



# Half-year Financial Report

## 06.30.2015

**NET REVENUES: €112.2 MILLION**  
(COMPARED TO €113.4 MILLION AS AT JUNE 30, 2014)

**GROSS OPERATING PROFIT (EBITDA): €11.8 MILLION**  
(COMPARED TO €15.2 MILLION AS AT JUNE 30, 2014)

**OPERATING PROFIT (EBIT): €4.6 MILLION**  
(COMPARED TO €9.4 MILLION AS AT JUNE 30, 2014)

**NET PROFIT (LOSS) FOR THE PERIOD: PROFIT OF €2.2 MILLION**  
(COMPARED TO A PROFIT OF €7.7 MILLION AS OF JUNE 30, 2014)

**NET FINANCIAL DEBT: €60.7 MILLION**  
(€64 MILLION AS AT DECEMBER 31, 2014)

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## 1. BOARD OF DIRECTORS AND AUDITORS

### Board of Directors

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

### Board of Statutory Auditors

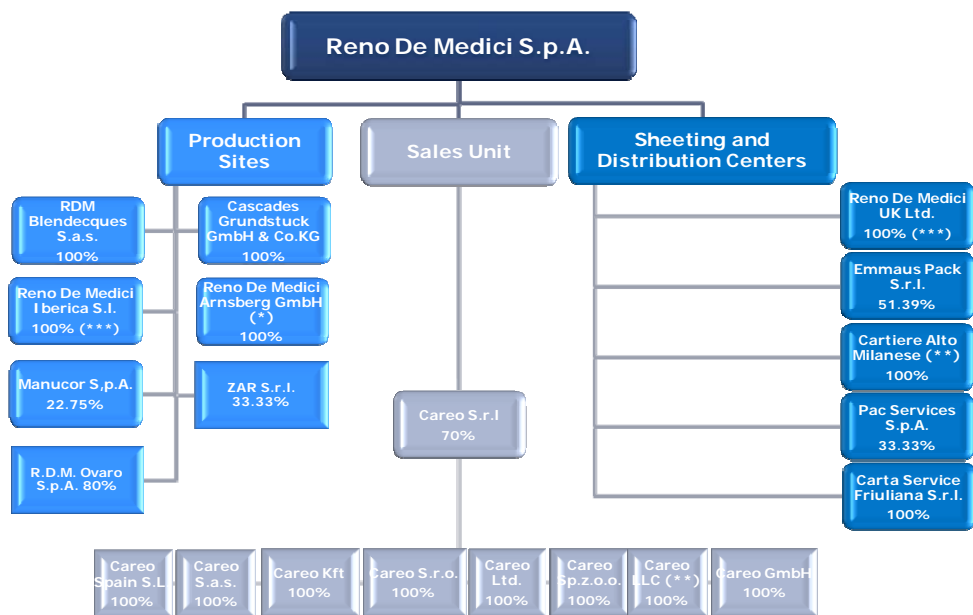
Giancarlo Russo Corvace	Chairman
Tiziana Masolini	Acting statutory Auditor
Vincenzo D'Aniello	Acting statutory Auditor
Giovanni Maria Conti	Deputy statutory Auditor
Elisabetta Bertacchini	Deputy statutory Auditor

### Independent Auditors

Deloitte & Touche S.p.A.

## 2. GROUP OPERATING COMPANIES AS AT JUNE 30 2015

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



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

(\*\*) Company in liquidation

(\*\*\*) Company presented as required by IFRS 5

### 3. Introduction

The half-year financial statements were prepared in keeping with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and approved by the European Union and all the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), including those previously issued by the Standing Interpretations Committee and presented in accordance with IAS 34 – Interim Financial Statements, applying the same accounting standards adopted in preparing the financial statements as of December 31, 2014.

### 4. Interim report on operations

Reno De Medici S.p.A. closed a positive first half of 2015 recording an EBITDA of €11.8 million. The decrease compared to €15.2 million of 2014 is due to the EECs - Energy Efficiency Certificates (the so called ‘white certificates’), that in 2014 were granted for a higher amount for the completion of the projects envisaged by the 5-years plan. Net of the EEC effect, profitability slightly improved. The profit for the period amounts to €2.2 million, that compares to with €7.7 million of 2014.

As concerns the macroeconomic scenario, the IMF’s September assessment scales down the growth outlook of the beginning of the year: the growth of the world economy in 2015 remains moderate, and in the first half of the year was lower than in the second half of 2014.

The recovery of **Advanced Economies** is weaker, as export activities and internal demand are growing at a pace slower than expected, and productivity growth remains persistently weak. Such a trend is recorded also in the **Euro Area**, where growth should attain in 2015 +1.4%, a slight decrease compared to previous forecasts.

However, the improvement compared +0.9% in 2014 remains significant, driven by a recovery in internal demand, the devaluation of Euro, and ECB’s monetary policy. Growth is remarkable in particular some countries: in Italy it is expected to attain in 2015 +0,7% (vs. a decrease of -0.4% in 2014) and in Spain +3.1% (vs. +1.4% in 2014). However, structural constrains remain: public sector indebtedness is continuing to grow, although at a slower pace, and unemployment remains high in some countries, even if it seems to be generally improving.

The slowing down of growth is more visible In **Emerging Markets and Developing Economies**, that suffer from the dampening impact of lower commodity prices, tighter financial conditions, the economic rebalancing in China, and historical structural constrains. Geopolitical crisis in some areas (Commonwealth of Independent States, some countries in the Middle East and North Africa) also contribute to the slow-down.

The evolution of demand in the **“White Lined Chipboard”** sector, in which Reno De Medici S.p.A. operates, in the first half of 2015 was favorable, although Q2 showed a relative slow-down compared

to prior quarter. When comparing with 2014, in the first half of 2015 the European demand grew + 3.4%. The evolution by country depicts a mixed picture, and highlights a strongly growing demand in East Europe.

The order intake in Europe was satisfactory, although it slowed-down somewhat in Q2, and remained appreciably higher compared to prior year. All mills operated at full production capacity.

Tons-sold by in the first-half of 2015 by Reno De Medici S.p.A. were 218 thousand, compared to 222 thousand sold in 2014.

Revenues from sales were €112.2 Million, compared to €113.4 Million of previous year. The decrease of €1.2 Million, in any case very modest, is mainly due to the decrease of tons-sold.

Reno De Medici S.p.A. in spring announced a price increase, the effect of which on Income Statement will be visible starting from July.

As regards the main factors of production, **prices of recycled fibers**, that had stayed firm for a long period of time, in Q2 started to increase, also due to the resumption of exports to China, whose imports from Europe increased, while imports from the rest of the world declined. The prices of some chemical components (latex) increased as well.

The **prices of energy** decreased substantially compared to 2014 and continue to be very low in their two main components, natural gas and electricity, as a result of a common general situation: global supply continues to be higher than demand, albeit with different dynamics.

**Oil prices** temporarily and unexpectedly rebounded worldwide in Q2, still remaining at very low levels, as global oil supply is well above 2014 levels and global oil inventories are also high. The raise of oil prices seem to have had only a marginal spillover on the prices of the other main energy factors.

The price of **natural gas** (the main source of energy for Reno De Medici S.p.A.) slightly increased in Q2 compared to the minimum levels that were recorded in March, as an effect of global recovery, but also of some speculative movements. However, it remains visibly lower compared to previous year.

