

Poltrona Frau Group

PRESS RELEASE

The Board of Directors approves the draft financial statements for 2013
A year of impressive growth for the Poltrona Frau Group

Revenues up 10.5%
EBITDA stands at Euro 32 million, up 23%
Net profit at Euro 4.5 million compared to Euro 1.1 million in 2012

Significant improvement in the net financial position which fell to Euro 69.3 million, down around Euro 10 million compared to last year

- 2013 revenues reached Euro 272.8 million, +10.5% on 2012.
- The Residential Segment recorded a 5.2% growth, as a result of an excellent domestic market performance and the significant growth in the Asian market, particularly in Greater China and India for Poltrona Frau and in the EMEA area for Cassina.
- Remarkable performance for the Luxury in Motion segment, up by more than 31% - also as a result of the development of new projects, especially with Maserati and the Jaguar-Land Rover Group.
- Luxury Interiors recorded a 3.6% increase compared to 2012, driven in particular by Poltrona Frau, following the acquisition and start-up of major contracts.
- Finalised in June 2013 the acquisition of Simon - a historic Italian design brand founded by Dino Gavina and Maria Simoncini - from Estel S.r.l.: a success story to enhance the heritage of the Italian design industry. The superb Simon Collection catalogue, included in Cassina's "I Contemporanei" Collection, brings together big names such as Carlo Scarpa, Marcel Breuer and Kazuhide Takahama.
- Consolidated net profit of Euro 4.5 million, (despite the non-recurring costs associated with the Haworth transaction).
- Net financial position at 31 December 2013 stands at Euro 69.3 million, down approximately Euro 10 million compared to the end of 2012, confirming the constant improvement of the Group's capital solidity.
- Poltrona Frau Group strengthens its presence at the Salone del Mobile, Rho Fiera fairground from 8 to 13 April 2014, as a strong signal of bonding with its partners, to present new collections to a discerning

public both from the consolidated markets and emerging markets.

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Milan, 13 March 2014 – At its meeting today the Board of Directors of Poltrona Frau S.p.A. adopted resolutions that included:

- (i) to approve the draft financial statements at 31 December 2013;
- (ii) to approve the 2013 report on corporate governance and ownership structure as per article 123-*bis*, Legislative Decree 58/1998;
- (iii) to approve the remuneration report as per article 123-*ter* of the Consolidated Law on Finance (Legislative Decree 58/98);
- (iv) to positively evaluate the adequacy of the organisational, administrative and accounting structure of the Company prepared by the CEO, with special reference to the internal control and risk management system;
- (v) to call the general shareholders' meeting for 16 April 2014.

The Poltrona Frau Group is a world leader in the top-end furnishing sector with highly prestigious brands such as Poltrona Frau, Cassina and Cappellini.

The commercial structure of the Group's companies covers the main geographical markets, reaching over 65 countries with a network of over 70 monobrand and multibrand stores (including 24 DOS) and over 1000 high-quality multibrand retailers. As at 31 December 2013, the Group had approximately 900 employees. The Group's manufacturing structure consists of two main facilities in Italy: one in the Marche region at the parent's site in Tolentino (MC) and one in the Brianza district at the historic site of Cassina in Meda (MB), plus one in Detroit (USA).

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In 2013 the Group recorded a growth in revenues of 10.5%. This increase is attributable to the excellent performance of the Residential segment, up 5.2%, and the extraordinary growth of Luxury in Motion +31.3%. The Group generated 55.2% of its revenues in the Residential segment, 19.3% in Luxury Interiors and 25.5% in Luxury in Motion.

The 5.2% growth in the Residential segment compared to the previous year is mainly attributable to the excellent domestic market performance both for Poltrona Frau and Cassina, also as a result of the sale of standard catalogue products driven by the Luxury Interiors segment and to progress in Asia, especially in Greater China and India for Poltrona Frau and in the EMEA area for Cassina.

The Luxury Interiors segment recorded a 3.6% increase compared to 2012, driven in particular by Poltrona Frau following the acquisition and start-up of major contracts.

The main aim of the Poltrona Frau Group's Luxury Interiors segment is to maintain sustainable growth in the medium term, increasing profitability and reducing the risk profile of contracts. For this reason the division has focused mostly on the business of furnishing high-level retail stores for the most important international fashion and luxury groups, the showrooms of leading car manufacturers as well as maintaining its leadership role in the fitting out of theatres and auditoriums.

