



Q3

Interim Report

09.30.2016

NET REVENUES: €345.9 MILLION
(COMPARED TO €334.8 MILLION AS AT SEPTEMBER 30, 2015)

GROSS OPERATING PROFIT (EBITDA): €23.4 MILLION
(COMPARED TO €34.1 MILLION AS AT SEPTEMBER 30, 2015)

OPERATING PROFIT (EBIT): €7.1 MILLION
(COMPARED TO €15.9 MILLION AS AT SEPTEMBER 30, 2015)

NET PROFIT (LOSS) BEFORE DISCONTINUED OPERATION: € 3.7 MILLION
(COMPARED TO €10.9 MILLION AS AT SEPTEMBER 30, 2015)

NET PROFIT (LOSS) FOR THE PERIOD: PROFIT OF € 3.5 MILLION
(COMPARED TO A PROFIT OF €10.1 MILLION AS AT SEPTEMBER 30, 2015)

NET FINANCIAL DEBT: € 55.9 MILLION
(€50.3 MILLION AS AT DECEMBER 31, 2015)

CONTENTS

| | |
|---|----|
| BOARD OF DIRECTORS AND AUDITORS | 2 |
| GROUP OPERATING COMPANIES AS AT SEPTEMBER 30, 2016 | 3 |
| DIRECTORS' REPORT ON OPERATIONS..... | 4 |
| CONSOLIDATED RESULTS | 8 |
| KEY EVENTS..... | 9 |
| SUBSEQUENT EVENTS | 10 |
| OUTLOOK..... | 10 |
| CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2016 | 12 |
| NOTES..... | 16 |
| ACCOUNTING PRINCIPLES | 16 |
| STATEMENT OF EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCIAL ACT)..... | 18 |

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

| | |
|-----------------|----------|
| Robert Hall | Chairman |
| Allan Hogg | Director |
| Laura Guazzoni | Director |
| Laurent Lemaire | Director |
| Matteo Rossi | Director |

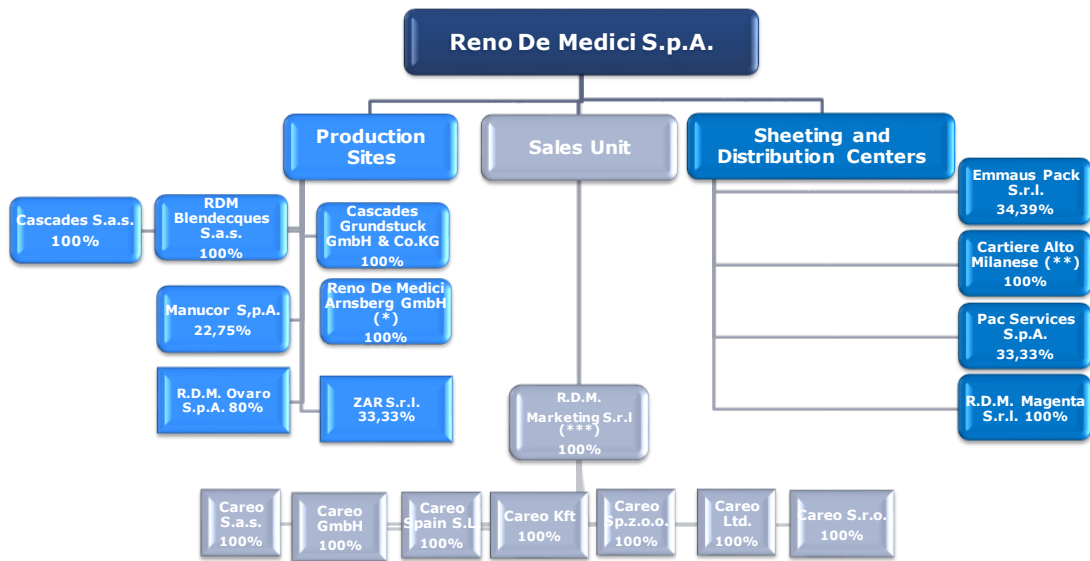
Board of Statutory Auditors

| | |
|-------------------------|--------------------------|
| Giancarlo Russo Corvace | Chairman |
| Giovanni Maria Conti | Acting statutory auditor |
| Tiziana Masolini | Acting statutory auditor |
| Elisabetta Bertacchini | Deputy statutory auditor |

Independent Auditors

Deloitte & Touche S.p.A.