As regards specifically Reno De Medici S.p.A. and natural gas, although the Company is not totally exempt from the effects of price increases, its policy based on fix prices negotiated for the forthcoming quarters greatly mitigates the risks arising from unexpected upward fluctuations.

The prices of **electrical energy** stayed firm at very low levels. It is recalled that in 2015 the cost of electric energy of the Italian mills has increased, for the mandatory contribution imposed also on self-produced energy, to support the renewable sources of energy.

Personnel costs amounted in the first half of 2015 to €13.4 Million Euro, a decrease of -0.9 Million compared to 14.3 Million recorded in 2014. The decrease results from the reduction of headcount, as a 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.

In Q2 an asset write-down for €1.3 Million was recorded, relevant to the write-down and the dismantling costs of some buildings of the Magenta mill, that resulted to be devoid of possible industrial use.

EBIT reached €4.6 Million, that compares to €9.4 Million of 2014, a decrease mainly associated to the EEC - Energy Efficiency Certificates, and to the above-mentioned write-down of the buildings at the Magenta mill. Net of this effect, the operational profitability slightly improved, driven by lower energy costs.

Net Financial Expenses were €1.5 Million, a substantial decrease compared to €2.2 Million of 2014, due to the lower net financial indebtedness (€60.7 Million, vs. €63.3 Million as of June 2014) and the decrease of interest rates.

Loss from investment was €0.3 Million, compared to a profit €0.8 Million recorded in 2014.

Net Profit amounted to €2.2 Million, a decrease compared to €7.7 Million recorded in the first half of 2014, where the positive operational performance, and the lower financial expenses, partly compensated the decrease of other income, asset write-downs and losses from investments.

The Capital Expenditures made in the period by the Reno De Medici Group amounted to €1.2 Million (€2.8 Million in the first-half of 2014).

Net Financial Indebtedness at June 30th, 2015 was €60.7 Million, a decrease in the period of -€3.3 Million compared to €64 million at December 31st, 2014, thanks to the positive performance of operations.

In the first half of 2015 the results of the principal Subsidiaries were positive and improving compared to prior year, with the exception of Reno de Medici Ibérica S.I.u. It has to be pointed out In particular the remarkable improvement, and the return to profit, of the French subsidiary RDM Blendecques S.A.S.

## Results for the first half of 2015

The following table summarizes key income statement indicators as of June 30, 2015 and 2014.

	06.30.2015	06.30.2014
(thousands of Euros)		
Revenues from sales	112,219	113,379
OPERATING PROFIT (EBITDA) (1)	11,793	15,195
EBIT (2)	4,573	9,393
Pre-tax income (3)	2,805	7,957
<i>Current and deferred taxes</i>	<i>(566)</i>	<i>(280)</i>
Profit (loss) for the period	2,239	7,677

1) See "Gross operating profit" in the financial statements of the RDM Company

2) See "Operating profit" in the financial statements of the RDM Company

3) See "Profit (loss) for the period - Taxes" in the financial statements of the RDM Company

The following table provides a geographical breakdown of sales revenues:

	06.30.2015	% of total	06.30.2014	% of total
(thousands of Euros)				
Italy	61,054	54%	61,051	53%
EU	26,841	24%	25,627	23%
Non-EU	24,324	22%	26,701	24%
Revenues from sales	<b>112,219</b>	<b>100%</b>	<b>113,379</b>	<b>100%</b>

## Main risks and uncertainties to which the Reno de Medici is exposed

In the course of its business activities, Reno de Medici S.p.A. is exposed to external risks and uncertainties, deriving from exogenous factors associated with the general or specific macroeconomic context of the operating segment in which such activities are carried out, as well as risks deriving from strategic choices and internal operational risks.

For a detailed analysis of the risks, see section 5.6.2 of this report on operations, as well as the "Outlook" section.



## Key events

In May, a preliminary agreement was signed for the sale of the area in which the Marzabotto mill was built, and in this half-year report the relevant assets have therefore been classified as held for sale and aligned to their Fair Value. The sale was completed at the end of July.

## Outlook

After the closing of the period, the order in-flow remained satisfactory.

As regards the evolution of the general scenario, in Q3 recovery continued, although at a slower pace, as already commented. The outlook for the last part of 2015 and for 2016 prospect a moderate acceleration of global growth. In a general scenario that remains uncertain, risks seem to be mainly associated to the geopolitical tensions in Ukraine, the Middle East, and part of Africa, and their possible spillover to economic activity.

A moderate growth is also expected in the Euro Area in the last part of 2015 and 2016. The Area should continue to benefit from low energy prices, the depreciation of the Euro, and the ECB's accommodative monetary policy.

In the sector in which Reno De Medici S.p.A. operates, demand remained strong, albeit it has stabilized after the rump up of the first months of the year.

The cost of raw material (recycled fibers and latex) maintained its upward trend also in July, then decreased again in August. It seems to have now stabilized, with no major variations expected in the last months of the current year.

## Intragroup and related-party transactions

As far as related-party transactions are concerned, including intragroup transactions, note that these do not qualify as either atypical or unusual, since they fall under the normal course of business for the Group companies. These transactions are governed by arm's length conditions.

Information on related-party transactions, including the information required by the Consob Notice of July 28, 2006, is presented in Note 5.7 to the half-year financial statements as of June 30, 2015.

# Reno De Medici S.p.A.

Financial statements

as of June 30, 2015

## 5. Financial statements as of June 30, 2015

### 5.1. Income statement

	Note	06.30.2015	06.30.2014	
<b>(thousands of Euros)</b>				
Revenues from sales	1	112,219,337	113,379,388	
- of which related parties		9,670,170	21,318,271	
Other revenues and income	2	4,575,194	9,834,272	
- of which related parties		2,689,619	3,158,139	
Change in inventories of finished goods	3	(2,659,402)	(3,096,805)	
Cost of raw materials and services	4	(87,481,536)	(89,429,314)	
- of which related parties		(4,763,091)	(4,353,942)	
Personnel costs	5	(13,354,212)	(14,322,807)	
Other operating costs		(1,505,953)	(1,170,073)	
<b>Gross operating profit</b>		<b>11,793,428</b>	<b>15,194,661</b>	
Depreciation and amortization	6	(5,820,919)	(5,801,892)	
Write-downs	7	(1,399,022)	-	
<b>Operating profit</b>		<b>4,573,487</b>	<b>9,392,769</b>	
		Financial expense	(1,711,365)	(2,395,063)
		Gains (losses) on foreign exchange	107,893	65,594
		Financial income	116,987	132,944
Net financial income (expense)	8	(1,486,485)	(2,196,525)	
Gains (losses) from investments	9	(281,718)	759,950	
Taxes	10	(566,087)	(279,673)	
<b>Profit (loss) for the year</b>		<b>2,239,197</b>	<b>7,676,521</b>	

## 5.2. Statement of comprehensive income

	06.30.2015	06.30.2014
(thousands of Euros)		
Profit (loss) for the period	2,239	7,677
Other components of comprehensive profit (loss)		
<i>Components that may be transferred to the income statement in subsequent financial periods:</i>		
<i>Change in fair value of cash flow hedges</i>	42	123
<i>Components that will not be transferred to the income statement in subsequent financial periods:</i>		
<i>Actuarial gain (loss) on employee benefits</i>	0	0
Total other <i>components</i> of comprehensive profit (loss)	42	123
Total comprehensive profit (loss)	2,281	7,800

All values in the table are stated net of tax effects.

