International Design Group S.p.A.

Interim Financial Report

As of and for the nine months ended September 30, 2018

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FORWARD-LOOKING STATEMENTS

This interim financial report (the "**Interim Report**") of International Design Group S.p.A. (the "**Issuer**") may contain and refer to certain forward-looking statements with respect to our financial condition, results of operations and business. Forward-looking statements include, among others, statements concerning the potential exposure to market risks and statements expressing management's current expectations, beliefs, plans, objectives, intentions, estimates, forecasts, projections and assumptions. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Words or phrases such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "future", "guidance", "intend", "likely", "may", "ongoing", "possible", "plan", "potential", "predict", "probable", "projected", "seek", "should", "target" or "will" or similar words or phrases or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that our actual results of operations, including our financial condition and liquidity and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Interim Report. In addition, even if our results of operations, including our financial condition and liquidity and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Interim Report, those results or developments may not be indicative of results or developments in subsequent periods. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Interim Report. Therefore, you should not place undue reliance on any of these forward-looking statements.

Furthermore, any forward-looking statement speaks only as of the date on which it is made and the Issuer and its subsidiaries (collectively, the "**Group**"), including Flos S.p.A. ("**Flos**"), P-LP 2014 A/S ("**Louis Poulsen**" or "**LP**") and B&B Italia S.p.A. ("**B&B**") and their respective subsidiaries, do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future, and it is not possible for the Group to predict such factors. In addition, the Group cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements. All future written and oral forward-looking statements attributable to the Group, or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

PRESENTATION OF FINANCIAL INFORMATION

Issuer

The Issuer is a holding company, jointly controlled by The Carlyle Group and Investindustrial, that was incorporated on September 10, 2018 for the purpose of facilitating the acquisition of Flos, Luminous Designs Investments ApS (*i.e.* the indirect parent company of Louis Poulsen) and B&B. The Issuer issued the €320,000,000 Senior Secured Floating Rate Notes due 2025 and the €400,000,000 6.50% Senior Secured Notes due 2025 on November 16, 2018 (collectively, the "**Notes**"), after the reporting date of this Interim Report (September 30, 2018). Accordingly, we do not present in this Interim Report any historical financial information or financial statements of the Issuer, except for the Issuer's and its subsidiaries' unaudited pro forma condensed combined financial information prepared in accordance with IFRS, set forth under "*International Design Group S.p.A. Pro Forma Condensed Combined Financial Information*".

Flos, Louis Poulsen and B&B

In this Interim Report, we present:

(i) Flos interim condensed consolidated financial statements as of and for the nine months ended September 30, 2018, prepared in accordance with IFRS;

(ii) Louis Poulsen interim condensed consolidated financial statements as of and for the nine months ended September 30, 2018, prepared in accordance with Danish GAAP; and

(iii) B&B interim condensed consolidated financial statements as of and for the nine months ended September 30, 2018, prepared in accordance with Italian GAAP.

For purposes of the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", which discusses the results of operations of each of Flos, Louis Poulsen and B&B for the nine months ended September 30, 2018, we have reclassified and renamed certain Danish GAAP line items of LP's income statement and certain Italian GAAP line items of B&B's income statement in order for the presentation to be in a format that is more typical for international investors and consistent with Flos' IFRS presentation. Accordingly, the reclassified and renamed Louis Poulsen's and B&B's income statement line items presented in such section differ from the corresponding income statement line items contained, respectively, in Louis Poulsen's and B&B's interim condensed consolidated financial statements as of and for the nine months ended September 30, 2018. Tables setting forth a reconciliation of such reclassified and renamed line items are presented under sections "*Reconciliation to P-LP 2014 A/S Interim Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2018*" and "*Reconciliation to B&B Italia S.p.A. Interim Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2018*".

Non-GAAP Financial Measures

This Interim Report contains certain financial measures that are not recognized by IFRS, Danish GAAP, Italian GAAP or any other generally accepted accounting principles. The primary non-GAAP financial measures used in this Interim Report include:

"**EBITDA**", in connection with each of Flos, Louis Poulsen and B&B, calculated as Net profit (loss) for the relevant period excluding the effect of (i) income taxes, (ii) net financial income (charges) and (iii) amortization and depreciation, on the basis of the income statement of each of Flos, Louis Poulsen and B&B presented in accordance with IFRS, as derived from the Issuer's unaudited pro forma condensed combined financial information set forth under "*International Design Group S.p.A. Pro Forma Condensed Combined Financial Information*". Accordingly, amounts for Louis Poulsen and B&B have been reclassified from Danish GAAP and Italian GAAP, respectively, into IFRS.

"**Adjusted EBITDA**" calculated as EBITDA of each of Flos, Louis Poulsen and B&B adjusted for certain non-core and non-recurring items occurred in the relevant period.

"**Target Group EBITDA**" calculated as the sum of the EBITDA of each of Flos, Louis Poulsen and B&B for the relevant period.

"**Target Group Adjusted EBITDA**" calculated as the sum of the Adjusted EBITDA of each of Flos, Louis Poulsen and B&B for the relevant period.

"**Target Group Synergized EBITDA**" calculated as Target Group Adjusted EBITDA for the twelve months ended September 30, 2018, as further adjusted for certain cost saving initiatives, revenue synergies and certain other adjustments.

"**Aggregated Revenue**" calculated as the sum of revenue as provided in the management accounts of each of Flos, Louis Poulsen and B&B for the relevant period. This item is used for the calculation of the Group revenue breakdowns by sales channel and geography. Each of these management accounts has been prepared under different accounting standards using different recognition and measurement criteria and as such are not directly comparable. As a result, Aggregated Revenue is inherently subject to risks and uncertainties, may not give an accurate or complete picture of our financial condition or results of operations, may differ materially from our actual results.