GROUP OPERATING COMPANIES AS AT SEPTEMBER 30, 2016



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

(**) Company in liquidation

(***) Company owned 70% by Reno De Medici S.p.A. and 30% by Cascades S.a.s.

DIRECTORS' REPORT ON OPERATIONS

The Reno De Medici Group closes Q3 2016 recording an year-to-date EBITDA of €23.4 Million, compared to €34.1 Million in 2015.

The decrease of €10.7 Million vs. prior year is basically due to two factors: weaker market, and lower production at certain mills, the Arnberg mill (Germany) in particular, also linked to the commissioning of new equipment that has been installed, although successfully.

Net Income for the period is €3.5 Million, versus €10.1 Million of prior year.

The European market scenario is very different compared to prior year: in 2015 the order-flow in the WLC segment (“White Lined Chipboard”, the main segment in which the Reno De Medici Group historically operated before the acquisition of Cascades S.A.S.), was exceptionally high, in particular in the first-half of the year, whilst in 2016 so far is much weaker, with consequent impact on volumes and margins, that are also penalized by the higher cost of raw materials. The geographical market-mix was less favorable, due to the higher weight of the sales in Overseas markets.

In essence, the decrease in EBITDA results from less tons-sold in the WLC segment and lower margins.

Lower EBITDA was partially compensated by a general improvement of below-EBITDA items: depreciations, assets write-downs, income from investments and taxation.

The Profit for the period amounts to €3.5 Million, compared to €10.1 Million of prior year.

It is remembered that on June 30, 2016, the Reno De Medici Group acquired from Cascades Canada ULC, for a consideration of €11.3 Million, 100% of Cascades S.A.S, a French company that produces and distributes packaging carton board based on virgin fiber. The transaction is described in detail in the Key Events section.

As a consequence, from June 30th the Reno De Medici Group fully consolidates line-by-line Cascades S.A.S. However, its impact on the Group’s Income Statement is limited to the three months of Q3 (EBITDA of €1 Million and Net Income of €552 Thousand) and to the acquisition costs for €505 Thousand.

Although the economic results of Cascades S.A.S. were only partially consolidated in the Reno De Medici accounts at September 30, it is worth mentioning that the Company closed Q3 2016 recording (management figures, unaudited) year-to-date revenues from gross carton board sales for €94 Million, slightly lower than prior year. However, YTD EBITDA was €4.4 Million, an improvement compared to €2.5 Million of 2015, where lower average realized selling prices were more than compensated by the reduction of production costs.

As regards the general macroeconomic scenario, the October update of the IMF’s World Economic Outlook forecasts for 2016 a global growth of 3.1%, in line with the (disappointing) growth recorded in 2015, but with a downward adjustment compared to the 3.4% that was envisaged last January. All the factors that had driven the economy in 2015 remain in effect, but growth in 2016 remains subdued and also the outlook for 2017 prospects a modest improvement. As a consequence, global trades’ growth remain weak at 2.3%, lower than

both 2015 (2.6%) and 2014 (3.0%).

As regards the main effects noticed in Q3, it is worth mentioning the downward revision at 1.6% of the 2016 growth forecast for Advanced Economies, mainly associated to the United States.

The Euro Area is basically stable with a growth rate of 1.7%, visibly lower than 2% recorded in 2015. Actually the IMF pointed out that “domestic demand, notably investment, decelerated in some of the larger euro area economies, after successive quarters of stronger-than-expected growth”.

The negative effects of Brexit have been so far contained. As regards Reno De Medici, the Group’s exposure to Brexit is low, as sales to the UK denominated in GBP represent a very limited percentage of consolidated sales.

Emerging Countries and Developing Economies are expected to grow 4.2% in 2016, a slightly positive adjustment compared to both the previous forecasts made in the current year, as well as the 4.0% recorded last year. The improvement is mainly associated to some important economies in distress, Brazil and Russia, that seem to be closer to exiting from recession.

The evolution in the first nine months of 2016 in the two sectors in which the Reno De Medici Group operates, WLC - White Lined Chipboard, and FBB – Folding Box Board, is broadly in line with the general trend of economy.

In the **WLC segment**, European demand decreased in the nine months period by -1.9% compared to prior year, with an higher negative deviation of -2.6% in the quarter-over-quarter comparison. All major European markets show negative variations, now also including Germany, that until Q2 had remained in line with prior year. The sales in the Overseas markets do not compensate the European decline entirely, particularly in terms of profitability, due to the high competition on prices that historically characterizes those markets.