### 5.3. Statement of financial position

	Note	06.30.2015	12.31.2014
<b>(thousands of Euros)</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	11	127,357,538	133,714,134
Other intangible assets	12	836,483	867,933
Investments in Subsidiaries	13	68,697,963	68,697,963
Investments in Associates, Joint Ventures and other companies	14	597,508	600,650
Deferred tax assets		1,677,083	2,033,483
Other receivables		376,491	396,638
<b>Total non-current assets</b>		<b>199,543,066</b>	<b>206,310,801</b>
<b>Current assets</b>			
Inventories	15	33,824,939	36,881,710
Trade receivables	16	35,717,500	27,168,525
Receivables from Group Companies	16	10,183,472	9,609,544
Other receivables	17	2,642,887	4,590,373
Other receivables from Group Companies	17	5,294,849	7,243,462
Cash and cash equivalents	18	2,109,485	2,086,712
<b>Total current assets</b>		<b>89,773,132</b>	<b>87,580,326</b>
<b>Assets held for sale</b>	19	<b>2,331,445</b>	<b>1,838,163</b>
<b>TOTAL ASSETS</b>		<b>291,647,643</b>	<b>295,729,290</b>

	Note	06.30.2015	12.31.2014
<b>(thousands of Euros)</b>			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Shareholders' equity</b>			
Share capital		185,122,487	185,122,487
Other reserves		3,007,538	2,794,561
- <i>Legal Reserve</i>		613,883	442,655
- <i>Extraordinary Reserve</i>		1,149,947	1,149,947
- <i>Hedging Reserve</i>		70,910	29,161
- <i>Reserve for actuarial gain (loss)</i>		(1,932,202)	(1,932,202)
- <i>Ovaro sale reserve</i>		3,105,000	3,105,000
Retained earnings (losses)		(38,726,258)	(41,979,589)
Profit (loss) for the period		2,239,197	3,424,558
<b>Total shareholders' equity</b>	<b>20</b>	<b>151,642,964</b>	<b>149,362,017</b>
<b>Non-current liabilities</b>			
Payables to banks and other lenders	18	24,887,560	15,139,883
Derivative instruments		4,431	18,085
Other payables		156,309	182,361
Employee benefits	22	7,466,055	7,649,043
Non-current provisions for risks and charges	23	2,157,983	4,134,155
<b>Total non-current liabilities</b>		<b>34,672,338</b>	<b>27,123,527</b>
<b>Current liabilities</b>			
Payables to banks and other lenders	18	19,446,242	32,064,548
Derivative instruments	18	196,813	267,786
Trade payables	24	50,152,870	50,581,237
Payables to Group Companies	24	3,070,643	2,915,170
Other payables	27	6,867,637	6,265,095
Other payables to Group Companies	27	24,150,205	26,078,993
Current taxes		803,236	177,809
Employee benefits		-	893,108
Non-current provisions for risks and charges		644,695	-
<b>Total current liabilities</b>		<b>105,332,341</b>	<b>119,243,746</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>291,647,643</b>	<b>295,729,290</b>

#### 5.4. Statement of changes in shareholders' equity

	Share capital	Legal reserve	Other reserves	Retained earnings (losses)	Profit (loss) for the period	Hedging reserve	Reserve for actuarial gains (losses)	Ovaro sale reserve	Total shareholders' equity
(thousands of Euros)									
Shareholders' equity at 12.31.13	185,122	408	1,150	(42,622)	677	(195)	(1,258)	3,105	146,387
Allocation of profit (loss) for the period		35		642	(677)				
Profit (loss) for the period					7,677				7,677
Other items of comprehensive income (loss)						123			123
<b>Total comprehensive income (loss)</b>					<b>7,677</b>	<b>123</b>			<b>9,265</b>
Shareholders' equity at 06.30.14	185,122	443	1,150	(41,980)	7,677	(72)	(1,258)	3,105	154,187
(thousands of Euros)									
Shareholders' equity at 12.31.14	185,122	443	1,150	(41,980)	3,425	29	(1,932)	3,105	149,362
Allocation of profit (loss) for the period		171		3,254	(3,425)				
Profit (loss) for the period					2,239				2,239
Other items of comprehensive income (loss)						42			42
<b>Total comprehensive income (loss)</b>					<b>2,239</b>	<b>42</b>			<b>2,281</b>
Shareholders' equity at 06.30.15	185,122	614	1,150	(38,726)	2,239	71	(1,932)	3,105	151,643

## 5.5. Statement of cash flows

	06.30.2015	06.30.2014
<i>(thousands of Euros)</i>		
Profit (loss) for the period	2,239	7,677
Taxes	566	279
Depreciation and amortization	5,821	5,802
Write-downs	1,399	
Losses (gains) from investments	282	(760)
Financial (income) expense	1,486	2,197
Capital losses (gains) on sale of fixed assets	(234)	(208)
Change in provisions for employee benefits and in other provisions, including the provision for bad and doubtful receivables	(2,749)	(448)
Change in inventories	3,057	4,484
Change in receivables	(6,579)	(346)
- of which related parties	(48)	(1,436)
Change in payables	2,500	(5,616)
- of which related parties	127	(1,867)
Overall change in working capital	(1,022)	(1,478)
<b>Gross cash flows</b>	<b>7,788</b>	<b>13,061</b>
Interest received/paid in the year	(1,463)	(1,915)
- of which related parties	(156)	(113)
Taxes paid in the period	(2,143)	(2,143)
<b>Cash flows from operating activities</b>	<b>4,182</b>	<b>9,003</b>
Other equity investments	3	
Investment net of disinvestment in tangible and intangible assets	(927)	(2,573)
Investments in associates and joint ventures		(25)
Dividends received	75	760
<b>Cash flows from investing activities</b>	<b>(849)</b>	<b>(1,838)</b>
Change in other financial assets and liabilities and short-term payables to banks	(13,822)	4,208
- of which related parties	(389)	(7,568)
Change in medium- and long-term loans	10,512	(10,260)
<b>Cash flows from financing activities</b>	<b>(3,310)</b>	<b>(6,052)</b>
Change in unrestricted cash and cash equivalents	23	1,113
Unrestricted cash and cash equivalents at the beginning of the period	2,087	2,278
Unrestricted cash and cash equivalents at the end of the period	2,110	3,391



## 5.6. Notes to the financial statements

RDM is a company which is 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 from recycled fibers. The joint venture, Careo S.r.l., is responsible for commercial activities.

RDM has its registered office in Milan, Italy.

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

### 5.6.1 Accounting standards and valuation criteria

The half-year financial statements were prepared according to the going concern assumption. The directors believe that, despite the existence of a difficult economic and financial context, no material uncertainties (as defined in paragraph 25 of IAS 1) exist in respect of business continuity.

The half-year financial statements were prepared according to IAS 34 - Interim financial statements, applying the same accounting standards used to prepare the financial statements as of December 31, 2014, except as may be described in the next section "IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union but not yet applicable except on an early adoption basis".