"**Combined Capital Expenditures**" calculated as the sum of maintenance capital expenditures and growth capital expenditures of each of Flos, Louis Poulsen and B&B, as derived from their respective management accounts. Each of such management accounts has been prepared under a different accounting standard using different recognition and measurement criteria and as such are not directly comparable. As a result, Combined Capital Expenditures is inherently subject to risks and uncertainties, may not give an accurate or complete picture of our financial condition or results of operations and may differ materially from our actual results.

"**Combined Net Working Capital**" calculated as the sum of trade receivables and inventories less trade payables for each of Flos, Louis Poulsen and B&B, as derived from their respective condensed consolidated financial statements as of and for the nine months ended September 30, 2018, with Louis Poulsen and B&B data reclassified in order for the presentation to be in a format that is more typical for international investors and consistent with Flos' presentation (see "*Reconciliation to P-LP 2014 A/S Interim Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2018*" and "*Reconciliation to B&B Italia S.p.A. Interim Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2018*"). Each of these financial statements has been prepared under a different accounting standard (IFRS for Flos, Danish GAAP for Louis Poulsen and Italian GAAP for B&B) using different recognition and measurement criteria and as such are not directly comparable. As a result, Combined Net Working Capital is inherently subject to risks and uncertainties, may not give an accurate or complete picture of our financial condition or results of operations and may differ materially from our actual results.

"**Combined Total Revenues**" calculated as the sum of the total revenues for each of Flos, Louis Poulsen and B&B, as derived from their respective condensed consolidated financial statements as of and for the nine months ended September 30, 2018, with Louis Poulsen and B&B data reclassified in order for the presentation to be in a format that is more typical for international investors and consistent with Flos' presentation (see "*Reconciliation to P-LP 2014 A/S Interim Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2018*" and "*Reconciliation to B&B Italia S.p.A. Interim Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2018*"). Each of these financial statements has been prepared under a different accounting standard (IFRS for Flos, Danish GAAP for Louis Poulsen and Italian GAAP for B&B) using different recognition and measurement criteria and as such are not directly comparable. As a result, Combined Total Revenues is inherently subject to risks and uncertainties, may not give an accurate or complete picture of our financial condition or results of operations and may differ materially from our actual results.

Non-GAAP financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the operating results of the Issuer as reported under IFRS.

SUMMARY GROUP FINANCIAL DATA

EBITDA, Adjusted EBITDA, Target Group EBITDA and Target Group Adjusted EBITDA

Nine months ended September 30, 2017

The following table sets forth a calculation of each of Flos', Louis Poulsen's and B&B's EBITDA and Adjusted EBITDA and our Target Group EBITDA and Target Group Adjusted EBITDA for the nine months ended September 30, 2017.

€ millions	Flos	LP	B&B	Target Group EBITDA
Net profit (loss) for the period	15.0	6.0	13.9	
Income taxes	6.5	2.1	2.6	
Financial income	(0.4)	(1.4)	-	
Financial charges	9.4	0.6	6.5	
Amortization and depreciation	6.0	3.5	4.4	
EBITDA	**36.5**	**10.8**	**27.4**	**74.7**
Allowance for bad debts and write-downs	0.5	-	0.3	
Impairment of non-current assets	0.2	-		
Other provisions for risks and charges	0.9	-	0.1	
Non-recurring and non-core costs and other adjustments	0.5(1)	-	-	
Adjusted EBITDA	**38.6**	**10.8**	**27.8**	**77.2**

(1) Non-recurring and non-core costs and other adjustments for Flos mainly relate to certain notice to customers advertised on newspapers.

Nine months ended September 30, 2018

The following table sets forth a calculation of each of Flos', Louis Poulsen's and B&B's EBITDA and Adjusted EBITDA and our Target Group EBITDA and Target Group Adjusted EBITDA for the nine months ended September 30, 2018.

€ millions	Flos	LP	B&B	Target Group EBITDA
Net profit (loss) for the period	6.6	6.0	12.4	
Income taxes	2.6	2.2	5.3	
Financial income	(0.7)	(0.2)	(1.2)	
Financial charges	7.8	0.6	5.6	
Amortization and depreciation	6.2	4.0	4.2	
EBITDA	**22.5**	**12.6**	**26.3**	**61.4**
Allowance for bad debts and write-downs	0.3	-	0.2	
Impairment of non-current assets	-	-	-	
Other provisions for risks and charges	1.0	-	0.1	
Non-recurring and non-core costs and other adjustments	16.3(1)	-	0.5(2)	
Adjusted EBITDA	**40.2**	**12.6**	**27.1**	**79.9**

(1) Non-recurring and non-core costs and other adjustments for Flos includes (i) a €15.4 million one-off payment to senior management pursuant to Flos' management incentive plan, (ii) €0.6 million of costs incurred in connection with the reorganization of two commercial subsidiaries and (iii) €0.3 million of other minor non-core costs.

(2) Non-recurring costs and other adjustments for B&B includes: (i) €0.3 million of costs in connection with the launch of B&B's new LCD (Luigi Caccia Dominioni) collection as part of the Azucena brand that B&B acquired in December 2017, (ii) €0.2 million of other minor non-recurring costs.

Target Group Synergized EBITDA

The following table sets forth a calculation of our Target Group Synergized EBITDA for the twelve months ended September 30, 2018.