In the **FBB segment**, in which the newly acquired Cascades S.A.S. operates, the negative variation of European demand was lower (-0.5% vs. 2015), also due to the temporary benefits generated for Scandinavian producers by the Tobacco Product Directive.

Tons-sold in the half year 2016 by the Reno De Medici Group were 650 Thousand, compared to 630 Thousand sold in 2015. The increase is associated to the consolidation of the 34 Thousand tons sold in Q3 by Cascades S.A.S. Tons-sold in the WLC segment decreased by -14 Thousand, due to lower production, for the commissioning of the new equipment installed in the mills, but also for limited stand-stills made by some mills to preserve profitability.

Revenues from Sales were €346 Million, compared to €335 Million of prior year. The increase is associated to the consolidation of Q3 of the sales of Cascades S.A.S. that amounted to €26.8 Million. Revenues from sales in the WLC segment marginally decreased by -€15.6 Million, due to lower production and decreasing average selling prices.

As regards the main factors of production, the prices of **recycled fibers** in the course of 2016 have increased,

including in Q3 they increased, for the usual seasonality reasons peculiar of the quarter, for some collecting problems, and also for the new production capacity that entered the market in a continuous segment (boxboard) that increased demand. The average prices recorded in the year were higher than in 2015.

The prices of **mechanical pulp** (the main raw material of Cascades S.A.S) remained basically firm, after the increase recorded in Q2.

As regards the **prices of energy**, in a global scenario marked by the partial recovery of commodity prices from the minimum levels recorded in February and March, the prices of oil and coal rebounded.

The most significant price increase regards **oil**, that increased (Brent) from 30 US\$-per-barrel of February-March up to the current 50 US\$, where low demand was compensated by the effects of some unexpected supply disruptions in various oil-producing countries.

The price of **coal**, the main source of energy for the Arnsberg mill, increased from 40/45 US\$/ton (API2) of February-April to the current 70 US\$/ton at the end of September.

The price of **natural gas**, the main source of energy for the Reno De Medici Group, increased more moderately in Europe, from 14/15 €/MWH (futures 2017) recorded in early Spring, to the current 15/16 €/MWH. The partially different trend compared to oil and coal is associated to the abundant gas production in Russia, and weak demand in Asia.

The price of **power** remained firm at low levels (a part from seasonal variations and temporary fluctuations) due to excess of supply and the effect of renewable generation.

In any case, the average cost of energy for the Reno De Medici Group in the first nine months of 2016 was lower than in the same period of prior year.

Personnel Costs amounted in the period to €53.1 Million, an increase of €5.4 Million compared to 2015, entirely due to the full consolidation of Cascades S.A.S. and the R.D.M. Marketing Group.

EBIT reached €7.1 Million, and compares to €15.9 Million in 2015. The reduction is mainly due to lower EBITDA, partially offset by lower Amortizations and Depreciations; also, EBIT in 2015 was penalized by assets write-downs.

Net Financial Expenses were €2.5 Million, basically in line with 2015. The decrease of interests rates and the lower other financial charges was offset by exchange differences, that in the first nine months of 2016 were marginally negative by -€165 Thousand, whilst in the same period of prior year were positive by €357 Thousand, due to the revaluation of US\$ and GBP against Euro.

Income from Investments was €0.7 Million, slightly higher than €0.6 Million recorded in 2015. The amount includes a consolidated plus value of €0.5 Million generated by the sale of a stake in Emmaus Pack S.r.l. (see further ahead, in the Key Events section).

The provision for **Income Taxes** amounts to €1.6 Million, compared to €3 Million in the first half of 2015, due to lower taxable income.

As already indicated in the previous Financial Reports, 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 is now bringing into question the Logo Fee charged by the mother company Reno De Medici S.p.A., that was allowed in the previous tax audit for the period 2007-2010. Should such charge be now disallowed, the RDM Group is prepared to take the consequente necessary actions, based on the treaty against double imposition existing between Germany and Italy.

The tax audit at Careo S.A.S. for the period 2012-2013 is about to be concluded: the September accounts include a provision of €345 Thousand, as a consequence of the settlement that is been agreed upon with the Tax Agency.

Consolidated Profit before Discontinued Operations amounted to €3.7 Million, a decrease compared to €10.9 Million recorded in the same period of 2015.

The **Result from Discontinued Operations** was slightly negative by -€0.2 Million, and is relevant to the dissolution of the subsidiary Reno De Medici UK Ltd., vs. -€0.9 Million recorded in 2015, that were due to RDM Ibérica S.A.