The half-year financial statements were prepared on the basis of the general principle of historical cost, except for derivative financial instruments, which are recognized at fair value, and financial liabilities, which are recognized on the basis of the amortized cost method. 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 Company has chosen to present the structure and content of its 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 the profit or loss for the period separately from any income and expense not recognized directly on the income statement, but charged directly to equity on the basis of specific IAS/IFRS accounting standards, and is presented showing transactions with shareholders separately.

Preparing the interim financial statements requires management to make assumptions that have an effect on the amounts of revenues, costs, assets and liabilities on the financial statements and on the information regarding potential assets and liabilities on the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment, should prove outdated due to differing trends in the operational context than those forecast, these would be consequently modified in the period during which the changes became manifest. For a broader description of the Company's most relevant valuation procedures, see the section "Estimates and valuations" in the consolidated financial statements as of December 31, 2014.

It should also be noted that some valuation procedures, especially more complex ones such as the determination of possible impairment losses on non-current assets, are generally carried out in a more complete manner only for the annual financial statements, when all the detailed information is available, as well as in cases in which there are impairment indicators requiring an immediate valuation of any impairment losses.

#### IFRS and IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ALREADY APPROVED BY THE EUROPEAN UNION

- Improvements to IFRSs: 2011-2013 Cycle;
- IFRS 3 - Business Combinations;
- IFRS 13 - Fair Value Measurement;
- IAS 40 - Investment Properties.

#### IFRS and IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

- IFRS 14 - Regulatory Deferral Accounts;
- IFRS 11 - Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations;
- IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets - "Clarification of Acceptable Methods of Depreciation and Amortisation" Annual;

- IFRS 15 - Revenue from Contracts with Customers;
- IFRS 9 - Financial Instruments;
- IAS 27 - Equity Method in Separate Financial Statements;
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Improvements to IFRSs: 2012-2014 Cycle.
- IAS 1 - Disclosure Initiative;
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

## Impairment testing

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.

### 5.6.2 Financial risk management policy

The Company, like all industrial operators, is exposed to the risks associated with the continuation of the economic crisis.

The biggest risk that this situation creates is related to sales volume: while this risk cannot be eliminated, it can be contained through measures implemented by the Group to adjust production levels to actual demand. The crisis also involves the risk of a fall in selling prices, although the latter are mainly linked to changes in the price of pulp raw materials. In this context, other risk factors related to the overall economic situation are associated with credit and energy prices, the latter being exposed to critical events that can occur in countries that play a key role in the production and distribution of energy resources: the situation is constantly and closely monitored by the designated Company departments.

Another risk factor is tied to movements in prices for pulp raw materials, mainly relating to export volumes to China, which in turn depend upon that country's economic growth rate. However, this risk is relatively limited since changes in the prices of pulp raw materials normally translate into a corresponding change in selling prices for chipboard for packaging. In addition, the fall in imports to China, due the cooling of the Chinese economy, greater domestic generation capacity, and the rationalization of purchasing policies, has reduced the price fluctuations recorded in previous years.

## Risks related to the requirement for financial resources

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

## Risks related to interest rates

Exposure to interest rate risk involves both medium/long-term lines of credit and short-term lines of credit. Borrowing related to medium- to long-term loans as of June 30, 2015 stands at €40.2 million. Of this total loan amount, €19.8 million is variable-rate and not protected by hedging. The short-term lines of credit, used at June 30, 2015, for an amount of €4.4 million, are all variable-rate loans.

The outlook for 2015 is of basic stability in interest rates, which should remain at very low levels.

## Liquidity Risk

Liquidity risk is defined as the risk of failing to fulfill obligations associated with liabilities.

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

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

As of June 30, 2015, the net debt of the RDM was equal to €60.7 million, with wide margins to satisfy any reasonable financial requirement.

## Credit risk

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

In order to manage this risk effectively, the Company uses many instruments: it has signed insurance agreements with a major credit insurance company; various non-recourse agreements for the sale of receivables have also been entered into.

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

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

Although the policies adopted to date have made it possible to contain credit losses, this risk cannot be eliminated, especially as it is mainly connected with the ongoing general economic crisis; it actually appears to have increased in 2015 mainly due to the continuation of the crisis.

### **Foreign exchange risk**

Foreign exchange risk is related to the exposure of the Company to fluctuations in exchange rate costs and revenues denominated in currencies other than the Euro. As far as the Company is concerned, this exposure mainly relates to fluctuations in 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, net exposure is not believed to be significant in relation to the overall size of the business.

### **Capital risk**

The Company is believed to be adequately capitalized in relation to the reference market and its size.

### 5.6.3 Notes to the financial statements for the first half of 2015

#### 1. Revenues from sales

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

	06.30.2015	06.30.2014	Change	%
(thousands of Euros)				
Italy	61,054	61,051	3	0.0%
EU	26,841	25,627	1,214	4.7%
Non-EU	24,324	26,701	(2,377)	(8.9%)
<b>Total revenues from sales</b>	<b>112,219</b>	<b>113,379</b>	<b>(1,160)</b>	<b>(1%)</b>

Revenues from sales in the first half of 2015 for the RDM were €112.2 million, a decrease on the €113.4 million recorded in the corresponding period of the previous year. This decrease is essentially due to lower sales volumes: specifically, tons sold decreased from 222,000 in the first half of 2014 to 218,000 tons sold during the same period of 2015.

#### 2. Other revenues and income

At June 30, 2015, other revenues and income mainly consisted of revenues from joining the energy "interruption" scheme (€1.1 million) and general services rendered to Group Companies (€2.7 million). The amount includes also revenues from the allotment of EECs (Energy Efficiency Certificates), income from the sale of electricity, ordinary contributions received from the Comieco consortium in relation to the use of recycled paper from public separated waste collection; insurance reimbursements, capital gains on assets' disposal and extraordinary income. The significant decrease (-3.7 million of Euros) compared to the previous year is due to the higher revenues booked in 2014 related to the allotment of EECs (Energy Efficiency Certificates).

#### 3. Change in inventories of finished goods

The change in inventories during the first half of 2015 is mainly due to the decrease in physical stocks.

#### 4. Cost of raw materials and services

The following table itemizes the costs incurred for raw materials and services:

	06.30. 2015	% of value of production (*)	06.30. 2014	% of value of production (*)
<b>(thousands of Euros)</b>				
Cost of raw materials	50,247	45,9 %	49,819	45.2%
Cost of services	36,892	33,7 %	39,043	35.4%
Costs for use of third-party assets	343	0,3 %	567	0.5%
<b>Total</b>	<b>87,482</b>	<b>79.9 %</b>	<b>89,429</b>	<b>81.1%</b>

(\*) Value of production = Revenues from sales plus changes in inventories of finished products

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

The change in cost of raw materials is due to the slight price increase recorded in pulp raw materials and carbonates.

The “Cost of services” was down compared to figures reported at June 30, 2014, due to savings generated from both the fall in the price of gas, thanks to a more favorable market context, and to greater efficiency achieved in the production process that allowed, specifically, the reduction fixed costs for manufacturing.

#### 5. Personnel cost

In the first half of 2015, the cost of labor dropped slightly from the previous year from €14.3 million to €13.4 million. The decrease results from the reduction of headcount, as a 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.

## 6. Depreciation and amortization

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

	06.30.2015	06.30.2014	Change
(thousands of Euros)			
Amortization of intangible assets	99	238	(139 )
Depreciation of tangible assets	5,722	5,564	158
<b>Total</b>	<b>5,821</b>	<b>5,802</b>	<b>19</b>

Depreciation and amortization at June 30, 2015 was in line with the figures for the corresponding period of the previous year.

