Interim Report 12.31.2017

NET REVENUES: €569.1 MILLION
(COMPARED TO € 477.8 MILLION AS AT DECEMBER 31, 2016)

GROSS OPERATING PROFIT (EBITDA): € 45.8 MILLION
(COMPARED TO € 30.4 MILLION AS AT DECEMBER 31, 2016)

OPERATING PROFIT (EBIT): € 23.5 MILLION
(COMPARED TO PROFIT OF € 8.8 MILLION AS AT DECEMBER 31, 2016)

NET PROFIT (LOSS) FOR THE PERIOD: PROFIT OF € 14.6 MILLION
(COMPARED TO A PROFIT OF € 3.2 MILLION AS AT DECEMBER 31, 2016)

NET FINANCIAL DEBT: € 44.1 MILLION
(COMPARED WITH €44.4 MILLION AS AT DECEMBER 31, 2016)

Reno De Medici S.p.A.
Viale Isonzo 25, Milan
Share capital €140,000,000
Tax code and VAT number 00883670150

CONTENTS

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Eric Laflamme	Chairman
Michele Bianchi	Chief Executive Officer
Alan Hogg	Director
Giulio Antonello	Director
Gloria Francesca Marino	Director
Laura Guazzoni	Director
Sara Rizzon	Director

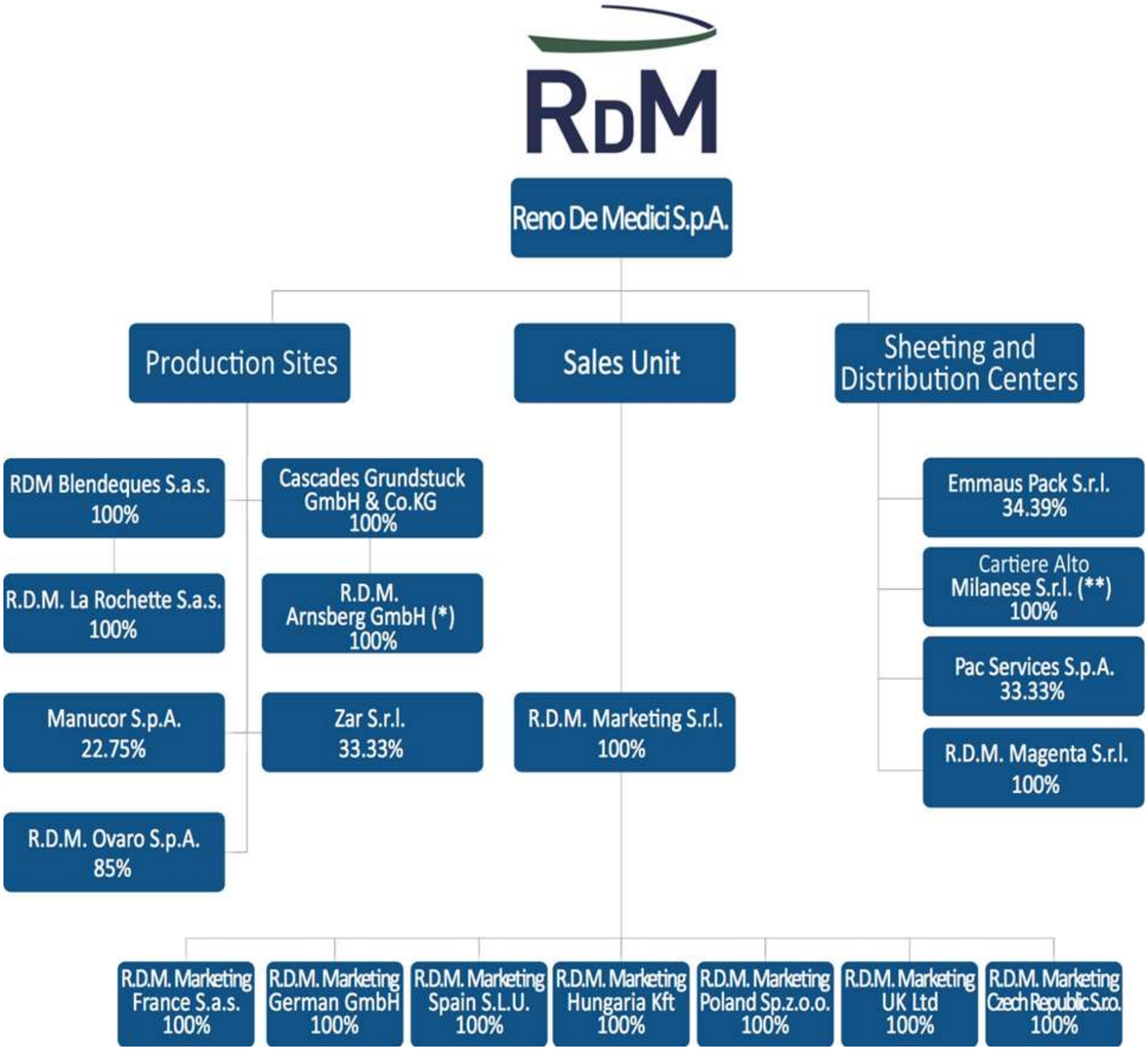
Board of Statutory Auditors

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

Independent Auditors

Deloitte & Touche S.p.A.

GROUP OPERATING COMPANIES AS AT DECEMBER 31, 2017



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

DIRECTORS' REPORT ON OPERATIONS

The RDM Group closes the fiscal year 2017 recording Revenues from Sales for €569.1 Million vs. €477.8 Million in 2016; an EBITDA of €45.8 Million, 8.1% on Sales and a 50.5% increase vs. €30.4 Million prior year, and a Net Profit of €14.6 Million, vs. €3.2 Million in 2016.

The positive results of the year have been possible thanks to both internal and external factors: among the first, the favourable conditions of the market, the higher volume sold and the positive effect of the selling price increases announced in February in the traditional WLC segment (white lined chipboard – coated board made of recycled fibers), that allowed us to reduce the negative impact of the price increases of raw materials. As regards, to the internal factors, a great importance has to be attributed to the reorganization of the managerial structure, as a new commercial, production and supply chain organisation was implemented in the first part of the year, with the goal of enhancing an integrated business management culture, typical of the most modern multinational organizations.