€ millions	Flos	LP	B&B	Target Group EBITDA	Total Synergies and Other Adjustments (3)	Target Group Synergized EBITDA (3)
Net profit (loss) for the period	15.1	12.1	19.6			
Income taxes	5.1	3.7	9.3			
Financial income	(0.9)	(0.5)	(1.3)			
Financial charges	11.3	0.8	7.7			
Amortization and depreciation	8.3	5.6	6.2			
EBITDA	**38.9**	**21.7**	**41.5**	**102.1**		
Allowance for bad debts and write-downs	0.3	-	0.4	0.7		
Impairment of non-current assets	0	-	-	-		
Other provisions for risks and charges	1.2	-	0.1	1.3		
Non-recurring and non-core costs and other adjustments	16.5(1)	-	1.0(2)	17.5		
Adjusted EBITDA	**57.0**	**21.7**	**43.0**	**121.7**	**13.5**	**135.2**

(1) Non-recurring and non-core costs and other adjustments for Flos mainly includes (i) a €15.4 million one-off payment to senior management pursuant to Flos' management incentive plan, (ii) €0.6 million of costs incurred in connection with the reorganization of two commercial subsidiaries and (iii) €0.5 million of other minor non-core costs.

(2) Non-recurring and other adjustments for B&B includes: (i) €0.4 million of costs in connection with the launch of B&B's new LCD (Luigi Caccia Dominioni) collection as part of the Azucena brand that B&B acquired in December 2017, (ii) €0.3 million in advisory costs associated with selecting and recruiting the new B&B CEO, who joined the company in March 2018 and (iii) €0.3 million of other minor non-recurring costs.

(3) Reflects (i) €12.9 million of incremental annual EBITDA to be derived from revenue and cost saving synergies that we expect to generate by the end of 2020 and (ii) €0.6 million of costs that we expect to incur in 2018 in connection with certain ongoing reorganization initiatives at Arclinea for the re-launch of the Arclinea brand, that we currently expect to start generating benefits from 2019 onwards.

The adjustments used to calculate Target Group Synergized EBITDA are based on a number of assumptions made in reliance on the information available to us, a third-party report commissioned by us, and management's judgments based on such information. The available information is preliminary and the assumptions used in estimating these Target Group Synergized EBITDA components are inherently uncertain, forward looking in nature and subject to a wide variety of significant business, economic and competitive risks and uncertainties. We cannot assure you that the information on which we have based our assumptions will not change or that we will be able to realize any of the as-yet unrealized cost savings and revenue synergies we believe are possible based on these management estimates and assumptions. Furthermore, the costs we incur in trying to realize these cost savings and revenue synergies may be substantially higher than our current estimates and could outweigh any benefit. Accordingly, this information does not represent the results such cost saving initiatives or revenue synergies would have achieved had the initiatives been implemented or revenue streams been in place as of October 1, 2017. Target Group Synergized EBITDA is calculated by applying the synergy adjustments and the other adjustments described above to the sum of the Adjusted EBITDA of Flos, Louis Poulsen and B&B. Neither our independent auditors, nor any other independent accountants, have audited, reviewed, verified, compiled, examined or performed any procedures with respect to the Target Group Synergized measures contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. Target Group Synergized EBITDA is included in this Interim Report because we believe that it provides a useful indication of what our Adjusted EBITDA for the twelve months ended September 30, 2018 would have been under certain circumstances and assumptions as described herein; however, this information does not constitute a measure of financial performance under IFRS or any other auditing standard, and you should not consider Target Group Synergized EBITDA as an alternative to net income or any other performance measure derived in accordance with IFRS or any other auditing standard or as a measure of our results of operations or liquidity.

Combined Capital Expenditures

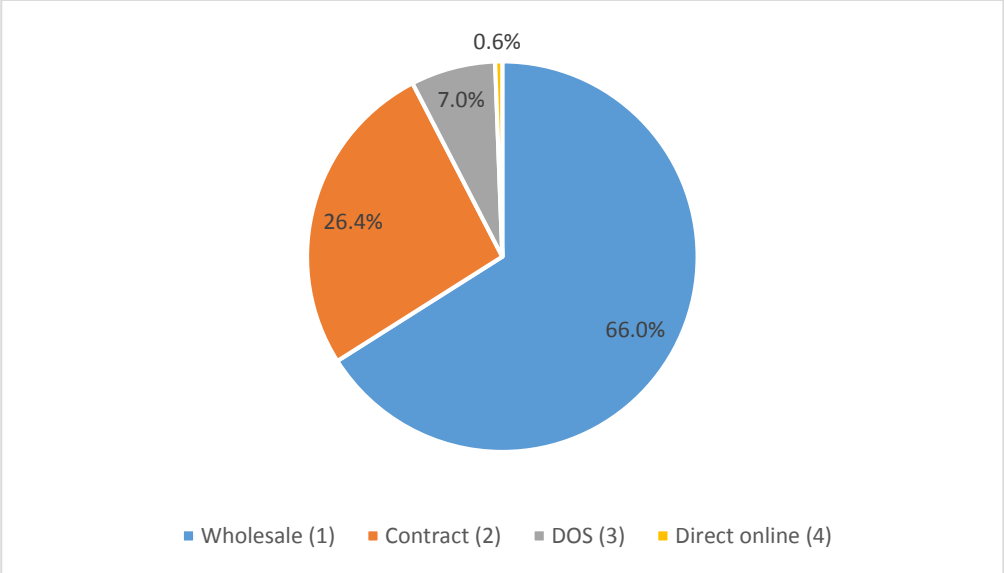
in € million	Nine months ended September 30	
	2017	**2018**
Flos maintenance capital expenditures	4.4	6.1
LP maintenance capital expenditures	2.4	0.9
B&B maintenance capital expenditures	0.2	0.4
Combined maintenance capital expenditures	**7.0**	**7.4**
As a % of Combined Total Revenues	*1.8%*	*1.9%*
Flos growth capital expenditures	1.1	0.6
LP growth capital expenditures	3.0	3.7
B&B growth capital expenditures	0.9	0.3
Combined growth capital expenditures	**5.0**	**4.6**
As a % of Combined Total Revenues	*1.3%*	*1.2%*
Combined Capital Expenditures	**12.0**	**12.0**
As a % of Combined Total Revenues	*3%*	*3%*