## 7. Write-downs and revaluations

Write-downs and revaluations as at June 30, 2015 amounted to €1,4 million and were related to:

- the write-down of part of the buildings of the Magenta mill, that resulted now to be devoid of possible industrial use (€1,3 million). The amount included, moreover, the accrual in a specific fund of the dismantling costs of some buildings;
- the write-down by €0,1 million of the area of the former Marzabotto mill to adjust the carrying amount to the price stated in the aforementioned preliminary sale agreement. The write-down is almost totally offset from the reversal of the provision accrued in the previous year related to the demolition costs of the Marzabotto buildings;
- the write-down of the cash pooling toward the subsidiary RDM UK Ltd (€0,1 million).



## 8. Net financial income (expense)

The following table itemizes net financial income and expense:

	06.30.2015	06.30.2014	Change
(thousands of Euros)			
<b>Financial income</b>	<b>117</b>	<b>133</b>	<b>(16)</b>
Income from subsidiaries and associates	115	128	(13)
Other income	2	5	(3)
<b>Financial expense</b>	<b>(1,711)</b>	<b>(2,395)</b>	<b>684</b>
Interest paid to banks, subsidiaries and associates	(1.009)	(1.459)	450
Losses on derivative financial instruments	(123)	(200)	77
Financial expense on defined benefit plans	(42)	(116)	74
Expenses, commission and other financial charges	(537)	(620)	83
<b>Foreign exchange differences</b>	<b>108</b>	<b>65</b>	<b>43</b>
Foreign exchange gains	582	207	375
Foreign exchange losses	(474)	(142)	(332)
<b>Total</b>	<b>(1,486)</b>	<b>(2,197)</b>	<b>711</b>

Net financial expense amounted to €1.5 million as of June 30, 2015, down from €2.2 million during the same period of the previous year. The improvement is mainly due to the reduction in net financial debt (€60.7 million as of June 30, 2015 compared with €63.3 million as of June 30, 2014), the reduction in interest rates and the increase in income from foreign exchange gains following the revaluation of the US dollar and GBP in the first quarter.

## 9. Gains (losses) from investments

As at June 30, 2015, losses from investments amounts to € 282 thousand and are due to:

- the write-down of the investment, already reclassified as at December 31, 2014 in the “Assets held for sale”, in the subsidiary Reno de Medici Ibérica S.l.u. of € 357 thousand, in order to align the value to the fair value less cost to sell;
- the dividends from the subsidiary Cartiera Alto Milanese S.p.A. in liquidation for € 75 thousand.

## 10. Taxes

The following table shows the subdivision between current and deferred taxes as at June 30, 2015:

	06.30.2015	06.30.2014	Change
(thousands of Euros)			
Deferred taxes	(226)	(363)	137
Current taxes	(340)	83	(423)
<b>Total</b>	<b>(566)</b>	<b>(280)</b>	<b>(286)</b>

## 11. Tangible fixed assets

The following table shows the change in tangible fixed assets:

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under development	Total
<b>(thousands of Euros)</b>							
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)		(288,006)
<b>Net book value at 12.31.2014</b>	<b>21,025</b>	<b>29,828</b>	<b>66,874</b>	<b>115</b>	<b>122</b>	<b>15,750</b>	<b>133,714</b>
Increases			289	17		788	1,094
Decreases		(1,196)	(2,928)	(210)	(823)		(5,157)
Reclassification of cost	(1,993)	(835)	15,714			(15,714)	(2,828)
Depreciation for the period		(1,134)	(4,561)	(18)	(9)		(5,722)
Write-downs		(748)					(748)
Decrease in provision for acc. depr./write-downs		1,196	2,928	210	823		5,157
Reclassification in provision for acc. depr./write-downs	1,092	755					1,847
<b>Value at 06.30.2015</b>							
Historical cost	20,152	76,078	308,439	1,230	8,106	824	414,829
Accumulated depreciation/write-downs	(28)	(48,212)	(230,123)	(1,116)	(7,993)		(287,472)
<b>Net book value at 06.30.2015</b>	<b>20,124</b>	<b>27,866</b>	<b>78,316</b>	<b>114</b>	<b>113</b>	<b>824</b>	<b>127,357</b>

The net reclassification of cost and accumulated depreciation and write-down is related to the reclass, in the asset held for sale, of the activity related to the area in which the Marzobotto mill was constructed after the signature of the preliminary sale agreement.

The write-downs, amounted to €748 thousand, were related to the part of the buildings of the Magenta mill, that resulted to be devoid of possible industrial use.

For the purpose of determining possible impairment losses, it is noted that no impairment indicators emerged such as to modify the valuations made as of December 31, 2014. For further details, see the "Impairment testing" section.

## 12. Intangible Assets

The following table shows the change in intangible assets:

	Concessions, licenses, trademarks, and similar rights	Assets under construction	Total
<b>(thousands of Euros)</b>			
Net book value at 12.31.2014	577	291	868
Increase	5	62	67
Reclass	13	(13)	
Amortization	(99)		(99)
Net book value at 06.30.2015	496	340	836

## 13. Investments in Subsidiaries

The investments in Subsidiaries were in line with the previous period.

The following table shows the detail of the investments:

	Shareholder percentage	Historical cost 06.30.2015	Provision for losses on investments 06.30.2015	Net value 06.30.2015
<b>(thousands of Euros)</b>				
Cartiera Alto Milanese S.p.A. in liquidazione	100%	2,864	(1,912)	952
Reno De Medici Arnsberg GmbH	94%	54,113		54,113
Reno De Medici UK Ltd	100%	1,717	(1,717)	
Cascades Grundstuck GmbH	100%	3,470		3,470
Emmaus Pack S.r.l.	51.39%	108		108
R.D.M. Ovaro S.p.A.	80%	10,000		10,000
RDM Blendecques S.A.S.	100%	6,538	(6,538)	
Carta Service Friulana S.r.l.	100%	55		55
<b>Total</b>	<b>100%</b>	<b>78,865</b>	<b>(10,167)</b>	<b>68,698</b>

#### 14. Investments in Associates, Joint Ventures and other companies

The following table shows equity investments in Associates, Joint Ventures and other companies:

	Shareholder percentage	Book value 12.31.2014	Increase (decrease)	Book value 06.30.2015
<b>(thousands of Euros)</b>				
Careo S.r.l.	70%			
Manucor S.p.A.	22.75%			
Pac Service S.p.A.	33.33%	387		387
Zar S.r.l.	33.33%	30		30
<i>Total equity investments in associates and joint venture</i>		<i>417</i>	<i>-</i>	<i>417</i>
C.I.A.C. S.c.r.l.	Consortium share	1		1
Cartonnerie Tunisienne S.A.	5.274%	121		121
Comieco	Consortium share	30	(5)	25
Conai	Consortium share	23		23
Consorzio Filiera Carta	Consortium share	7		7
Energymont S.p.A.	2.02%			
Gas Intensive S.c.r.l.	Consortium share	1		1
Idroenergia S.c.r.l.	Consortium share	1		1
Paper Interconnector Scpa	10.425%		1	1
<i>Total equity investments in other companies</i>		<i>184</i>	<i>(4)</i>	<i>180</i>
<b>Total equity investments</b>		<b>601</b>	<b>(4)</b>	<b>597</b>

With regard to the investment in Manucor S.p.A., it should first be noted that on June 16, 2014, an agreement was signed by Manucor S.p.A. and its shareholders providing, *inter alia*, for the partial conversion of credit from Intesa San Paolo into financial equity instruments, on the basis of which Manucor issued, and Intesa San Paolo purchased, financial equity instruments first series totaling €15 million.