In particular, in 2013 the Group completed major projects such as:

- **The restructuring of the Kimbell Museum in Texas with a number of different designers.** The pavilion redesigned by the architect Renzo Piano houses an auditorium with 300 seats custom made by Poltrona Frau Luxury Interiors.
- **The National Theatre of Bahrain,** with architecture typical of Arabian palaces, is laid out around an open central area and built by the sea. The majestic internal patio includes an auditorium seating 750. Poltrona Frau Luxury Interiors was chosen to produce the seats, designed especially by the AS Architecture Studio Paris.
- **Cassina Luxury Interiors provided all the furnishings for the rooms and suites at the Peninsula Hotel** in Hong Kong, as part of a plan to relaunch the property aiming to present a new hotel room concept characterised by state-of-the-art design and technology. Cassina Luxury Interiors was chosen as sole supplier for its handcrafting expertise and its ability of imbuing its furnishings with a look that combines design and practical.
- **The famous Versace fashion house celebrates a new concept for its monobrand stores and chooses Cassina Luxury Interiors.** The first store with the new concept has opened in Avenue Montaigne, Paris. The new concept store in the trendsetting Piazza di Spagna, Rome, was also inaugurated in October 2013. Cassina Luxury Interiors will continue its partnership with the Versace brand in new openings planned for 2014.

Cassina continues to leverage on elective partnerships with the major players in the world of design and luxury, after the project with Karl Lagerfeld Cassina this year presents the limited edition LC4 CP chaise-longue as an homage to Charlotte Perriand for the occasion of the 2014 Louis Vuitton Icônes Collection.

Cassina shares its passion with Louis Vuitton for Charlotte Perriand and launches a limited edition (1000 pieces) of the evocative LC4 chaise-longue designed by Le Corbusier, Pierre Jeanneret and Charlotte Perriand to honour this pioneering architect.

Louis Vuitton has chosen Charlotte Perriand's non-conformist style as inspiration for the 2014 Spring /Summer 2014 and Fall/ Winter 2014-2015 Icônes Collections. Her passion for travelling, photography, architecture and design led her to create visionary designs with a refined minimalism which are reflected in the style of Louis Vuitton's collections currently being launched in stores around the world where Charlotte Perriand's furniture by Cassina is also protagonist of the window displays.

For the third year running, 2013 again saw a double-figure growth in revenues for Luxury in Motion, which recorded a 31.3% increase as a result of the consolidation of relations with existing customers and the development of new partnerships.

At the start of 2012 the Poltrona Frau Group was chosen by Volkswagen for the fitting out of **the Phaeton Exclusive concept car** with Pelle Frau®. This model was launched on the Chinese market by Volkswagen Import China in June 2013 at the International Auto Show 2013 in Shenzhen-Hong Kong-Macao. This important agreement joins the deal signed with the **Fiat-Chrysler Group** for overseas platforms and the partnership launched in 2009 with **Jaguar-Land Rover**, owned by Indian group Tata, for whom Poltrona Frau is the leather interiors manufacturer for the Jaguar XK, X152 coupé and convertible models, and for the new Range Rover.

The partnerships with the Volkswagen Group (including the VW, Audi and Porsche brands) and with Maserati continued during the year. For Maserati, Luxury in Motion is the supplier of Pelle Frau® used in the fitting out of the new Quattroporte and the Ghibli.

As regards yachting, the partnership with the Ferretti Group developed further in 2013 with the production of a new line of leather goods and gifts under the Riva brand.

Financial performance of the Group

The 23% increase in EBITDA from Euro 26 million in 2012 to Euro 32 million in 2013 is mainly due to a major growth in sales revenues and a significant improvement in the Luxury Interiors margins compared to the previous year.

Fixed, structural costs decreased by approximately Euro 1.5 million compared to the previous year, confirming the utmost care paid to containing overhead costs and a declining trend in the reduction of the cost system.

Discretionary costs rose by **over Euro 2 million** as a result of the higher investments in marketing and communications costs incurred in support of the growth in revenues.

The EBITDA margin rose by over 1 percentage point from 10.5% in 2012 to 11.7% in 2013

Operating income recorded an increase of around Euro 5 million, from Euro 15.5 million in 2012 to Euro 20.3 million in 2013, mainly due to the improvement in EBITDA.

At 31 December 2013 a non-recurring component was recorded for approximately Euro 4.2 million, associated with the transaction with Haworth announced on 5 February.

The 2013 income before tax was around Euro 11.7 million, compared to roughly Euro 8.9 million profit achieved in 2012. During 2013 write-downs of investments in associates and joint ventures (made as a precautionary by the Directors), determined by the effects of measuring investments at equity, were performed for Euro 3.6 million.