Combined Net Working Capital

in € million	As of September 30, 2018
Flos trade receivables	33.7
LP trade receivables	10.7
B&B trade receivables	21.1
Combined trade receivables	**65.5**
Flos inventories	33.7
LP inventories	12.8
B&B inventories	36.1
Combined inventories	**82.6**
Flos trade payables	(35.6)
LP trade payables	(11.0)
B&B trade payables	(51.4)
Combined trade payables	**(98.0)**
Combined Net Working Capital	**50.1**
As a % of Combined Total Revenues	*9.4%*

Aggregated Revenue by Sales Channel

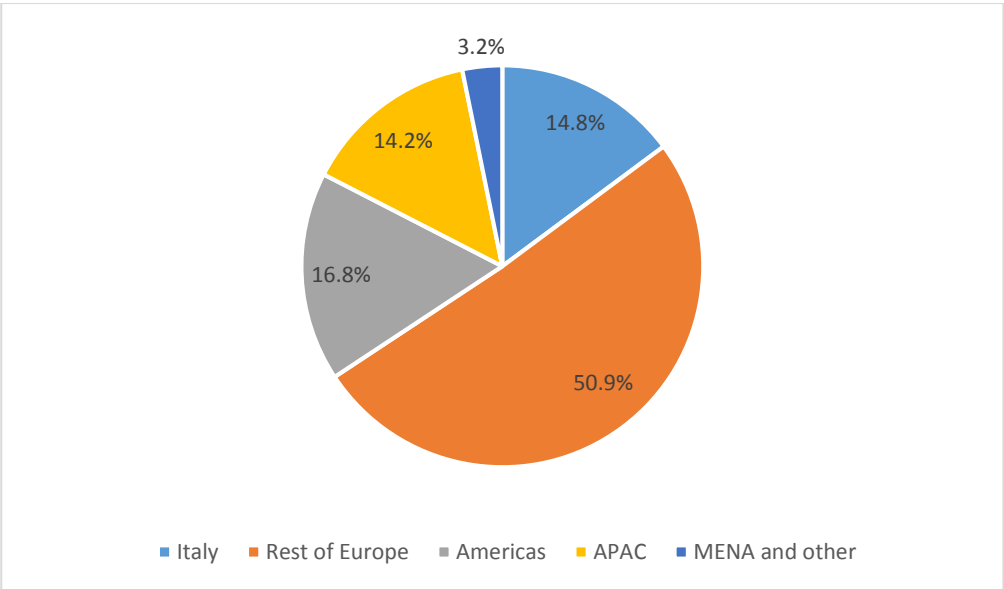
Set forth below is a chart representing our Aggregated Revenue by sales channel for the nine months ended September 30, 2018:



(1) Wholesale includes all of Louis Poulsen's B2C division revenues, excluding revenues derived from the direct online channel.
(2) Contract includes all of Louis Poulsen's B2B division revenues.
(3) DOS includes revenues from directly operated Flos and B&B stores.
(4) Direct online includes revenues from Flos' U.S. e-commerce website and LP's direct e-commerce websites in Denmark, Sweden, Norway and Germany.

Aggregated Revenue by Geography

Set forth below is a chart representing our Aggregated Revenue by geography for the nine months ended September 30, 2018:



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the results of operations and financial conditions of each of Flos, Louis Poulsen and B&B for the nine months ended September 30, 2018 and the comparative information for the nine months ended September 30, 2017, as derived from Flos', Louis Poulsen's and B&B's unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2018.

For purposes of this section, we have reclassified and renamed certain Danish GAAP line items of LP's income statement and certain Italian GAAP line items of B&B's income statement in order for the presentation to be in a format that is more typical for international investors and consistent with Flos' IFRS presentation. The reclassified and renamed Louis Poulsen's and B&B's income statement line items presented in this section differ from the corresponding income statement line items contained, respectively, in Louis Poulsen's and B&B's interim condensed consolidated financial statements as of and for the nine months ended September 30, 2018. Tables setting forth a reconciliation of the reclassified and renamed line items are presented under sections "*Reconciliation to P-LP 2014 A/S Interim Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2018*" and "*Reconciliation to B&B Italia S.p.A. Interim Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2018*".

Flos Results of Operations – Nine Months Ended September 30, 2018 Compared to the Nine Months Ended September 30, 2017

	Nine months ended September 30,		Change	
IFRS	**2017**	**2018**	**€**	**%**
	in € million		**in million**	
Revenues	154.8	161.9	7.1	4.6
Other revenues and income	2.5	2.6	0.1	4.0
Total revenues	**157.3**	**164.5**	**7.2**	**4.6**
Purchases of raw materials and variation in inventories	(46.9)	(48.6)	(1.7)	3.6
Personnel costs	(25.5)	(27.9)	(2.4)	9.4
Service costs	(42.6)	(59.8)	(17.2)	40.4
Provisions	(0.9)	(1.0)	(0.1)	11.1
Other costs and charges	(4.1)	(4.3)	(0.2)	4.9
Total costs	**(120.0)**	**(141.6)**	**(21.6)**	**18.0**
Amortization, depreciation and write-downs	(6.8)	(6.6)	0.2	(2.9)
Operating Profit	**30.5**	**16.3**	**(14.2)**	**(46.6)**
Financial income	0.4	0.7	0.3	75.0
Financial charges	(9.4)	(7.8)	1.6	(17.0)
Profit/(loss) before tax coming from continuing operations	**21.5**	**9.2**	**(12.3)**	**(57.2)**
Income taxes	(6.5)	(2.6)	3.9	(60.0)
Net profit/(loss) coming from continuing operations	**15.0**	**6.6**	**(8.4)**	**(56.0)**

Revenues

Revenues increased by €7.1 million, or 4.6%, to €161.9 million for the nine months ended September 30, 2018 from €154.8 million for the nine months ended September 30, 2017, mainly driven by the increase in sales of the Architectural collection.