On April 28, 2015, Manucor issued, and Intesa San Paolo signed, part of the second series of financial equity instruments for further of €4.2 million.

Reno De Medici S.p.A. believes that, based on current information, there is no reason to restore the carrying amount of the investment, which was reduced to zero at the end of 2013.

## 15. Inventories

The change in inventories of €3,1 million is primarily due to the decrease in physical stocks.

## 16. Trade receivables and receivables from Group Companies

The breakdown of trade receivables and receivables from Group Companies, which amount to €45.9 million, is provided below:

	06.30.2015	12.31.2014	Change
(thousands of Euros)			
Trade receivables	35,718	27,169	8,549
Receivables from associates and joint ventures	10,183	9,610	573
Current trade receivables	45,901	36,779	9,122

Trade receivables, stated net of the provision for bad and doubtful receivables (€2 million), stand at €35.7 million, representing an increase of €8.5 million compared to December 31, 2014, mainly driven by the increase in turnover recorded in the second half of 2015 compared with turnover recorded in the fourth quarter of 2014.

“Receivables from Group Companies” mainly includes either transaction with Group Companies and services to Careo S.r.l. Moreover the item includes the receivables related to the national tax consolidation scheme.

## 17. Other receivables and Other receivables from Group Companies (current portion)

As of June 30, 2015, the “Other receivables (current portion)” item totaled €2.6 million. The €1.9 million change from the previous year was mainly due to the closure of the CIGS and the consequent recovery of the receivable from the National Welfare Institution (€0.7 million), the reduction in the VAT receivable (€0.5 million) and the receipt of funds from the sale of Energy Efficiency Certificates (EEC) (€0.8 million).

The Other receivables from Group Companies are mainly related to the Cash Pooling with subsidiaries.

## 18. Net financial position

Net financial debt as of June 30, 2015 stood at €60.7 million, down from the figure of €64 million as of December 31, 2014.

The net financial position consisted of the following:

	06.30.2015	12.31.2014	Change
(thousands of Euros)			
Cash	9	9	-
Funds available from banks	2,100	2,078	22
<b>A. Cash and cash equivalents</b>	<b>2,109</b>	<b>2,087</b>	<b>22</b>
Other receivables from Group Companies	5,295	7,243	(1,948)
Receivables from other lenders	576	249	327
<b>B. Current financial receivables</b>	<b>5,871</b>	<b>7,492</b>	<b>(1,621)</b>
<i>1. Current payables to banks</i>	4,472	17,717	(13,245)
<i>2. Current portion of medium- and long-term loans</i>	14,974	14,294	680
<i>3. Payables to other lenders</i>		54	(54)
Payables to banks and other lenders (1+2+3)	19,446	32,065	(12,619)
Other payables to Group Companies	24,150	26,079	(1,929)
Derivatives - current financial liabilities	197	268	(71)
<b>C. Current financial debt</b>	<b>43,793</b>	<b>58,412</b>	<b>(14,619)</b>
<b>D. Net current financial debt (C - A - B)</b>	<b>35,813</b>	<b>48,833</b>	<b>(13,020)</b>
Payables to banks and other lenders	24,888	15,140	9,748
Derivatives - non-current financial liabilities	4	18	(14)
<b>E. Non-current financial debt</b>	<b>24,892</b>	<b>15,158</b>	<b>9,734</b>
<b>F. Net financial debt (D+E)</b>	<b>60,705</b>	<b>63,991</b>	<b>(3,286)</b>

Non-current "Payables to banks and other lenders" comprise medium- and long-term loans granted by banks (valued according to the amortized cost method).

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

	within 12 months	over 12 months	over 60 months	Total
(thousands of Euros)				
M.I.C.A. - due February 13, 2017	159	165		324
San Paolo Imi fin.pool - tranche A - due 4/6/2016	4,839			4,839
San Paolo Imi fin.pool - tranche B - due 4/6/2016	2,000			2,000
Banca Pop. Emilia Romagna - due 5/15/2016	620			620
Banco Popolare di Lodi	1,649	2,156		3,805
Banco Popolare di Bergamo	1,875	6,777		8,652
Intesa San Paolo due 4/16/2016	4,000	16,000		20,000
<b>Total nominal debt</b>	<b>15,142</b>	<b>25,098</b>		<b>40,240</b>
<b>Amortized cost effect</b>	<b>(168)</b>	<b>(210)</b>		<b>(378)</b>
<b>Total debt using amortized cost method</b>	<b>14,974</b>	<b>24,888</b>		<b>39,862</b>

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

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

- Net financial position/Shareholders' equity;
- Net financial position/Adjusted gross operating profit (Adjusted EBITDA);
- Adjusted gross operating profit (Adjusted EBITDA)/Net financial expense.

These financial ratios are calculated every six months on the basis of the figures stated in the Group's consolidated annual and condensed half-year financial statements, as from December 31, 2006.

The half-year calculations of the Group's adjusted gross operating profit and net financial expense are based on the 12-month period ending on the last day of the relevant half-year. In the event of non-compliance with the financial covenants, the lending banks may terminate the loan agreement.



During 2014 and 2015, the Company agreed new loans, which stipulate, *inter alia*, compliance with several financial parameters to be verified annually. The majority of these agreements were signed with Banca Popolare di Bergamo, for a value of €10 million, and with Intesa San Paolo, for a value of €20 million.

With reference to guarantees, it should be noted that with regard to the loans reported above, mortgages were registered for the Magenta, Santa Giustina and Villa Santa Lucia. Special liens on the Magenta, Santa Giustina and Villa Santa Lucia mills' plant and machinery are given as collateral.

In order to reduce the variability of borrowing charges, interest rate swaps have been taken out on the loans outstanding as of June 30, 2015.

The table below shows the main features of the derivative financial instruments outstanding as of June 30, 2015:

Company	Counterparty	Currency	Due date	Notional value (€/000)	Interest	Liquidation of interest	Fair value of derivative (€/000)
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	04.06.2016	3,000	4.11% fixed	Semi-annual	(86)
					<u>Euribor 6m</u>		
Reno De Medici S.p.A.	Unicredit Banca d'impresa S.p.A.	Eur	04.06.2016	1,500	4.11% fixed	Semi-annual	(43)
					<u>Euribor 6m</u>		
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	05.15.2016	620	4.15% fixed	Semi-annual	(19)
					<u>Euribor 6m</u>		
Reno De Medici S.p.A.	Intesa San Paolo S.p.A.	Eur	06.04.2020	15,000	0.42% fixed	Semi-annual	(53)
					<u>Euribor 6m</u>		
				20,120			(201)

Note that on June 18, 2015, the Company signed the new hedging interest rate swap agreement on the new loan from Intesa San Paolo.

Below is the hierarchy of levels for the measurement of the fair value of derivatives:

- 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 light or nonexistent for the asset or liability subject to measurement, the inputs are non-observable.