The 2013 profit for the year was Euro 4.5 million, compared to roughly Euro 1.1 million achieved in 2012. Income taxes at 31 December 2013 totalled Euro 7.2 million compared to Euro 4.1 million in the previous year.

The net financial position improved by around Euro 10 million to Euro 69.3 million compared to the value at 31 December 2012, due to the significant improvement in EBITDA and the reduction in net operating working capital by approximately Euro 4 million, associated with the decrease in trade receivables resulting from an increasingly prudent policy of granting credit to customers and of collections management, as well as the revision and standardisation of payment terms.

Internal control and risk management system Pursuant to Application Criterion 1.C.1., letter c, of the Corporate Governance Code, the Board of Directors has assessed as adequate the Company's organisational, administrative and accounting structure, prepared by the Chief Executive Officer, with particular reference to the internal control and risk management system.

General Shareholders' Meeting

The Board of Directors has resolved to convene the Ordinary General Meeting of Shareholders at the Company's administrative offices at Tolentino (Macerata), via Sandro Pertini 22, in first call on 16 April 2014 and if necessary in second call on 17 April 2014 at the same time and place. In addition to approving the financial statements for the year ended 31 December 2013 and related attachments, shareholders will also be called to approve the remuneration policy and possibly to confirm the co-opted directors. The call notice will be published on 14th March 2014 on the daily newspaper MF Milano Finanza.

The annual financial report to be submitted to the General Meeting of Shareholders to be convened, will be made available to the public at the Company and Borsa Italiana S.p.A. and published on the website www.poltronafraugroup.com in the Investor Relations section with the means and timing provided by the law.

The report of the directors on the matters on the agenda of the shareholders' meeting and the report on the remuneration policy will be made available to the public with the means and timing provided by the law.

SUBSEQUENT EVENTS

At close of trading at the Italian Stock Exchange on 4 February 2014, the shareholders Charme Investments and Moschini S.r.l. signed an agreement for the purchase by Haworth of 58.6% of Poltrona Frau S.p.A. share capital.

The completion of the Transaction – which is expected to occur by the end of April 2014 – is subject to approval from the German antitrust authority.

Following the completion of the transaction, either directly or through a wholly-owned Italian company, Haworth will launch a mandatory public tender offer on the outstanding part of Poltrona Frau S.p.A.'s share capital pursuant to article 106, Legislative Decree 58/1998 (the "Offer") at a price of Euro 2.96 per share, equal to the price to be paid to the reference shareholders, Charme Investments and Moschini S.r.l. Haworth intends to pursue the delisting of Poltrona Frau S.p.A. shares.

Subject to completion of the Transaction, Charme Investments and Moschini S.r.l. have granted Haworth an option to sell (the "Option"), that can be exercised at the end of the public tender offer process and according to which Haworth will be granted the right but not the obligation, to sell a 4.2% interest in the Company's share capital to each of the two seller shareholders (and therefore 8.4% in aggregate), at the same price per share paid by Haworth in the context of the public tender offer (Euro 2.96).

"I am especially proud of last year's results, in terms of growth in Revenues, EBITDA and Net Profit, confirming the Group's trend of improvement in the profitability realizing, year by year, a positive performance on all the lines of the income statement" says Dario Rinero, CEO of the Poltrona Frau Group. "The Residential segment, up 5.2%, shows that the strategic choices and the significant investments undertaken up to date are in the right direction, and the performance of Luxury in Motion, which for the third running year recorded a double digit growth is the result of the collaboration with new partners and of the consolidation of existing customers. Lastly, the strong improvement in the Luxury Interiors segment margin, together with overheads and structural cost containment, complete the picture depicting a financially sound Group capable of growth and innovation. The transaction pending finalisation for the

purchase by Haworth of a majority interest in Poltrona Frau arrives at just the right moment to confirm and further strengthen this growth process."