Purchases of raw materials and variation in inventories

Purchases of raw materials and variation in inventories increased by €1.7 million, or 3.6%, to €48.6 million for the nine months ended September 30, 2018 from €46.9 million for the nine months ended September 30, 2017, primarily due to the increase in turnover.

Personnel costs

Personnel costs increased by €2.4 million, or 9.4%, to €27.9 million for the nine months ended September 30, 2018 from €25.5 million for the nine months ended September 30, 2017, primarily due to higher salaries and associated costs deriving from the increase in the number of personnel.

Service costs

Service costs increased by €17.2 million, or 40.4%, to €59.8 million for the nine months ended September 30, 2018 from €42.6 million for the nine months ended September 30, 2017. This trend was mainly driven by the inclusion in the nine months of 2018 of €15.4 million one-off costs related to the Flos' group management incentive plan (reflected at its fair value at the reference date).

Provisions

Provisions increased by €0.1 million, or 11.1%, to €1.0 million for the nine months ended September 30, 2018 from €0.9 million for the nine months ended September 30, 2017.

Other costs and charges

Other costs and charges increased by €0.2 million, or 4.9%, to €4.3 million for the nine months ended September 30, 2018 from €4.1 million for the nine months ended September 30, 2017.

Amortization, depreciation and write-downs

Amortization, depreciation and write-downs decreased by €0.2 million, or 2.9%, to €6.6 million for the nine months ended September 30, 2018 from €6.8 million for the nine months ended September 30, 2017.

Financial income

Financial income increased by €0.3 million, or 75.0%, to €0.7 million for the nine months ended September 30, 2018 from €0.4 million for the nine months ended September 30, 2017.

Financial charges

Financial charges decreased by €1.6 million, or 17.0%, to €7.8 million for the nine months ended September 30, 2018 from €9.4 million for the nine months ended September 30, 2017, primarily due to lower interest expenses incurred following the voluntary €20.0 million repayment of indebtedness under the pre-existing senior loan facility in 2017.

Income taxes

Income taxes decreased by €3.9 million, or 60.0%, to €2.6 million for the nine months ended September 30, 2018 from €6.5 million for the nine months ended September 30, 2017, primarily due to higher deductible costs in the nine months ended September 30, 2018 (mainly as a result of the €15.4 million one-off costs related to the Flos' group management incentive plan).

Louis Poulsen Results of Operations – Nine Months Ended September 30, 2018 Compared to the Nine Months Ended September 30, 2017

	Nine months ended September 30,		Change	
Danish GAAP	**2017**	**2018**	**€**	**%**
	in € million		**in million**	
Revenues	74.4	72.9	(1.5)	(2.0)
Other revenues and income	-	0.1	0.1	-
Total revenues	**74.4**	**73.0**	**(1.4)**	**(1.9)**
Purchases of raw materials and variation in inventories	(24.8)	(22.1)	2.7	(10.9)
Personnel costs	(24.5)	(24.3)	0.2	(0.8)
Service costs	(13.8)	(13.7)	0.1	(0.7)
Provisions	(0.5)	(0.3)	0.2	(40.0)
Other costs and charges	-	-	-	-
Total costs	**(63.6)**	**(60.4)**	**3.2**	**(5.0)**
Amortization, depreciation and write-downs	(4.7)	(5.2)	(0.5)	10.6
Earnings before interest and taxes (EBIT)	**6.1**	**7.4**	**1.3**	**21.3**
Financial income	1.4	0.2	(1.2)	(85.7)
Financial charges	(0.6)	(0.6)	-	-
Profit/(loss) before tax coming from continuing operations	**6.9**	**7.0**	**0.1**	**1.4**
Income taxes	(2.1)	(2.2)	(0.1)	4.8
Net profit/(loss) coming from continuing operations	**4.8**	**4.8**	**(0.0)**	**(0.0)**

Revenues

Revenues decreased by €1.5 million, or 2.0%, to €72.9 million for the nine months ended September 30, 2018 from €74.4 million for the nine months ended September 30, 2017, primarily due to slow sales in the business-to-business ("**B2B**") division. In particular, sales in the business-to-consumer ("**B2C**") division increased by approximately 10% as compared to the same period in 2017, offset by a decrease in B2B sales of approximately 14%.

Purchases of raw materials and variation in inventories

Purchases of raw materials and variation in inventories decreased by €2.7 million, or 10.9%, to €22.1 million for the nine months ended September 30, 2018 from €24.8 million for the nine months ended September 30, 2017, due to a mix of lower sales, improved efficiency in the supply chain area and lower production level compared to the same period in 2017.

Personnel costs

Personnel costs decreased by €0.2 million, or 0.8%, to €24.3 million for the nine months ended September 30, 2018 from €24.5 million for the nine months ended September 30, 2017, primarily due to lower salary costs in the supply chain area, following a lower production level compared to the same period in 2017.

Service costs

Service costs slightly decreased by €0.1 million, or 0.7%, to €13.7 million for the nine months ended September 30, 2018 from €13.8 million for the nine months ended September 30, 2017, primarily due to an increase in capitalized product development costs compared to the same period in 2017.

Provisions

Provisions decreased by €0.2 million to €0.3 million for the nine months ended September 30, 2018 from €0.5 million for the nine months ended September 30, 2017, due to lower claims provision following the settlement of a specific minor claim case from 2017.

Amortization, depreciation and write-downs

Amortization, depreciation and write-downs increased by €0.5 million, or 10.6%, to €5.2 million for the nine months ended September 30, 2018 from €4.7 million for the nine months ended September 30, 2017, primarily due to investments in new assets.

