profit (loss) for the year	1,260	(9,700)

PAC Service S.p.A.

Headquarter in Vigonza (PD) – Via Julia, 47

Share capital €1,000,000

Statement of Financial Position

(thousands of Euros)		
	12.31.2015	12.31.2014
Assets		
Non-current assets	2,266	2,310
Current assets	11,180	10,579
TOTAL ASSETS	13,446	12,889
Liabilities and shareholders' equity	12.31.2015	12.31.2014
Shareholders' Equity	6,494	6,168
Provisions for Risks and Charges	204	201
TFR	539	510
Payables	6,209	6,010
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	13,446	12,889

Income Statement

(thousands of Euros)		
	12.31.2015	12.31.2014
Value of production	19,979	19,896
Cost of production	(18,477)	(18,318)
Operating profit	1,502	1,578
Financial income (expense)	163	101
Extraordinary income (expense)		(34)
Profit (loss) before taxes	1,665	1,654
Taxes for the year	(529)	(552)
Profit (loss) for the year	1,136	1,093

Carta Service Friuliana S.r.l. (formerly RDM Tissue core S.r.l. in liquidation)

Headquarter in Milan- Viale Isonzo, 25

Share capital €60,000

Statement of Financial Position

(thousands of Euros)

	12.31.2015	12.31.2014
Assets		
Non-current assets	3	5
Current assets	40	42
TOTAL ASSETS	43	47
Liabilities and shareholders' equity	12.31.2015	12.31.2014
Shareholders' Equity	43	47
TFR		
Payables		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	43	47

Income Statement

(thousands of Euros)

	12.31.2015	12.31.2014
Value of production		
Cost of production	(4)	(4)
Operating profit	(4)	(4)
Financial income (expense)		4
Profit (loss) before taxes	(4)	
Taxes for the year		
Profit (loss) for the year	(4)	

Zar S.r.l.

Headquarter in Milan

Share capital €90,000

Statement of Financial Position

(thousands of Euros)

Assets	12.31.2015	12.31.2014
Non-current assets	4	2
Current assets	989	7,087
TOTAL ASSETS	993	7,089
Liabilities and shareholders' equity	12.31.2015	12.31.2014
Shareholders' Equity	191	134
Payables	802	6,955
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	993	7,089

Income Statement

(thousands of Euros)

	12.31.2015	12.31.2014
Value of production	17,891	13,905
Cost of production	(17,807)	(13,887)
Operating profit	84	18
Financial income (expense)	(2)	
Profit (loss) before taxes	82	18
Taxes for the year	(25)	(4)
Profit (loss) for the year	57	14