Poltrona Frau Group

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Consolidated Income Statement

<i>(thousands of Euro)</i>	31 december 2013	31 december 2012 (*)
Revenues from sales	265.359	238.497
Other Revenues and Income	7.485	8.491
Revenues	272.844	246.988
Costs for raw materials and services	(194.588)	(175.453)
Personnel costs	(46.239)	(45.503)
EBITDA (1)	32.017	26.032
<i>EBITDA %</i>	<i>11,7%</i>	<i>10,5%</i>
Non-recurring costs	(4.171)	(3.906)
Amortization, depreciation, provisions and impairment	(7.587)	(6.593)
Operating Income	20.259	15.533
<i>Operating Income %</i>	<i>7,4%</i>	<i>6,3%</i>
Financial charges, net and gains/losses from investments	(8.527)	(6.674)
Income before taxes	11.732	8.859
<i>Income before taxes %</i>	<i>4,3%</i>	<i>3,6%</i>
Current, prepaid and deferred taxes	(7.199)	(4.060)
Profit (or Loss) from continuing operations	4.533	4.799
Profit (or Loss) from discontinued operations	-	(3.675)
Profit (loss) for the year	4.533	1.124

(1) EBITDA is represented by the operating result before amortization, depreciation, provisions and impairment and non-recurring costs. EBITDA thus defined is not identified as an accounting measurement within the scope of the IFRS and therefore the determination criteria applied by the Poltrona Frau Group might not be homogeneous with that adopted by other companies and is therefore not comparable.

(*) Figures at 31 December 2012 have been restated in the Annual Financial Statements in order to make them consistent and comparable with the ones reported in the current period. That has been necessary following the new IAS 19 adoption by the Group.

Revenues Breakdown

Sector of activity (thousands of Euro)	2013	Incidence % on total revenues	2012	Incidence % on total revenues	Variation	Variation %
Poltrona Frau	159.243	58,4%	131.624	53,4%	27.619	21,0%
Cassina	110.400	40,5%	110.274	44,6%	126	0,1%
Cappellini	11.663	4,3%	12.877	5,2%	(1.214)	(9,4%)
Eliminations	(8.462)	(3,2%)	(7.787)	(3,2%)	(675)	8,7%
Total revenues	272.844	100,0%	246.988	100,0%	25.856	10,5%

Geographic Segment (thousands of Euro)	2013	Incidence % on total revenues	2012	Incidence % on total revenues	Variation	Variation %
Italy	109.961	40,4%	91.186	36,9%	18.775	20,6%
EMEA	102.968	37,7%	92.564	37,5%	10.404	11,2%
Americas	26.788	9,8%	34.180	13,8%	(7.392)	(21,6%)
Asia and Oceania	33.127	12,1%	29.058	11,8%	4.069	14,0%
Total revenues	272.844	100,0%	246.988	100,0%	25.856	10,5%

Business segment (thousands of Euro)	2013	Incidence % on total revenues	2012	Incidence % on total revenues	Variation	Variation %
Residential	150.606	55,2%	143.205	58,0%	7.401	5,2%
Luxury Interiors	52.663	19,3%	50.813	20,6%	1.850	3,6%
Luxury in Motion	69.575	25,5%	52.970	21,4%	16.605	31,3%
Total revenues	272.844	100,0%	246.988	100,0%	25.856	10,5%

EBITDA Breakdown by sector of activity

Sector of activity (thousands of Euro)	2013	Incidence % on revenues in the segment	2012	Incidence % on revenues in the segment	Variation	Variation %
Poltrona Frau	15.725	9,9%	10.968	8,3%	4.757	43,4%
Cassina	16.391	14,8%	14.788	13,4%	1.603	10,8%
Cappellini	(99)	(0,9%)	276	2,1%	(375)	(135,9%)
EBITDA	32.017	11,7%	26.032	10,5%	5.985	23,0%

Consolidated Net Invested Capital

<i>(thousand of Euro)</i>	31 december 2013	31 december 2012
Applications		
Net working capital	24.552	32.727
Fixed assets and other non-current assets	151.948	149.935
Non-current liabilities	(33.287)	(33.279)
Assets / (liabilities) held for sale	-	500
Net Invested capital	143.213	149.883
Sources		
Net Financial Position	69.340	79.073
Net equity	73.873	70.810
Total sources of funds	143.213	149.883

Consolidated Statement of Financial Position		
ASSETS	31 december	31 december
<i>(thousands of Euro)</i>	2013	2012
		(restated)
NON-CURRENT ASSETS		
Goodwill	18.121	17.465
Brands with indefinite useful life	66.120	63.820
Other intangible assets	4.796	4.842
Tangible fixed assets	39.480	40.214
Investments in associates and joint venture companies	9.782	10.380
Other investments	3	136
Financial assets available for sale	2.133	1.344
Other non-current assets	9.055	7.443
<i>of which from related parties</i>	<i>6.390</i>	<i>3.600</i>
Deferred tax assets	6.472	6.457
TOTAL NON-CURRENT ASSETS	155.962	152.101
CURRENT ASSETS		
Inventory	65.572	53.989
Trade receivables	54.628	52.110
<i>of which from related parties</i>	<i>3.948</i>	<i>4.766</i>
Other current assets	7.743	14.264
<i>of which from related parties</i>	<i>977</i>	<i>4.942</i>
Derivative financial instruments	46	15
Cash and cash equivalents	20.638	9.068
TOTAL CURRENT ASSETS	148.627	129.446
Assets held for sale	-	1.072
TOTAL ASSETS	304.589	282.619