Financial income

Financial income decreased by €1.2 million, or 85.7%, to €0.2 million for the nine months ended September 30, 2018 from €1.4 million for the nine months ended September 30, 2017, primarily due to unfavourable currency adjustments.

Financial charges

Financial charges remained unchanged for the nine months ended September 30, 2017 compared to the same period in 2017.

Income taxes

Income taxes increased by €0.1 million, or 4.8%, to €2.2 million for the nine months ended September 30, 2018 from €2.1 million for the nine months ended September 30, 2017.

B&B Results of Operations – Nine Months Ended September 30, 2018 Compared to the Nine Months Ended September 30, 2017

	Nine months ended September 30,		Change	
Italian GAAP	**2017**	**2018**	**€**	**%**
	in € million		**in million**	
Revenues	148.9	143.4	(5.5)	(3.7)
Other revenues and income	1.3	1.8	0.5	38.5
Total revenues	**150.2**	**145.2**	**(5.0)**	**(3.3)**
Purchases of raw materials and variation in inventories	(47.6)	(43.6)	4.0	(8.4)
Personnel costs	(27.3)	(27.6)	(0.3)	1.1
Service costs	(40.6)	(40.6)	-	-
Provisions	(0.2)	(0.1)	0.1	(50.0)
Other costs and charges	(7.3)	(7.5)	(0.2)	2.7
Total costs	**(123.0)**	**(119.4)**	**3.6**	**(2.9)**
Amortization, depreciation and write-downs	(15.3)	(14.7)	0.6	(3.9)
Earnings before interest and taxes (EBIT)	**11.9**	**11.1**	**(0.8)**	**(6.7)**
Financial income	-	1.2	1.2	-
Financial charges	(5.7)	(4.8)	0.9	(15.8)
Profit/(loss) before tax coming from continuing operations	**6.2**	**7.5**	**1.3**	**21.0**
Income taxes	(1.6)	(4.3)	(2.7)	168.8
Net profit/(loss) coming from continuing operations	**4.6**	**3.2**	**(1.4)**	**(30.4)**

Revenues

Revenues decreased by €5.5 million, or 3.7%, to €143.4 million for the nine months ended September 30, 2018 from €148.9 million for the nine months ended September 30, 2017, primarily due to a decrease in revenue from the Home and Arclinea divisions, partially offset by a good performance of the Contract division.

Purchases of raw materials and variation in inventories

Purchases of raw materials and variation in inventories decreased by €4.0 million, or 8.4%, to €43.6 million for the nine months ended September 30, 2018 from €47.6 million for the nine months ended September 30, 2017, primarily due to the effects of a shift in volumes and different product mix.

Personnel costs

Personnel costs remained substantially stable at €27.6 million for the nine months ended September 30, 2018 compared to €27.3 million for the nine months ended September 30, 2017.

Service costs

Service costs remained stable at €40.6 million for the nine months ended September 30, 2018 compared to €40.6 million for the nine months ended September 30, 2017.

Provisions

Provisions remained substantially stable at €0.1 million for the nine months ended September 30, 2018 compared to €0.2 million for the nine months ended September 30, 2017.

Other costs and charges

Other costs and charges remained substantially stable at €7.5 million for the nine months ended September 30, 2018 compared to €7.3 million for the nine months ended September 30, 2017.

Amortization, depreciation and write-downs

Amortization, depreciation and write-downs decreased by €0.6 million, or 3.9%, to €14.7 million for the nine months ended September 30, 2018 from €15.3 million for the nine months ended September 30, 2017, primarily due to a €0.1 million decrease in write–downs and a decrease of €0.4 million related to depreciation of intangible assets.

Financial income

Financial income was €1.2 million for the nine months ended September 30, 2018, whereas no financial income was accounted for in the nine months ended September 30, 2017 primarily due to positive exchange rate effects.

Financial charges

Financial charges decreased by €0.9 million, or 15.8%, to €4.8 million for the nine months ended September 30, 2018 from €5.7 million for the nine months ended September 30, 2017, primarily due to lower interest costs and exchange rate effects.

Income taxes

Income taxes increased by €2.7 million, or 168.8%, to €4.3 million for the nine months ended September 30, 2018 from €1.6 million for the nine months ended September 30, 2017, primarily due to increase of profit before tax.

INTERNATIONAL DESIGN GROUP S.P.A. PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information (the "**Unaudited Pro Forma Condensed Combined Financial Information**") of the Issuer has been prepared for illustrative purposes only to give effect to the acquisition of Flos, Louis Poulsen and B&B by the Issuer (the "**Acquisition**"), the financing of the Acquisition, including through the issuance of the Notes, and the refinancing of certain pre-existing indebtedness of Flos, Louis Poulsen and B&B (collectively, the "**Transactions**") as if they had occurred on:

- January 1, 2018 for purposes of the income statement for the nine months ended September 30, 2018;

- September 30, 2018 for purposes of the statement of financial position as of such date; and

- October 1, 2017 for purposes of the income statement for the twelve months ended September 30, 2018.

The Unaudited Pro Forma Condensed Combined Financial Information should not be considered indicative of the actual results that would have been achieved had the Transactions been completed on the dates assumed and does not purport to be illustrative of our future combined results of operations or financial position. Our actual results may differ significantly from those reflected in the Unaudited Pro Forma Condensed Combined Financial Information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the Unaudited Pro Forma Condensed Combined Financial Information.

The Unaudited Pro Forma Condensed Combined Financial Information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. The Unaudited Pro Forma Condensed Combined Financial Information is based upon currently available information and certain assumptions, described in the accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information, that the Issuer's management believes are reasonable under the circumstances and include adjustments which give effect to events that are directly attributable to the Transactions, are expected to have a continuing impact on the Issuer and are factually supportable. Neither the assumptions underlying the pro forma adjustments, nor the resulting Unaudited Pro Forma Condensed Combined Financial Information have been audited or reviewed in accordance with any generally accepted auditing standards. Moreover, given the different purpose of the pro forma data compared to the data in the historical financial statements and the different methods of calculating the effects of the Transactions on the pro forma combined condensed statements of financial position and pro forma combined condensed income statement, the Unaudited Pro Forma Condensed Combined Financial Information should be read and interpreted without attempting to reconcile such data.