However, the comparison with 2016 must also take into account the different impact of the line-by-line consolidation of R.D.M. La Rochette S.A.S., acquired on June 30, 2016, and of the R.D.M. Marketing Group, as the Profit & Loss account of 2016 included only 6 months of the Subsidiaries' operations.
The growth vs. last year of consolidated EBITDA is mainly due to the improvement of the business performance in the WLC segment, where an EBITDA of €41 Million was recorded, that compares to €27.4 Million in 2016, a 49.4% improvement. The balance of €1.8 Million is due to the different consolidation period of R.D.M. La Rochette S.A.S.

As regards the global **macroeconomic scenario**, Q4-2017 confirms the improvement of the world economy and shows a further acceleration of the growth pace. The January 2018 update of IMF's World Economic Outlook estimates for 2017 a +3.7% growth of global output, 0.1% higher than envisaged in the Fall of 2017, and 1/2 percentage point higher than 2016. The pick-up in growth has been broad based: "Some 120 economies, accounting for three quarters of world GDP, have seen a pick-up in growth in year-on-year growth terms in 2017, the broadest synchronized global growth upsurge since 2010" (IMF).

The improvement is mainly driven by **Advanced Economies** (+2.3% vs. +1.7% of 2016).

In the **Euro Area** growth attained +2.4%, a very positive upward adjustment compared to +2.1% estimated in the Fall of 2017, and a substantial improvement compared to +1.8% of 2016, in a positive scenario shared by all the major economies of the Area: Germany records +2.5%, France +1.8%, and Italy +1.6% (compared to +0.9% of 2016). Stronger domestic demand, the continuing ECB's accommodative monetary policy, and still low cost of energy (notwithstanding the price increases driven oil prices), all support growth and business investments.

EMDEs grew in 2017 +4.7%, vs. +4.6% predicted in the Fall of 2017 and +4.4% of 2016. China confirms +6.8%, and some large countries that in 2016 were distressed and recorded negative growth rates show now positive values: Russia grew +1.8% (vs. -0.2% in 2016) and Brazil +1.1% (vs. -3.5% of 2016).

Global trade grew in 2017 +4.7%, versus +4.2% estimated in the Fall, and a much higher rate compared to +2.5% of 2016. Trade was supported by a pick-up in investment in Advanced Economies and increased manufacturing activities in Asia.