Consolidated Statement of Financial Position		
LIABILITIES	31 december	31 december
(thousands of Euro)	2013	2012
		(restated)
Share capital	34.604	34.810
Share premium reserve	1.238	2.530
Fair value reserve	1.213	459
Other reserves	5.927	6.607
Profits (losses) of previous year	26.670	25.420
Group's share of profit/(loss)	4.582	1.250
TOTAL GROUP SHAREHOLDERS' EQUITY	74.234	71.076
MINORITY INTEREST		
Minority interest's share of capital and reserves	(312)	(140)
Minority interest's share of profit/(loss)	(49)	(126)
TOTAL MINORITY INTEREST	(361)	(266)
TOTAL SHAREHOLDERS' EQUITY	73.873	70.810
NON-CURRENT LIABILITIES		
Medium-long term borrowings	43.148	48.429
Employee benefits	5.778	5.450
Provisions for risks and charges	3.756	5.092
Deferred tax liabilities	22.395	22.183
Other non-current liabilities	1.358	554
TOTAL NON-CURRENT LIABILITIES	76.435	81.708
CURRENT LIABILITIES		
Trade payables	70.857	59.197
<i>of which from related parties</i>	<i>1.481</i>	<i>973</i>
Due to banks and other loans	51.480	45.837
Tax payables	5.557	2.513
Derivative financial instruments	690	1.360
Other current liabilities	25.697	20.622
<i>of which from related parties</i>	<i>4.828</i>	<i>132</i>
TOTAL CURRENT LIABILITIES	154.281	129.529
Liabilities held for sale	-	572
TOTAL LIABILITIES	230.716	211.809
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	304.589	282.619

Consolidated Income Statement		
<i>(thousands of Euro)</i>	31 december 2013	31 december 2012 (restated)
Revenues from sales	265.359	238.497
<i>of which from related parties</i>	31.954	32.378
Other revenues and income	7.485	8.491
<i>of which from related parties</i>	1.273	1.465
REVENUES	272.844	246.988
Costs of raw material and consumables	(113.845)	(96.340)
Costs for services	(83.810)	(78.270)
<i>of which from related parties</i>	(2.793)	(1.503)
<i>of which non-recurring from related parties</i>	(4.171)	-
Personnel costs	(46.239)	(45.503)
Other operating costs	(1.104)	(843)
Restructuring costs	-	(3.906)
<i>of which non-recurring</i>	-	(3.906)
Amortization or depreciation	(7.587)	(6.568)
Adjustment of asset of value and other provisions	-	(25)
TOTAL OPERATING COSTS	(252.585)	(231.455)
OPERATING INCOME	20.259	15.533
Interest in profit (loss) of associates and joint venture companies accounted for by using the equity method	(3.628)	(858)
Financial charges	(6.374)	(7.303)
Financial income	1.475	1.487
INCOME BEFORE TAXES	11.732	8.859
Income taxes	(7.199)	(4.060)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS	4.533	4.799
Profit / (loss) from discontinued operations	-	(3.675)
PROFIT / (LOSS) FOR THE YEAR	4.533	1.124
Profit/loss for the year attributable to:		
Owners of the company	4.582	1.250
Minority interests	(49)	(126)
Earnings (loss) per share (Euro)	0,03	0,01
Diluted earnings (loss) per share (Euro)	0,03	0,01

Consolidated Statement fo Comprehensive Income		
(thousand of Euro)	31 december 2013	31 december 2012 (restated)
PROFIT FOR THE YEAR	4.533	1.124
<i>Items that may be reclassified subsequently to profit and loss</i>		
Profit / (loss) on fair value of available-for-sale financing assets	754	(38)
Profit / (loss) on exchange differences on translating foreign operations	(381)	(258)
Total items that may be reclassified subsequently to profit and loss, net of taxes	373	(296)
<i>Items that will not be reclassified subsequently to profit and loss</i>		
Remeasurements of post-employment benefit obligations	(382)	(238)
Total items that will not be reclassified subsequently to profit and loss, net of taxes	(382)	(238)
TOTAL ITEMS OF COMPREHENSIVE INCOME, NET OF TAXES	(9)	(534)
TOTAL COMPREHENSIVE INCOME	4.524	590
Of which attributable to:		
Owners of company	4.573	716
Minority interests	(49)	(126)