The Unaudited Pro Forma Condensed Combined Financial Information should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", Flos interim condensed consolidated financial statements as of and for the nine months ended September 30, 2018, prepared in accordance with IFRS, Louis Poulsen interim condensed consolidated financial statements as of and for the nine months ended September 30, 2018, prepared in accordance with Danish GAAP, and B&B interim condensed consolidated financial statements as of and for the nine months ended September 30, 2018, prepared in accordance with Italian GAAP, each included elsewhere in this Interim Report, and "*Reconciliation to P-LP 2014 A/S Interim Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2018*" and "*Reconciliation to B&B Italia S.p.A. Interim Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2018*".

Basis of Preparation

The Unaudited Pro Forma Condensed Combined Financial Information is prepared on the basis of the historical financial information derived from the financial statements and information detailed above, adjusted to reflect the effects of the Transactions. The accounting policies adopted in preparing the Unaudited Pro Forma Condensed Combined Financial Information are based on IFRS.

The historical financial information of B&B and LP listed below have been prepared on the basis of Italian GAAP and Danish GAAP, respectively, and have been converted into IFRS for the purposes of preparing the Unaudited Pro Forma Condensed Combined Financial Information. The conversion of the financial information of B&B and LP into IFRS for the purposes hereof does not imply that B&B and LP have applied IFRS 1 "First Time Adoption of IFRS".

Unless otherwise indicated, all amounts set forth in the Unaudited Pro Forma Condensed Combined Financial Information are expressed in millions of euro. Accordingly, such amounts have been subject to rounding adjustments and, as a result, the totals of the financial information in the Unaudited Pro Forma Condensed Combined Financial Information may vary from the actual arithmetic totals of such information.

Accounting for the Acquisition

The Issuer from an accounting perspective can be regarded as a joint venture incorporated for the purpose of the consummation of the Transactions. The Acquisition consists of a combination of cash contribution and contribution of investments in Flos, B&B and LP into the Issuer measured at fair value. B&B, Flos and LP are wholly-owned subsidiaries of the Issuer. The Issuer will account for the Acquisition at fair value applying IFRS 2 "Share-based payments" for the cash contribution and IFRS 3 "Business Combination" to the contribution of investments as an accounting policy election applicable to joint ventures upon formation. Under IFRS 3, the cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement (purchase price allocation or acquisition accounting). Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair market values at the acquisition date. The excess of the consideration transferred over the fair value of the acquirer's share of the identifiable net assets acquired is recorded as goodwill.

The valuation studies necessary to determine the fair value of the assets acquired and liabilities assumed as a result of the Transactions and the related allocation of the consideration transferred has not yet commenced. Therefore, the difference between (a) the total consideration expected to be transferred and (b) the net carrying amounts of the identifiable assets acquired and the liabilities assumed by the Issuer on the completion date of the Acquisition have been fully allocated to goodwill in the Unaudited Pro Forma Condensed Combined Financial Information. The fair value on the date of the acquisition of the assets acquired and the liabilities assumed may likely differ significantly from the amounts reflected in the Unaudited Pro Forma Condensed Combined Financial Information.

The main account balances that will be impacted on a preliminary basis by the net recognised amount of the identifiable assets acquired and liabilities assumed at fair value, once determinable, will be Intangible assets, Trademarks, Property, plant and equipment and Inventory. We believe that significant changes in the amount of goodwill recognised in relation to the Acquisition may arise due to the final determination of the acquisition accounting, that could result in a material change in our amortisation and depreciation expense relating to identifiable assets acquired.

Accounting for the Financing

In accordance with IFRS 9, the financial liability arising in connection with the issuance of the Notes is accounted for at amortised cost.

Accounting for the Refinancing

In accordance with IFRS 9, a financial liability should be removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the relevant contracts is discharged or cancelled or expired. The accounting treatment of a debt restructuring depends on whether the modified terms (or new debt instrument) are "substantially different" to the previous terms (or debt instrument). The refinancing of the pre-existing indebtedness of Flos, Louis Poulsen and B&B is accounted for extinguishment of the pre-existing liabilities and the recognition of a new liability at amortised cost.

The following tables show the pro forma adjustments made in order to present the main potential effects of the Transactions on the combined condensed statement of financial position of the Issuer.

Unaudited Pro Forma Condensed Combined Statement of Financial Position as at September 30, 2018