	Classification	06.30.2015	Fair value as of the date of the financial statements based on:		
			Level 1	Level 2	Level 3
<b>(thousands of Euros)</b>					
Derivative instruments on interest rates	Non-current derivative instruments	4		4	
Derivative instruments on interest rates	Current derivative instruments	197		197	

## 19. Assets held for sales

The following table shows the detail of the item:

	06.30.2015	12.31.2014	Change
<b>(thousands of Euros)</b>			
Reno De Medici Ibérica S.l.u.	1,481	1,838	(357)
Marzabotto	850		850
<b>Total</b>	<b>2,331</b>	<b>1,838</b>	<b>493</b>

As reported in the financial statements as at December 31, 2014, the Subsidiary Reno de Ibérica S.l.u. is no longer a strategic asset for the Group and consequently it was reclassified as asset held for sale. The book value of the investment as at June 30, 2015 was aligned to the fair value less cost to sell with a further write-down of € 357 thousand. After the signature of the preliminary sale agreement of the area in which the Marzabotto mill was constructed, their book value was aligned to the fair value and reclassified as assets held for sale

## 20. Shareholders' Equity

Changes in shareholders' Equity during the first half-year 2015 are set out in the following table:

Description	Changes in the period				Shareholders' Equity at 06.30.2015
	Shareholders' Equity at 12.31.2014	Allocation of the profit	<i>Hedge accounting</i>	Profit (loss) for the period	
(thousands of Euros)					
Share capital	185,122				185,122
Legal Reserve	443	171			614
Other reserves:					
- Extraordinary reserve	1,150				1,150
- Hedging reserve	29		42		71
- Ovaro sale reserve	3,105				3,105
- Reserve for actuarial gain (loss)	(1,932)				(1,932)
Retained profits (losses)	(41,980)	3,254			(38,726)
Profit (loss) for the period	3,425	(3,425)		2,239	2,239
Total	149,362	0	42	2,239	151,643

The share capital, which stood at €185 million as of June 30, 2015, breaks down as follows:

	Number	Unit par value	Total value
Ordinary shares	377,512,370		184,981,061.3
Savings shares	288,624		141,425.76
<b>Total</b>	<b>377,800,994</b>		<b>185,122,487.06</b>

With reference to the savings shares, the RDM articles of association require that if a dividend of less than 5% of the par value of the share (€0.49) is assigned to the savings shares in a financial year, the difference is calculated as an increase in the privileged dividend in the next two financial years. In this regard, note that no dividends have been distributed in the last two financial years.

## 21. Other current payables and other current payables from Group Companies

The current portion of other payables stands at €6.9 million (€6.3 million as of December 31, 2014). This item essentially includes payables to employees for deferred compensation, payables to the Tax Authority for contributions on compensation, payables to the Tax Authority for VAT, and payables to directors and statutory auditors.

The Other payables from Group Companies are related to the Cash Pooling with subsidiaries.

## 22. Employee benefits (non current portion)

The "Employee benefits" (non current portion) item as of June 30, 2015 was in line with the figure for the previous year.

As of June 30, 2015, the RDM's workforce consisted of 478 employees, compared to 496 employees as of December 31, 2014.

### 23. Non current provisions for risks and charges

The provisions for risks and charges was €2.2 million as of June 30, 2015. The decrease of €1.9 million compared to the previous year is essentially due to the ending of the personnel mobility procedure and the consequent use, to the amount of €1.2 million Euros, of the provision previously set aside. This was in addition to the use and the reversal of exceeding part of the provision for charges for the Marzabotto mill (€0.4 million).

### 24. Current trade payables and payables from Group Companies

The balance at June 30, 2015 breaks down as follows:

	06.30.2015	12.31.2014	Change
(thousands of Euros)			
Trade payables	50,153	50,581	(428)
Payables from Group Companies	3,071	2,915	156
<b>Total</b>	<b>53,224</b>	<b>53,496</b>	<b>(272)</b>

“Trade payables” recorded in the financial statements were €50,2 million (€50,6 million as of 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 from Group Companies”, amounting to €3.1 million (€2.9 million at December 31, 2014), are mainly related to trade payables to Careo S.r.l. and ZAR S.r.l.

### 25. Non-recurring transactions

The Company’s income, financial position, and cash flows were not influenced by non-recurring significant events and transactions as defined by Consob Notice No. DEM/6064293.

## 26. Contingent liabilities and commitments and other guarantees given to third parties

Regarding the main existing disputes, see section 5.8.

Commitments and guarantees 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 €2.2 million issued to the Comieco consortium;
- sureties of €67,000 issued in favor of the customs authorities;
- 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.;
- sureties of €718,000 issued in favor of the revenue agency for Carta Service Friulana S.r.l. and Cartiera Alto Milanese in liquidation;
- sureties of €612,000 issued in favor of Cassa Conguaglio (compensation fund);
- 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 €88,000 issued in favor of Margiuno S.r.l.;
- a surety of €72,000 issued in favor of the Polytechnic Institute of Milan.
- a surety of €1.6 million issued in favor of Unicredit;
- a surety of €2.5 million issued in favor of Cariparma;
- a surety of €21,000 issued in favor of Centre d’Affaires Nord de France Enterprises.

With reference to transactions between Manucor shareholders, see the description in section 14, “Equity investments.”

### 5.7 Related-party and intercompany transactions

During the half-year, there were no transactions with Group companies, related parties or other parties that were atypical or unusual or extraneous to normal business operations or such as to cause harm to the Group's income, financial position or cash flow. It should be noted that, from January 1, 2011, the new "Regulations for Related-party Transactions" went into effect, approved by the Board of Directors on November 8, 2010 and revised on August 3, 2011, in accordance with the provisions of the regulations on the matter adopted by Consob Resolution No. 17221 of March 12, 2010, as amended and supplemented.

In the half-year financial statements, related-party transactions were in existence with:

- the parent company;
- subsidiaries;
- associates;
- joint ventures;
- other related parties.

The transactions carried out with the related parties identified above are part of normal business operations in the usual area of activity of each party involved from time to time, and are governed under arm's length conditions.

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.

Pursuant to Consob Resolution No. 15519 of July 27, 2006, the transactions described above are shown in the tables below:

## INTRAGROUP RECEIVABLES AND PAYABLES

June 30, 2015	Current assets				Current liabilities			
	Receivables from subsidiaries		Receivables from joint ventures and associates		Payables to subsidiaries		Payables to joint ventures and associates	
	trade <sup>(1)</sup>	financial <sup>(2)</sup>	trade <sup>(1)</sup>	financial <sup>(2)</sup>	trade <sup>(4)</sup>	financial <sup>(5)</sup>	trade <sup>(4)</sup>	financial <sup>(5)</sup>
(thousands of Euros)								
Careo S.r.l.			95				2,209	2,123
Cartiera Alto Milanese S.p.A. in liquidation					13	1,066		
Reno De Medici Arnsberg GmbH	708				64	12,850		
Emmaus Pack S.r.l.	6,731	1,108			5			
Pac Service S.p.A.			129					
RDM Blendecques S.A.S.	1,685	3,811						
Reno de Medici Iberica S.L.	246				12	1,550		
ZAR S.r.l.				376				543
RDM Ovaro S.p.A.	589				225	6,561		
<b>Total</b>	<b>9,959</b>	<b>4,919</b>	<b>224</b>	<b>376</b>	<b>319</b>	<b>22,027</b>	<b>2,752</b>	<b>2,123</b>