Consolidated Profit amounted to €3.5 Million, vs. €10.1 Million recorded the prior year.

Capital Expenditures made in the period by the Reno De Medici Group were €13.2 Million (€6.4 Million in 2015).

The **Consolidated Net Financial Indebtedness** of the RDM Group at September 30, 2016 was €55.9 Million, compared to €50.3 Million at December 31, 2015.

The extraordinary operations carried out in the current year (acquisition of Cascades S.A.S. and the consequent consolidation of the R.D.M. Marketing Group; sale of Reno de Medici Ibérica S.A.; sale of a stake and deconsolidation of Emmaus Pack S.r.l.) determined a total increase of the Group's Net Financial Indebtedness by €10.4 Million. Net of this effect, the Net Financial Position of the Group improved by €4.8 Million thanks to the positive performance of operations.

Consolidated results

The following table summarizes key income statement indicators as at September 30, 2016 and 2015.

| | 09.30.2016 | 09.30.2015 |
|---|----------------|----------------|
| (thousands of Euros) | | |
| Revenues from sales | 345,944 | 334,752 |
| OPERATING PROFIT (EBITDA) (1) | 23,369 | 34,057 |
| EBIT (2) | 7,090 | 15,854 |
| Pre-tax income (3) | 5,288 | 13,954 |
| <i>Current and deferred taxes</i> | <i>(1,557)</i> | <i>(3,010)</i> |
| Profit (Loss) for the period before discontinued operations | 3,731 | 10,944 |
| Discontinued operations | (188) | (857) |
| Profit (Loss) for the period | 3,543 | 10,087 |

- 1) See "Gross operating profit" in the Consolidated Financial Statements of the RDM Group
- 2) See 'Operating profit' in the Consolidated Financial Statements of the RDM Group
- 3) See 'Profit (loss) for the period' – 'Taxes' in the Consolidated Financial Statements of the RDM Group

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

| | 09.30.2016 | % of total | 09.30.2015 | % of total |
|----------------------------|----------------|--------------|----------------|--------------|
| (thousands of Euros) | | | | |
| Italy | 122,295 | 35.4 % | 125,381 | 37.5 % |
| EU | 174,140 | 50.3 % | 158,561 | 47.4 % |
| Non-EU | 49,509 | 14.3 % | 50,810 | 15.1 % |
| Revenues from sales | 345,944 | 100 % | 334,752 | 100 % |

Key events

The acquisition of Cascades S.A.S.

On June 30, 2016 the Reno De Medici Group, through its French wholly controlled subsidiary RDM Blendecques S.A.S., acquired from Cascades Canada ULC the 100% investment in Cascades S.A.S. for a total price of €11.3 Million Euro, that has been paid in full.

As Cascades Inc. is the ultimate parent company of both Companies (Cascades S.A.S. and Reno De Medici S.p.A.) the acquisition of Cascades S.A.S. was qualified as a business combination under common control; consequently, the operation was accounted for according to document OPI 1 issued by Assirevi. The value of the assets and liabilities of the purchased Company were reflected at their book values, as reported in Cascades S.A.S.'s financial statements, booking as an increase of net equity the difference of €2.8 Million between the net value of the acquired assets, that at the closing date amounted to €14.1 Million, and the net price of €11.3 Million.

It has to be noticed that prior to the transaction, Cascades S.A.S. sold to Cascades Inc. its investments in Reno De Medici S.p.A. (57.6% of the shares), in Cascades Djupafors Aktiebolag and in Cascades Grundstuck Verwaltung (100% in both cases) for a total amount of €82.9 Million.

As a consequence of the transaction, the RDM Group, that before the transaction already held 70% of R.D.M. Marketing S.r.l, acquired the remaining 30% that was owned by Cascades S.A.S. Therefore, starting from the acquisition date the R.D.M. Marketing Group is also consolidated line by line, according to IFRS 10.

The main costs linked to the transaction (Acquisition Costs) amounted to €505 Thousand, and consist primarily of legal, auditing and other advisory costs.

The acquisition of Cascades S.A.S. will allow RDM to consolidate its position as one of the leading European producers of carton board, by expanding its activities to a new market segment, carton board packaging products manufactured based on 'virgin' fiber.

The transaction will also allow the simplification of the branding strategy of the Group, as all the products will be marketed under the Reno De Medici brand.

Finally, synergies are expected in various areas of operation.