The evolution in Q4-2017 in the two sectors in which RDM Group operates, WLC - White Lined Chipboard, and FBB – Folding Box Board, confirms the positive trend already recorded in previous quarters, and highlights the stronger performances generated by a more integrated demand management, in respond to a good order inflow and a satisfactory backlog.

In the **WLC segment**, the order inflow in Q4-2017 was satisfactory, although weaker than in previous quarters, and was basically in line with 2016, confirming the good backlog of the previous months until year-end.
In terms of deliveries, in 2017 most of the major European markets show positive variations compared to 2016 (only Spain is in line): overall Europe's growth attained +3.9%, driven by East Europe (+7.6%) and Turkey (+13.3%); Western and Central Europe grew at a slower but still positive pace, recording +1.4%. Also the Q4 quarter-on-quarter comparison shows an improvement, although more contained than in the year-on-year comparison, as in Q4-2017 European markets altogether grew +2.1%.

In the **FBB segment**, in which R.D.M. La Rochette S.A.S. operates, in Q4-2017 the order inflow was also very satisfactory, and stronger than prior years, particularly in the first part of

the quarter.
In terms of deliveries, in 2017 European demand globally increased +3.3%, but with very different performances amongs local markets: a very strong growth was recorded by most markets, but Germany (-4.8%) and UK (-6.6%) decreased. The Q4 quarter-on-quarter comparison shows a more moderate growth of +1.2% at European level.

As regards the main production costs, the evolution of prices of **paper for recycling** in 2017 was marked until August by continuous and important hikes, mainly associated to the re-acceleration of the exports to the Far East and to China in particular, but also to the higher demand generated by the new production capacity that entered the market in some contiguous sectors (mainly containerboard). Then in September a fall of market prices was recorded, particularly in some grades (MP - Mixed Paper, and OCC - Old Corrugated Containers), as a consequence of the new procedures relevant to the granting of import licenses decided by the Chinese Government, and of the announcement that starting from 2018 imports of unsorted paper (also known as 'mixed grades') will be prohibited. In Q4 prices remained basicaly at the same September level.

As regards **virgin fibers (cellulose)**, 2017 has been characterized by a strong upward trend of prices, that has continued all throught Q4 and after year-end, both in the so-called 'short-fibers' segment, due to the difficulty of supply to meet demand, as well as in the 'long fibers' segment, mainly for the increased Chinese demand. In this scenario, the weakness of the US dollar helped to limit somewhat the impact of price increases in Euro terms.

Prices of **chemical products** in 2017 were marked by volatilty: the increases recorded in Q1 were partially reabsorbed in Q2, whilst Q3 and Q4 showed a more stable scenario. Prices of starches (corn and wheat starches in particular) have been increasing throughout the year, including Q4.

In summary, the average cost of raw materials for the RDM Group in 2017 was substantially higher than prior year.

As regards the evolution of the **prices of energy** in Europe, the upward trend that had marked the second half of 2016, halted in Q1-2017 to then resume all through the rest of the year including Q4. Such a trend is basically associated to the improved macroeconomic scenario and to the consequent increase of demand of energy in all its main components, and is mainly driven by higher oil prices.

In particular, as regards **oil**, prices have continuously soared since June, from 44 US$ per barrell (Brent), up to the current 70 US$. The upward trend was an effect of several factors: strong demand growth, decline of global stockpiles, and production cuts set by OPEC and followed also by non-OPEC oil producers. Furthermore, the trend reflects the expectations of strong consumptions also in the future.

The price of **natural gas**, the main source of energy for the RDM Group, in Europe decreased from 17.5 €/MWH recorded in December 2016 (for deliveries in 2017) down to 15.5 €/MWH recorded in March 2017, to then resume starting from August an upward trend up to the current (January 2018) 22 €/MWH, driven by the above mentioned factors, and, in Italy, by its utilization until December 2017 in substitution of hydro-electric sources.

As regards **power**, in 2017 a general upward trend of spot quotations was observed, mainly due to the stronger demand associated to the improved macro-economic scenario, but also to climatic factors, both in the Summer and in the beginning of the Winter; also, until the month of November the doubts on the availability of the French nuclear plants impacted futures prices, and drove the price-peaks recorded at the beginning of December.

The price of **coal**, the main source of energy for the Arnsberg mill, has seen a continuous rally since the Spring of 2016, that is continuing to-date.
In any case, the overall average cost of energy recorded in 2017 by RDM Group was still slightly lower than prior year, but this is mainly due to the higher efficiency of the production facilities and the investments made.