Consolidated Cash Flow Statement <i>(thousands of Euro)</i>	31 december 2013	31 december 2012 (restated)
NET CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) for the year	4.533	1.124
<i>Adjustments to reconcile profit (loss) for the year with the cash flow generated (used in) by operating activities:</i>		
Amortization or depreciation	7.338	6.568
Provisions and write-downs	4.425	456
Change in fair value of financial instruments	(701)	218
Allocations to provisions for personnel	246	2.623
Payments relating to employee severance indemnity	(445)	(486)
Payments relating to other provisions and incentives	(1.129)	(137)
Capital loss (gains) on sale of non-current assets	(7)	(124)
Change in deferred tax assets and liabilities	307	361
Taxes paid in the year	(2.152)	(5.956)
<i>Change in operative assets and liabilities</i>		
Change in trade receivables	(2.518)	6.810
Change in inventory	(11.583)	4.217
Change in trade payables	11.660	542
Other – net	11.166	1.480
NET CASH FLOW GENERATED (USE IN) BY OPERATING ACTIVITIES (A)	21.140	17.696
CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale of tangible and intangible fixed assets	33	195
Purchase of tangible fixed assets	(6.727)	(8.713)
Purchase of intangible assets	(5.743)	(3.759)
Change in scope of consolidation tangible and intangible fixed assets	2.561	-
Change in scope of consolidation investments in associated and joint venture companies	(699)	-
Investments acquisition/capital increase in associated and joint venture companies	(927)	(725)
Net change in other non-current assets/liabilities	1.040	146
NET CASH FLOW GENERATED (USED IN) BY INVESTMENT ACTIVITIES (B)	(10.462)	(12.856)
CASH FLOW FROM FINANCING ACTIVITIES		
Medium-long-term borrowings	12.300	3.000
Repayment of medium-long-term borrowings	(14.169)	(13.127)
Interest paid in the year	(3.390)	(3.877)
Interest earned in the year	6	70
Net change in other short/medium-term financial liabilities	7.791	6.359
Sale of treasury shares	846	957
Purchase of treasury shares	(2.344)	(1.026)
NET CASH FLOW GENERATED (USED IN) BY FINANCING ACTIVITIES (C)	1.040	(7.644)
TOTAL CASH FLOWS (D=A+B+C)	11.718	(2.804)
TRANSLATION EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENT (E)	(148)	(50)
NET CASH AND CASH EQUIVALENTS FROM ASSETS AVAILABLE FOR SALE (F)	-	114

NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR (G)	9.068	12.036
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (H=D+E-F+G)	20.638	9.068

Consolidated Statement of Changes in Equity

<i>(thousand of Euro)</i>	Share capital	Share premium reserve	Retained earning	Translation reserve	Fair Value Reserve	Other reserve	Total	Minority Interest	Total Shareholders' Equity
Balance at 31 December 2011 (restated)	34.816	2.593	25.420	483	497	8.215	72.024	(1.627)	70.397
Increase in share capital									
Allocation of loss for the prior year									
Dividend distribution									
Purchase of treasury shares	(273)	(753)					(1.026)		(1.026)
Sale of treasury shares	267	690					957		957
Recognition of stock option plan costs						140	140		140
Change in scope of consolidation									
Other changes						(1.735)	(1.735)	1.487	(248)
Total comprehensive income			1.250	(258)	(38)	(238)	716	(126)	590
Balance at 31 December 2012 (restated)	34.810	2.530	26.670	225	459	6.382	71.076	(266)	70.810
Increase in share capital									
Allocation of loss for the prior year									
Dividend distribution									
Purchase of treasury shares	(447)	(1.897)					(2.344)		(2.344)
Sale of treasury shares	241	605					846		846
Recognition of stock option plan costs						86	86		86
Change in scope of consolidation									
Other changes						(3)	(3)	(46)	(49)
Total comprehensive income			4.582	(381)	754	(382)	4.573	(49)	4.524
Balance at 31 December 2013	34.604	1.238	31.252	(156)	1.213	6.083	74.234	(361)	73.873