Other key events

On August 31, 2016 the **Magenta's sheeting and distribution center of Reno De Medici S.p.A.** was incorporated as a separate legal entity, R.D.M. Magenta S.r.l., through the contribution to the Company of the relevant assets and liabilities. The Company is wholly owned by Reno De Medici S.p.A., and provides sheeting and distribution services to the Italian mills of the Group.

On March 14, 2016 Reno De Medici sold a 17% stake in the **Emmaus Pack S.r.l.** to the minority shareholders. The sale has reduced the RDM's stake in the sheeting and distribution center from 51% to 34% of total share capital. The purchase price was €700 Thousand, and generated a consolidated plus value of €0.5 Million.

The operation determined the loss of the control on the Company and, consequently, its initial recognition was at fair value according to IFRS 10; in addition, it caused the deconsolidation of its Net Financial Indebtedness, that amounted to approximately €3 Million.

On January 27, 2016, the Spanish operation of **Reno De Medici Ibèrica S.A.** 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 corresponded to the consolidated book value of the investment. The purchase price was paid, partly at the date of the transaction, and partly will be paid in instalments, the last of which being 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 determined 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 25, 2016.

Subsequent events

No major events were recorded after the closing of the period.

Outlook

As regards the general macroeconomic scenario, no major changes are expected in the short-term, the outlook remains very uncertain, and risks are more tilted on the down side. Global growth is expected to pick up in 2017, but the outlook for the Euro Area envisages a very modest growth of 1.5%, lower than in both 2015 and 2016.

The sectors in which the Reno De Medici Group operates shares the uncertainties of the global economic scenario.

In the **Whitelined Chipboard (WLC)** segment, after the closing of the period European demand remained in line with prior years, but backlog is contained. The evolution of demand in the near future is very uncertain; should it weaken, the Group is in any case prepared to take the necessary actions, including down-time in some mills, to ensure production efficiency and protect profitability. In this ambit, in order to restore profitability that was eroded in the course of the year mainly by the higher cost of recycled fibers, the Reno De Medici Group announced a price increase, that will be effective for the orders taken from November 1st; however, the effects of the announced price increase will also depend on the evolution of the market scenario.

The prices of raw materials, and in particular of recycled fibers, are currently stable and high, after the increases of previous months. It remains difficult to predict the future evolution: although prices seem to have stabilized, but it is too early to recognize any lasting trend.

In the European **Folding Box Board (FBB)** segment, in which the newly acquired Cascades S.A.S. operates, the order in-flow remained satisfactory, and backlog stronger than in WLC.

The prices of mechanical pulp are stable and lower than in 2015, but their future evolution is also uncertain, as it is also linked to the variations of the exchange rate with the US dollar.

The cost of energy, and in particular of natural gas, is expected to remain low, notwithstanding the price rebounds of the last months, that in any case have characterized mainly oils and coal.

CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2016

| Consolidated Income Statement | 09.30.2016 | 09.30.2015 |
|--|---------------|------------|
| (thousands of Euros) | | |
| Revenues from sales | 345,944 | 334,752 |
| Other revenues and income | 3,555 | 4,544 |
| Change in inventories of finished goods | (2,624) | (1,830) |
| Cost of raw materials and services | (267,766) | (251,828) |
| Personnel costs | (53,055) | (47,612) |
| Other operating costs | (2,685) | (3,969) |
| Gross operating profit | 23,369 | 34,057 |
| Depreciation and amortization | (16,279) | (16,886) |
| Write-downs and revaluations | | (1,317) |
| Operating profit | 7,090 | 15,854 |
| <i>Financial expense</i> | (2,368) | (2,864) |
| <i>Gains (losses) on foreign exchange</i> | (165) | 357 |
| <i>Financial income</i> | 23 | 8 |
| Net financial income/(expense) | (2,510) | (2,499) |
| Gains (losses) from investments | 708 | 599 |
| Taxes | (1,557) | (3,010) |
| Profit (loss) for the period before discontinued operations | 3,731 | 10,944 |
| Discontinued operations | (188) | (857) |
| Profit (loss) for the period | 3,543 | 10,087 |
| attributable to: | | |
| Group's share of profit (loss) for the period | 3,485 | 9,995 |
| Minority interest in profit (loss) for the period | 58 | 92 |