Tons-sold in 2017 by the RDM Group were 1,012 Thousand, compared to 890 Thousand sold in 2016. The increase of 122 Thousand is due for 75 Thousand to the different consolidation period of R.D.M. La Rochette S.A.S., and for 47 Thousand to the higher volumes sold in the traditional WLC business.

Revenues from Sales were €569.1 Million, compared to €477.8 Million prior year. The increase by €91.3 Million is due for €58.9 Million to the different consolidation period of R.D.M. La Rochette S.A.S, and for €32.4 Million to higher revenues in WLC business.

Other Revenues amounted to €8.9 Million, an increase of €1.9 Million compared to 2016, mainly due to the Certificates of Energetic Efficiency (the so-called 'white certificates') received in the year, relevant to projects carried out in previous years.

Personnel Costs amounted in the period to €87.3 Million, an increase of €11.2 Million compared to 2016, out of which €9.2 Million are relevant to R.D.M. La Rochette S.A.S., for the different consolidation period. The balance, an increase of €2 Million, is mainly associated to the R.D.M. Marketing Group, where the increase arising from the different consolidation period and from the restructuring costs were partlially compensated by the savings obtained thanks to the management reorganization.

In 2017 **EBITDA** attained €45.8 Million, compared to €30.4 Million in 2016. The contribution of R.D.M. La Rochette S.A.S. amounts to €4.8 Million, vs. €3 Million in 2016, where the increase due to the different consolidation period was partially compensated by the negative EBITDA recorded by the Subsidiary in Q3-2017, due to the longer production stand-still that had to be made in Summer, to allow for the installation of a new equipment.

As already mentioned, EBITDA benefits from higher Other Revenues, out of which €1.1 Million are relevant to the reversal of the provision for the 'renewable surcharge' that was posted since 2015, based on the assumption that the surcharge was to be applied also on self-produced energy. The reversal follows Resolution 276/2017, issued on April 21 by the Italian Energy Authority, that definitively clarified the terms of the cancellation of such type of surcharge.

EBIT was €23.5 Million (of which €4 Million were generated by R.D.M. La Rochette S.A.S.), vs. €8.8 Million in 2016.

Net Financial Expenses were €3.1 Million, basically in line with prior year, where lower interest and financial expenses were offset by higher negative exchange differences, mainly due to the devaluation of the US dollar.

Income from Investments was €0.4 Million, compared to €0.7 Million recorded in 2016. The amount includes the share of the Group of the 2016 profit of PAC Service S.p.A. and of Emmaus Pack S.r.l., partially offset by the write-off for €0.1 Million of a minor investment.

The provision for **Income Taxes** amounts to €6.2 Million, compared to €3 Million in 2016, due to the higher taxable income.

Consolidated Profit was €14.6 Million, a substantial increase compared to €3.2 Million recorded in 2016. R.D.M. La Rochette S.A.S.' Net Profit was €3.2 Million, vs. €2.6 Million recorded prior year, an increase associated to the different consolidation period.

Capital Expenditures made in the period by the RDM Group were €20.7 Million, compared to €18.3 Million in 2016, considering the investments made at the R.D.M. La Rochette paper mill.

Consolidated Net Financial Indebtedness of the RDM Group at December 31, 2017 was €44.1 Million, a decrease of €0.3 Million compared to €44.4 Million at December 31, 2016.
The operational net cash-flow generated in the year was positive by €17.3 Million.

However, in 2017 the cash generated was absorbed by a number of some specific outflows, for a total amount of €17 Million, that include: the payment of the price and of the associated costs for the acquisition of 66.67% of PAC Service S.p.A. for €10.4 Million (the Company will be fully consolidated only in 2018, see further ahead in the 'Key Events' section), dividends paid and shares 'buyback' for €1.3 Million; investment in Paper Interconnector S.c.r.l. for €1.7 Million; restructuring costs for €1 Million; the deposit made by R.D.M. Arnsberg GmbH on the 'logo fee' tax case for €2.6 Million.
In particular, as regards the deposit made by R.D.M. Arnsberg GmbH, the Subsidiary has prudently decided to make a deposit at the German Tax Offices (national and local) for the entire amount of the taxes claimed, plus interest, relevant to the so called 'logo fee' that was disallowed in the tax audit of the period 2011-2013, even in the presence of the MAP – Mutual Agreed Procedure that was activated at the end of December 2016. The final amount, if any, that will be actually due will be eventually known only when the MAP procedure will be concluded, and the amount that would have been paid in excess in Germany will be reimbursed, plus interests at an annual rate of 6%. It is also expected, according to the MAP procedure, that the amount that would be finally due in Germany should be substantially recovered in Italy. As a consequence, the final economic and financial impact at consolidated level should be limited to the difference between the tax-rates and the interest-rates applied by the two Countries.