Statement of Financial Position (in Euro)	31 december 2013	31 december 2012 (restated)
NON-CURRENT ASSETS		
Goodwill	499.162	499.162
Intangible assets	5.610.954	5.588.724
Tangible fixed assets	25.558.139	25.676.107
Investments in subsidiaries, associates and joint venture companies	58.314.634	59.330.176
Other investments	-	133.337
Other non-current assets	3.981.130	3.816.616
<i>of which from related parties</i>	<i>3.389.791</i>	<i>3.139.327</i>
Deferred tax assets	1.525.914	1.644.452
TOTAL NON-CURRENT ASSETS	95.489.933	96.688.574
CURRENT ASSETS		
Inventory	37.539.779	24.500.708
Trade receivables	37.008.111	31.322.090
<i>of which from related parties</i>	<i>10.211.360</i>	<i>10.559.223</i>
Other current assets	10.372.298	9.872.384
<i>of which from related parties</i>	<i>7.590.307</i>	<i>5.446.228</i>
Derivative financial instruments	25.311	15.371
Cash and cash equivalents	13.291.663	3.291.141
TOTAL CURRENT ASSETS	98.237.162	69.001.694
TOTAL ASSETS	193.727.095	165.690.268
SHAREHOLDERS' EQUITY		
Share capital	34.604.232	34.809.622
Share premium reserve	1.237.854	2.529.888
Other reserves	4.960.999	5.088.875
Profits (losses) of previous year	(2.834.364)	(835.047)
Profit/(loss) for the year	190.286	(1.999.317)
TOTAL SHAREHOLDERS' EQUITY	38.159.007	39.594.021
NON-CURRENT LIABILITIES		
Medium-long term borrowings	24.793.765	24.898.999
Employee benefits	3.050.007	2.823.602
Provisions for risks and charges	2.141.349	2.304.684
Deferred tax liabilities	1.963.871	2.103.507
Other non-current liabilities	464.336	509.272
TOTAL NON-CURRENT LIABILITIES	32.413.328	32.640.064
CURRENT LIABILITIES		
Trade payables	41.555.699	35.002.061
<i>of which from related parties</i>	<i>940.616</i>	<i>3.262.875</i>
Due to banks and other loans	22.919.914	22.686.827
Tax payables	4.304.874	1.079.385
Derivative financial instruments	298.694	598.080
Other current liabilities	54.075.579	34.089.830
<i>of which from related parties</i>	<i>46.722.331</i>	<i>26.678.071</i>
TOTAL CURRENT LIABILITIES	123.154.760	93.456.183
TOTAL LIABILITIES	155.568.088	126.096.247
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	193.727.095	165.690.268

Income Statement		
(In Euro)	31 december 2013	31 december 2012 (restated)
Revenues from sales	135.024.818	106.201.765
<i>of which from related parties</i>	<i>36.203.666</i>	<i>33.202.103</i>
Other revenues and income	9.659.712	11.477.521
<i>of which from related parties</i>	<i>5.343.281</i>	<i>7.080.134</i>
REVENUES	144.684.530	117.679.286
Costs of raw material and consumables	(69.406.132)	(51.831.679)
<i>of which from related parties</i>	<i>(1.098.606)</i>	<i>(1.122.064)</i>
Costs for services	(39.586.799)	(32.479.268)
<i>of which from related parties</i>	<i>(2.121.253)</i>	<i>(2.014.796)</i>
<i>of which non-recurring from related parties</i>	<i>(4.171.429)</i>	-
Personnel costs	(23.211.080)	(22.379.060)
Other operating costs	(455.306)	(366.640)
Restructuring costs	-	(1.923.896)
<i>of which non-recurring</i>	-	<i>(1.923.896)</i>
Amortization or depreciation	(4.240.284)	(3.820.822)
TOTAL OPERATING COSTS	(136.899.601)	(112.801.365)
OPERATING INCOME	7.784.929	4.877.921
Income (loss) from investments	(3.242.289)	(2.738.899)
Financial charges	(4.018.911)	(3.888.678)
Financial income	2.627.349	755.399
INCOME BEFORE TAXES	3.151.078	(994.257)
Income taxes	(2.960.792)	(1.005.060)
PROFIT / (LOSS) FOR THE YEAR	190.286	(1.999.317)