December 31, 2014	Current assets				Current liabilities			
	Receivables from subsidiaries		Receivables from joint ventures and associates		Payables to subsidiaries		Payables to joint ventures and associates	
	trade <sup>(1)</sup>	financial <sup>(2)</sup>	trade <sup>(1)</sup>	financial <sup>(2)</sup>	trade <sup>(4)</sup>	financial <sup>(5)</sup>	trade <sup>(4)</sup>	financial <sup>(5)</sup>
<b>(thousands of Euros)</b>								
Careo S.r.l.			225					1,948
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	14	
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
<b>Total</b>	<b>9,384</b>	<b>6,872</b>	<b>225</b>	<b>372</b>	<b>-</b>	<b>712</b>	<b>23,634</b>	<b>2,203</b>

(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**

June 30, 2015	Revenues from sales <sup>(1)</sup>	Other revenues <sup>(2)</sup>	Financial income
(thousands of Euros)			
Careo S.r.l.		211	
Cartiera Alto Milanese S.p.A. in liquidazione	- 16		
Reno De Medici Arnsberg GmbH		1,405	
Emmaus Pack S.r.l.	6,372	57	29
Pac Service S.p.A.	2,272		
RDM Blendecques S.A.S.		687	82
Reno De Medici Iberica S.L.	686	95	
RDM Ovaro S.p.A	83	235	
ZAR S.r.l.			4
<b>Total</b>	<b>9,397</b>	<b>2,690</b>	<b>115</b>

June 30, 2014	Revenues from sales <sup>(1)</sup>	Other revenues <sup>(2)</sup>	Financial income
(thousands of Euros)			
Careo S.r.l.		354	12
Cartiera Alto Milanese S.p.A. in liquidazione	8,682	46	2
Reno De Medici Arnsberg GmbH		1,364	
Emmaus Pack S.r.l.	6,605	70	23
Pac Service S.p.A.	1,981		
RDM Blendecques S.A.S.		700	69
Reno De Medici Iberica S.L.	3,510	339	2
RDM Ovaro S.p.A	34	284	
Reno De Medici UK Ltd			20
<b>Total</b>	<b>20,812</b>	<b>3,157</b>	<b>128</b>

(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

June 30, 2015	Cost of raw materials and services <sup>(1)</sup>		Financial expense
	raw materials	services	
<b>(thousands of Euros)</b>			
Careo S.r.l.		2,778	10
Cartiera Alto Milanese S.p.A. in liquidazione			9
Reno De Medici Arnsberg GmbH			109
Emmaus Pack S.r.l.	7		
RDM Ovaro S.p.A.	13		120
Reno De Medici Iberica S.L.	183		23
ZAR S.r.l.	1,721		
<b>Total</b>	<b>1,924</b>	<b>2,778</b>	<b>271</b>

June 30, 2014	Cost of raw materials and services <sup>(1)</sup>		Financial expense
	raw materials	services	
<b>(thousands of Euros)</b>			
Careo S.r.l.		2,686	1
Cartiera Alto Milanese S.p.A. in liquidazione			5
Reno De Medici Arnsberg GmbH		135	113
Emmaus Pack S.r.l.	23		
RDM Ovaro S.p.A.	31		112
Reno De Medici Iberica S.L.			10
ZAR S.r.l.	1,459		
<b>Total</b>	<b>1,513</b>	<b>2,821</b>	<b>241</b>

(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 June 30, 2015 and at December 31, 2014:

	Current assets	Non-current assets	Current liabilities	Non-current liabilities
June 30, 2015	Receivables from third party customers	Non-current receivables	Payables to third party suppliers	Non-current payables
(thousands of Euros)				
Cascades Asia Ltd	85			
Cascades Sas	3			
Cascades Canada Ulc			7	
Cascades Groupe Produits Spec.			1	
<b>Total</b>	<b>88</b>		<b>8</b>	
Share of item total	0,2%		0,01%	

	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	
<b>Total</b>	<b>266</b>		<b>2</b>	
Share of item total	0.98%		0.0%	

(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 the first half year 2015 and the first half year 2014:

June 30, 2015	Revenues from sales <sup>(1)</sup>
(thousands of Euros)	
Cascades Asia Ltd	274
<b>Total</b>	<b>274</b>
<b>Share of item total</b>	<b>0.2%</b>

June 30, 2014	Revenues from sales <sup>(1)</sup>
(thousands of Euros)	
Cascades Asia Ltd	506
<b>Total</b>	<b>506</b>
<b>Share of item total</b>	<b>0.4%</b>

(1) See RDM income statement - "Revenues from sales - of which related parties" includes "Revenues from sales" intercompany and other related parties

June 30, 2015	Cost of raw materials and services <sup>(1)</sup>
(thousands of Euros)	
Cascades Canada Ulc	33
Cascades S.A.S.	8
Red. Im. S.r.l.	20
<b>Total</b>	<b>61</b>
<b>Share of item total</b>	<b>0.07%</b>

June 30, 2014	Cost of raw materials and services <sup>(1)</sup>
(thousands of Euros)	
Red. Im. S.r.l.	20
<b>Total</b>	<b>20</b>
<b>Share of item total</b>	<b>0.02%</b>

(1) See RDM income statement - "Cost of raw material - of which related parties" includes "Raw material and service costs" intercompany and other related parties

The compensation due to the directors and statutory auditors of Reno de Medici S.p.A. for the performance of their duties amounted to €168,000 and €85,000, respectively.

#### 5.8. Lawsuits and arbitration proceedings

##### *Existing disputes and risks*

Nothing to report

#### 5.9. Subsequent events

There are no relevant subsequent events to report.

## 6. Equity investments in subsidiaries and associates

Pursuant to Article 126 of Consob Resolution No. 11971 of May 14, 1999, as subsequently amended and supplemented, below is the list of equity investments held at June 30, 2015 in companies with unlisted shares or in limited-liability companies, exceeding 10% of the capital.

### LIST OF 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%

R.D.M. Ovaro S.p.A.

Ovaro - 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 Iberica 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%

#### Service sector - subsidiaries

Cascades Grundstück GmbH & Co.KG

Arnsberg - Germany

Direct ownership 100%

### LIST OF EQUITY-ACCOUNTED INVESTMENTS

#### Cartonboard sector and other industrial production

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

Direct 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.)

## CERTIFICATION

### of the half-year financial statements

1. We, the undersigned, Ignazio Capuano and Stefano Moccagatta, respectively CEO and CFO of Reno De Medici S.p.A., hereby certify, also taking into account the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of February 24, 1998:

- a) the suitability for the characteristics of the business and
- b) the effective implementation,

of the administrative and accounting procedures pertaining to the preparation of the condensed half-year financial statements for the period from January 1, 2015 to June 30, 2015.

2. No significant issues have emerged in this regard.

3. We further certify that:

3.1 the half-year financial statements as of June 30, 2015:

- a) were prepared in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) 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) present fairly the financial position, the results and the cash flows of the issuer.

3.2. The half-year financial statements includes a reliable analysis with reference to important events occurring during the first six months of the year and their effect on the half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The half-year financial statements also includes a reliable analysis of information on material related-party transactions.

Milan, September 28, 2015

Chief Executive Officer

Chief Financial Officer

Ignazio Capuano

Stefano Moccagatta