Such a deposit, that in essence was made based on considerations of financial nature, was recorded as a non financial ‘sundry credit’. As a consequence, in order to allow for a better understanding of the financial evolution, the year-end Net Financial Indebtedness is showed at two levels, with and without the impact of the deposit.

	12.31.2017	12.31.2016	Variation
Net financial debt	44,074	44,399	(325)
Deposit at the German Tax Offices	(2,552)		(2,552)
Adjusted net financial debt	41,522	44,399	(2,877)

Consolidated results

The following table summarizes key income statement indicators as at December 31, 2017 and 2016.

	12.31.2017	12.31.2016
(thousands of Euros)		
Revenues from sales	**569,089**	**477,764**
OPERATING PROFIT (EBITDA) (1)	**45,813**	**30,434**
EBIT (2)	**23,481**	**8,754**
Pre-tax income (3)	**20,796**	**6,408**
Current and deferred taxes	*(6,228)*	*(3,030)*
Profit (Loss) for the period before discontinued operations	**14,568**	**3,378**
Discontinued operations		**(188)**
Profit (Loss) for the period	**14,568**	**3,190**

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:

	12.31.2017	% of total	12.31.2016	% of total
(thousands of Euros)				
Italy	186,139	33%	162,212	34%
EU	312,402	55%	248,804	52%
Non-EU	70,548	12%	66,748	14%
Revenues from sales	**569,089**	**100%**	**477,764**	**100%**

Key events

In 2017 the RDM Group proceeded with the **reorganization of its managerial structure, both production and commercial.**

From January 1, 2017, all the products of the Group are marketed only under the RDM brand, and the Cascades brand and logo, and the Careo logo, were discontinued.

On April 28, 2017, the Extraordinary Shareholders Meeting of Reno De Medici S.p.A. resolved the merger into the Mother Company of R.D.M. Marketing S.r.l., since its mission came to an end with the acquisition by RDM Group of R.D.M. La Rochette S.A.S., that completed the *business combination* with the European operations of Cascades.

In this ambit, the commercial operations of RDM Group were reorganized based on 3 geographical areas, that are responsible for the commercialization in the assigned countries of the whole products portfolio of the Group.

In the month of June **Reno De Medici S.p.A. and Friulia S.p.A. redefined the shareholders' agreement** that had been signed on June 27, 2012, in the ambit of the acquisition by Friulia of a 20% stake in R.D.M. Ovaro S.p.A. at a price of €2.5 Million. Such agreements granted *inter alia* to Friulia S.p.A. the right to resell its investment in R.D.M. Ovaro S.p.A. to Reno De Medici S.p.A. at certain terms and conditions, through the exercise of a 'put option' by no later than June 27, 2017.

The Parties appreciated the success of the partnership and, in view of the further investments necessary to increase the value of R.D.M. Ovaro S.p.A., and of its possible plans of expansion, agreed that an extension of the partnership is beneficial to the Subsidiary.

Consequently, the Parties signed a new agreement whereby Reno De Medici S.p.A. will acquire Friulia's 20% stake in R.D.M. Ovaro S.p.A., for a total price of € 2,497,010.95, in four equal tranches, the first of which has already been acquired on June 15, 2017; the other three tranches will be acquired on June 30 of 2018, 2019 and 2020. Reno De Medici S.p.A. will be free to exercise a call option at any earlier time.

On December 19, 2017, Reno De Medici S.p.A., exercising the right of first refusal provided by law acquired the residual 66.67% (it already owned 33.33%) of **PAC Service S.p.A.**, for a total consideration of €10,050,000. The acquisition will be effective starting from January 1st, 2018. The acquisition costs associated to the transaction amount to €394 Thousand, and mainly consist of legal and advisory costs.

The Company, based in Perarolo di Vigonza (Padua), has been operating since 1979 in the cardboard processing and sheeting sector, particularly for packaging, publishing, cosmetics and for the food industry. Its products are sold to both domestic and international clients. Its staff is of 23 employees.