Statement fo Comprehensive Income		
(In Euro)	31 december 2013	31 december 2012 (restated)
PROFIT FOR THE YEAR	190.286	(1.999.317)
<i>Items that may be reclassified subsequently to profit and loss, net of taxes</i>		
Total items that may be reclassified subsequently to profit and loss, net of taxes	-	-
<i>Items that will not be reclassified subsequently to profit and loss, net of taxes</i>		
Remeasurements of post-employment benefit obligations	(214.297)	(160.470)
Total items that will not be reclassified subsequently to profit and loss, net of taxes	(214.297)	(160.470)
TOTAL ITEMS OF COMPREHENSIVE INCOME, NET OF TAXES	(214.297)	(160.470)
TOTAL COMPREHENSIVE INCOME	(24.011)	(2.159.787)

Cash Flow Statement Euro)	<i>(thousands of</i>	31 december 2013	31 december 2012 (restated)
NET CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) for the year		191	(2.000)
<i>Adjustments to reconcile profit (loss) for the year with the cash flow generated (used in) by operating activities:</i>			
Amortization or depreciation		3.992	3.821
Provisions and write-downs		3.884	1.436
Change in fair value of financial instruments		(309)	84
Allocations to provisions for personnel		98	178
Payments relating to employee severance indemnity		(156)	(197)
Payments relating to other provisions and incentives		(518)	(78)
Capital loss (gains) on sale of non-current assets		(7)	(92)
Change in deferred tax assets and liabilities		60	(428)
Taxes paid in the year		(640)	(1.175)
<i>Change in operative assets and liabilities</i>			
Change in trade receivables		(5.686)	6.594
Change in inventory		(13.039)	(208)
Change in trade payables		6.555	2.746
Other – net		4.605	(1.916)
NET CASH FLOW GENERATED (USE IN) BY OPERATING ACTIVITIES (A)		(970)	8.765
CASH FLOW FROM INVESTMENT ACTIVITIES			
Sale of tangible and intangible fixed assets		33	143
Purchase of tangible fixed assets		(2.816)	(3.356)
Purchase of intangible assets		(1.378)	(1.660)
Investments acquisition/capital increase		(1.275)	(1.133)
Net change in other non current assets/liabilities		3.136	(669)
NET CASH FLOW GENERATED (USED IN) BY INVESTMENT ACTIVITIES		(2.300)	(6.675)
CASH FLOW FROM FINANCING ACTIVITIES			
Medium-long-term borrowings		7.300	3.000
Repayment of medium-long-term borrowings		(5.605)	(5.428)
Interest paid in the year		(2.170)	(2.069)
Interest earned in the year		4	32
Net change in other short/medium-term financial liabilities		15.240	744
Sale of treasury shares		846	957
Purchase of treasury shares		(2.344)	(1.026)
NET CASH FLOW GENERATED (USED IN) BY FINANCING ACTIVITIES (C)		13.271	(3.790)
TOTAL CASH FLOWS (D=A+B+C)		10.001	(1.700)
NET CASH AND CASH EQUIVALENTS AT THE BEGINNIG OF YEAR (G)		3.291	4.991
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (F=D+E)		13.292	3.291

Statement of Changes in Equity

(thousand of Euro)	Share capital	Share premium reserve	Other reserve	Net merger surplus (deficit)	Minority Interest	Total Shareholders' Equity
Balance at 31 December 2011 (restated)	34.816	2.593	7.777	(2.667)	(836)	41.683
Increase in share capital						
Allocation of loss for the prior year						
Dividend distribution						
Recognition of stock option plan costs			140			140
Purchase of treasury shares	(273)	(753)				(1.026)
Sale of treasury shares	267	690				957
Other changes			(1)		1	
Total comprehensive income			(160)		(2.000)	(2.160)
Balance at 31 December 2012 (restated)	34.810	2.530	7.756	(2.667)	(2.835)	39.594
Increase in share capital						
Allocation of loss for the prior year						
Dividend distribution						
Purchase of treasury shares			86			86
Sale of treasury shares	(447)	(1.897)				(2.344)
Recognition of stock option plan costs	241	605				846
Other changes						
Total comprehensive income			(214)		191	(23)
Balance at 31 December 2013	34.604	1.238	7.628	(2.667)	(2.644)	38.159

Declaration pursuant to Art. 154-*bis*, paragraph 2, Italian Legislative Decree 58/1998 (the Consolidated Law on Finance)

The undersigned Dario Rinero, Chief Executive Officer, and Cesare Parachini, the manager responsible for the preparation of the corporate financial reports of Poltrona Frau S.p.A., declare, pursuant to paragraph 2 of article 154-*bis* of the Consolidated Finance Law, that the accounting information contained in this press release corresponds to the underlying documents, books and accounting entries.

Milan, 13 March 2014

Dario Rinero Cesare Parachini