| Statement of Financial Position - ASSETS | 09.30.2016 | 12.31.2015 |
|--|----------------|----------------|
| (thousands of Euros) | | |
| Non-current assets | | |
| Tangible assets | 197,347 | 190,452 |
| Other intangible assets | 6,196 | 5,828 |
| Equity investments | 2,487 | 1,981 |
| Deferred tax assets | 3,087 | 2,795 |
| Other receivables | 3,836 | 1,167 |
| Total non-current assets | 212,953 | 202,223 |
| Current assets | | |
| Inventories | 80,991 | 68,391 |
| Trade receivables | 74,428 | 58,976 |
| Other receivables | 10,922 | 7,759 |
| Cash and cash equivalents | 9,221 | 23,146 |
| Total current assets | 175,562 | 158,272 |
| Asset held for sale | | 8,129 |
| TOTAL ASSETS | 388,515 | 368,624 |

| Statement of Financial Position - LIABILITIES AND SHAREHOLDERS' EQUITY | 09.30.2016 | 12.31.2015 |
|--|----------------|----------------|
| (thousands of Euros) | | |
| Shareholders' equity | | |
| Shareholders' equity attributable to the Group | 156,102 | 151,979 |
| Minority interests | | 440 |
| Total shareholders' equity | 156,102 | 152,419 |
| Non-current liabilities | | |
| Payables to banks and other lenders | 44,539 | 53,280 |
| Derivative instruments | 381 | 50 |
| Other payables | 91 | 130 |
| Deferred taxes | 7,924 | 8,888 |
| Employee benefits | 33,251 | 29,063 |
| Non-current provisions for risks and charges | 4,271 | 2,657 |
| Total non-current liabilities | 90,457 | 94,068 |
| Current liabilities | | |
| Payables to banks and other lenders | 19,699 | 14,839 |
| Derivative instruments | 135 | 146 |
| Trade payables | 99,134 | 84,879 |
| Other payables | 21,639 | 13,939 |
| Current taxes | 481 | 378 |
| Current provisions for risks and charges | 868 | 452 |
| Employee benefits | | 31 |
| Total current liabilities | 141,956 | 114,664 |
| Liabilities held for sale | | 7,473 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 388,515 | 368,624 |

| Net financial position | 09.30.2016 | 12.31.2015 | Change |
|---|-------------------|-------------------|-----------------|
| (thousands of Euros) | | | |
| Cash, cash equivalents and short-term financial receivables | 9,495 | 24,026 | (14,531) |
| Short-term financial debt | (20,952) | (20,148) | (804) |
| Valuation of current portion of derivatives | (135) | (146) | 11 |
| Short-term net financial position | (11,592) | 3,732 | (15,324) |
| Medium-term financial receivables | 600 | | 600 |
| Medium-term financial debt | (44,539) | (53,936) | 9,397 |
| Valuation of non-current portion of derivatives | (381) | (50) | (331) |
| Net financial position | (55,912) | (50,254) | (5,658) |

NOTES

The Interim Report of the RDM Group as at September 30, 2016 was prepared on the basis of Article 82, paragraph 1, of the Issuers' Regulations adopted by Consob Resolution 11971 of May 14, 1999, as subsequently amended and supplemented.

Thus, compliance with the requirement described in Article 154-ter of the Consolidated Finance Act is achieved with this report.

This Interim Report was not audited by the Independent Auditor.

ACCOUNTING PRINCIPLES

The statement of financial position and income statement were prepared in accordance with recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to the procedure set forth in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament of July 19, 2002.

The recognition and measurement criteria used to prepare the financial statements for the fourth quarter remain unchanged from those used to prepare the consolidated financial statements as at December 31, 2015. For a description of these criteria, reference is made to those financial statements.

RDM has applied the same accounting principles as for the Interim Report as at December 31, 2015.

The scope of consolidation have been including a company that uses a currency of account other than the euro (Reno De Medici UK Ltd, which uses GBP).

On March 8th, 2016, the company Reno De Medici UK Ltd was dissolved and the exchange differences booked and classified as an equity reserve were reclassified from equity to income statement (IAS 21).

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

The statement of financial position and income statement are stated in thousands of Euros.

WORK FORCE

As at September 30, 2016, the RDM Group's staff consisted of 1,536 employees compared to 1,166 employees as at December 31, 2015. The increase is due to the consolidation, starting from June 2016, of Cascades S.A.S. (324 employees) and the R.D.M. Marketing Group (60 employees).

STATEMENT OF EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCIAL ACT)

Stefano Moccagatta, the executive responsible for the preparation of the company's financial reports, hereby states that pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Finance Act, the accounting information contained in the Interim Report as at September 30, 2016 of Reno De Medici S.p.A. corresponds to information contained in documents, ledgers and accounting entries.

Milan, November 3, 2016

Signed
Stefano Moccagatta