In the fiscal year 2016 the Company recorded Revenues of €20.5 million, an EBITDA of €1.9 million, and a Net Profit of €1.1 million.

PAC Service stands out for its ability to customize products through a rapid processing, also of minimal quantities, and for the production of special sizes, and it will hence strengthen the RDM Group’s commitment to be a ‘Partner of Choice’ for its customers, in an increasingly regulated and demanding industry, characterized by the “just in time” need.

Other information

Purchase of treasury shares in 2017

In 2017, in compliance with the authorization granted on November 2, 2015 by the Ordinary Shareholders' Meeting pursuant to Article 2357 of the Italian Civil Code, Reno de Medici S.p.A. purchased a total of 852,919 ordinary treasury shares at an average unit price of €0.35 for a total amount of €300,600.

These purchases were carried out on regulated markets in compliance with Article 132 of Legislative Decree 58 of February 24, 1998 and Article 144-bis, 1b) of Consob Regulation 11971/1999.

Following the purchases made in 2017, that add to the shares already held, RDM Group holds a total of 1,434,519 treasury shares, or 0.38% of share capital.

No treasury shares were offloaded and no Reno De Medici shares were purchased by its Subsidiaries.

Establishment of a Stock Grant Plan for the 2017-2018-2019 period

The Ordinary Shareholders’ Meeting of April 28, 2017 approved the establishment of a Stock Grant Plan for the 2017-2018-2019 period, reserved to Reno de Medici S.p.A.’s CEO (the “Plan”).

The Plan is based on the CEO being entitled to receive up to 2,262,857 ordinary bonus shares in the Company at the end of the aforementioned three-year period, subject to the achievement of certain performance objectives, as defined in advance by the Board of Directors (having consulted the Remunerations Committee), for each Plan year.

The ordinary bonus shares that might be awarded to the CEO would be out of the treasury shares held by the Company, as authorized by the aforementioned Ordinary Shareholders' Meeting of April 28, 2017 in compliance with Article 2357-ter of the Italian Civil Code.
One of the Plan's goals is to align the CEO's interests with the main objective of creating value for the Company and the Group over the medium and long-term period. The Plan is a way of supplementing the fixed portion of the remuneration with a variable performance-related component, in line with best market practice.

For more details on the Plan, please see the prospectus drafted pursuant to Article 84-bis of Consob's Issuers Regulation 11971/1999, which is available at www.rdmgroup.com and via the authorized storage facility eMarketStorage.com

Subsequent events

On February 12, 2018, RDM Marketing S.r.l. was merged by incorporation into the Mother Company Reno De Medici S.p.A., thus formally concluding the operation that had been approved on April 28, 2017 by the Extraordinary Shareholders Meeting. The accounting and fiscal effects of the merger start from January 1, 2018, and legal effects from April 1, 2018.

Outlook

As regards the **macroeconomic scenario**, the outlook for 2018 envisages a further improvement of global economic activity: the IMF revised upward the growth forecasts for both 2018 and 2019 to +3.9%.
The forecast for the Euro Area for 2018 envisages +2.2%, a +0.3% upward adjustment compared to last October forecast. Such a growth rate is slightly lower than the +2.4% that is now estimated for 2017, as the effects of some factors that have been supporting growth will gradually fade away. Risks in the short-terms seem balanced, although the political uncertainties associated to the Brexit, the Catalunya crisis in Spain, and the elections in Italy might weight on the development of economic activities.

In both sectors in which the RDM Group operates, **Whitelined Chipboard (WLC)** and **Folding Box Board (FBB)** the current outlook remains positive and in line with the general trend of economy, and is marked by strong demand and backlog.

As regards to the RDM Group, the positive evolution of the macroeconomic scenario and of the sectors in which it operates, goes along with the improved managerial way of working, enhanced by the reorganization lunched at the beginning of 2017, aimed at implementing the ‘Partner of Choice’ Vision, in a ‘One Company’ integrated business approach.

The evolution of the **paper for recycling** envisages a downward adjustment as a consequence of the reduction of exports to China. Looking further ahead, the evolution is marked by uncertainty, that mainly regards the exports to China, and the actual application of the new rules decided by the Chinese Government: on the one hand, several batches of import licenses have recently been granted; on the other hand, China’s stricter import rules for waste and scrap seem to be an enduring change, thal should determine in 2018 a substantial reduction in the imports of recycled paper compared to the 2017 levels, with consequent positive effects on prices.

As regards **pulp**, the unbalance between supply and demand, and the consequent upward pressure on prices, should remain in place also for most of 2018. RDM Group annunced a price increase for the FBB grades at the end of 2017 to offset the pressure on margins, its positive effect will be seen in Q1 2018.

The expected evolution of the **prices of energy** for 2018 envisages in the short-term some further price increases compared to the current levels. The strategy of the RDM Group to face the expected upward trend, and a possible price volatility, is based on the continuous effort to improve the energy efficiency of the mills, and on a timely implemented hedging policy, in particular as regards the cost of natural gas.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

Consolidated Income Statement	12.31.2017	12.31.2016
(thousands of Euros)		
Revenues from sales	569,089	477,764
Other revenues and income	8,870	6,932
Change in inventories of finished goods	(3,489)	468
Cost of raw materials and services	(438,096)	(373,659)
Personnel costs	(87,282)	(76,067)
Other operating costs	(3,279)	(5,004)
Gross operating profit	**45,813**	**30,434**
Depreciation and amortization	(22,332)	(21,680)
Operating profit	**23,481**	**8,754**
Financial expense	(2,610)	(3,248)
Gains (losses) on foreign exchange	(602)	168
Financial income	81	29
Net financial income/(expense)	(3,131)	(3,051)
Gains (losses) from investments	446	705
Taxes	(6,228)	(3,030)
Profit (loss) for the period before discontinued operations	**14,568**	**3,378**
Discontinued operations		**(188)**
Profit (loss) for the period	**14,568**	**3,190**
attributable to:		
Group's share of profit (loss) for the period	14,568	3,132
Minority interest in profit (loss) for the period		58

Statement of Financial Position - ASSETS	12.31.2017	12.31.2016
(thousands of Euros)		
Non-current assets		
Tangible assets	192,570	196,633
Other intangible assets	8,561	6,441
Equity investments	4,577	2,509
Deferred tax assets	1,256	1,535
Other receivables	17,764	3,680
Total non-current assets	**224,728**	**210,798**
Current assets		
Inventories	83,659	82,450
Trade receivables	70,862	67,405
Other receivables	11,204	12,866
Cash and cash equivalents	19,128	29,331
Total current assets	**184,853**	**192,052**
TOTAL ASSETS	**409,581**	**402,850**

Statement of Financial Position - LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2017	12.31.2016
(thousands of Euros)		
Shareholders' equity		
Shareholders' equity attributable to the Group	168,465	155,216
Total shareholders' equity	**168,465**	**155,216**
Non-current liabilities		
Payables to banks and other lenders	44,277	57,627
Derivative instruments	138	268
Other payables	26	78
Deferred taxes	8,924	7,493
Employee benefits	33,950	33,878
Non-current provisions for risks and charges	4,701	6,224
Total non-current liabilities	**92,016**	**105,568**
Current liabilities		
Payables to banks and other lenders	19,512	16,174
Derivative instruments	133	154
Trade payables	105,979	103,685
Other payables	20,777	20,543
Current taxes	1,501	658
Current provisions for risks and charges	1,057	840
Employee benefits	141	12
Total current liabilities	**149,100**	**142,066**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**409,581**	**402,850**

Net financial position	12.31.2017	12.31.2016	Variation
(thousands of Euros)			
Cash, cash equivalents and short-term financial receivables	19,986	29,677	(9,691)
Short-term financial debt	(19,512)	(16,327)	(3,185)
Valuation of current portion of derivatives	(133)	(154)	21
Short-term net financial position	**341**	**13,196**	**(12.855)**
Medium-term financial receivables	0	300	(300)
Medium-term financial debt	(44,277)	(57,627)	13,350
Valuation of non-current portion of derivatives	(138)	(268)	130
Net financial position	**(44,074)**	**(44,399)**	**325**

NOTES

The Interim Report of the RDM Group as at December 31, 2017 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 first quarter remain unchanged from those used to prepare the consolidated financial statements as at December 31, 2016. 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, 2016.

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 December 31, 2017, the RDM Group's staff consisted of 1,487 employees compared to 1,536 employees as at December 31, 2016.

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 December 31, 2017 of Reno De Medici S.p.A. corresponds to information contained in documents, ledgers and accounting entries.

Milan, February 13, 2018

Signed
Stefano Moccagatta