€ millions	Issuer	Flos	B&B	LP	Pro forma adjustments: Acquisition	Pro forma adjustments: Financing	Pro forma adjustments: Refinancing	Issuer Pro Forma
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	
NON-CURRENT ASSETS								
Intangible fixed assets:								
- Goodwill	-	354.9	163.6	26.7	829.0			1,374.2
- Other intangible fixed assets	-	148.5	90.6	21.7				260.8
Property, plant and machinery	-	56.1	46.4	7.4				109.9
Shareholding in subsidiary companies	-	-	-	-				-
Shareholding in parent companies	-	-	-	-				-
Shareholding in affiliated companies	-	-	-	-				-
Financial assets held for disposal	-	-	-	-				-
Deferred tax assets	-	7.9	6.2	1.5				15.6
Non-current receivables from companies of the Group	-	-	0.3	-				0.3
Non-current financial assets	-	0.6	1.3	0.7				2.6
Other non-current assets	-	0.6	-	2.7				3.3
TOTAL NON-CURRENT ASSETS	**-**	**568.6**	**308.4**	**60.7**	**829.0**	**-**	**-**	**1,766.7**
CURRENT ASSETS								
Inventories	-	33.7	36.1	12.8				82.6
Trade receivables	-	33.7	21.1	10.7				65.5
Current receivables from companies of the Group	-	-	-	-				-
Tax assets and other current assets:	-	-	-	-				-
- Tax credit and due from tax authorithies	-	2.5	2.3	-				4.8
- Other assets	-	1.6	3.3	1.3				6.2
Current financial assets	-	-	-	-				-
Cash and cash equivalents and deposits	-	39.4	46.1	5.6	(426.4)	703.1	(339.7)	28.1
TOTAL CURRENT ASSETS	**-**	**110.9**	**108.9**	**30.4**	**(426.4)**	**703.1**	**(339.7)**	**187.2**
Assets held for disposal	-	-	4.0	-				4.0
TOTAL ASSETS	**-**	**679.5**	**421.3**	**91.1**	**402.6**	**703.1**	**(339.7)**	**1,957.9**
SHAREHOLDERS' EQUITY								
Share capital	-	1.9	1.0	3.8				6.7
Other reserves	-	422.1	179.1	-	(10.0)	18.1		609.3
Reserve for actuarial gains and losses	-	(0.2)	-	-				(0.2)
Cash Flow Hedge reserve	-	(0.8)	(1.1)	-				(1.9)
FTA Reserve	-	3.3	12.4	-				15.7
Retained earnings	-	-	10.1	43.5	312.1			365.7
Result for the period	-	5.5	13.1	4.7				23.3
Total Group Shareholders' equity	**-**	**431.8**	**214.6**	**52.0**	**302.1**	**18.1**	**-**	**1,018.6**
Minority shareholders' equity	-	3.0	1.6	-				4.6
Result attributable to minority interests	-	1.1	(0.7)	-				0.4
Total shareholders' equity	**-**	**435.9**	**215.5**	**52.0**	**302.1**	**18.1**	**-**	**1,023.6**
NON-CURRENT LIABILITIES								
Defined benefit plans	-	2.7	3.7	0.8				7.2

Provisions for contingencies and other charges	-	4.7	4.4	0.3				9.4
Non-current liabilities to companies of the Group	-	-	-	9.0				9.0
Non-current financial liabilities	-	126.5	102.0	0.1	100.5	685.0	(329.0)	685.1
Deferred taxes	-	41.2	28.5	4.9				74.6
Other non-current liabilities	-	-	-	0.9				0.9
TOTAL NON-CURRENT LIABILITIES	**-**	**175.1**	**138.6**	**16.0**	**100.5**	**685.0**	**(329.0)**	**786.2**
CURRENT LIABILITIES								
Current financial liabilities	-	3.4	4.1	-			(10.7)	(3.2)
Trade payables	-	35.6	51.4	11.0				98.0
Current liabilities to companies of the Group	-	-	-	-				-
Tax payables and other current liabilities:	-	-	-	-				-
- Tax payables and due to tax authorities	-	4.6	4.9	3.9				13.4
- Due to social security institutions	-	1.3	2.3	-				3.6
- Due to personnel and other payables	-	23.6	4.5	8.2				36.3
TOTAL CURRENT LIABILITIES	**-**	**68.5**	**67.2**	**23.1**	**-**	**-**	**(10.7)**	**148.1**
TOTAL LIABILITIES	**-**	**243.6**	**205.8**	**39.1**	**100.5**	**685.0**	**(339.7)**	**934.3**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**-**	**679.5**	**421.3**	**91.1**	**402.6**	**703.1**	**(339.7)**	**1,957.9**

Unaudited Pro Forma Condensed Combined Income Statement for the Nine months ended September 30, 2018

€ millions	Issuer (1)	Flos	B&B	LP	Pro forma adjustments			Issuer Pro Forma
					Acquisition	Financing	Refinancing	
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	
Revenues from contracts with customers	-	161.9	143.4	72.9				378.2
Other revenues and income	-	2.6	1.8	0.1				4.5
TOTAL REVENUES	**-**	**164.5**	**145.2**	**73.0**	**-**	**-**	**-**	**382.7**
Purchases of raw materials and variation in inventories	-	(48.6)	(43.6)	(22.1)				(114.3)
Personnel costs	-	(27.9)	(26.9)	(24.3)				(79.1)
Service costs	-	(59.8)	(40.6)	(13.7)				(114.1)
Provisions	-	(1.0)	(0.1)	(0.3)				(1.4)
Other costs and charges	-	(4.3)	(7.5)	-				(11.8)
TOTAL COSTS	**-**	**(141.6)**	**(118.7)**	**(60.4)**	**-**	**-**	**-**	**(320.7)**
Amortization, depreciation and write-downs	-	(6.6)	(4.4)	(4.0)				(15.0)
OPERATING PROFIT	**-**	**16.3**	**22.1**	**8.6**	**-**	**-**	**-**	**47.0**
Financial income	-	0.7	1.2	0.2			-	2.1
Financial charges	-	(7.8)	(5.6)	(0.6)		(37.7)	11.7	(40.0)
RESULT BEFORE TAX COMING FROM CONTINUING OPERATIONS	**-**	**9.2**	**17.7**	**8.2**	**-**	**(37.7)**	**11.7**	**9.2**
Income taxes	-	(2.6)	(5.3)	(2.2)		8.9	(2.8)	(4.0)
NET RESULT COMING FROM CONTINUING OPERATIONS	**-**	**6.6**	**12.4**	**6.0**	**-**	**(28.8)**	**8.9**	**5.2**
PROFIT/(LOSS) FOR THE PERIOD	**-**	**6.6**	**12.4**	**6.0**	**-**	**(28.8)**	**8.9**	**5.2**
Profit/(Loss) for the period, pertaining to minority interest	-	1.1	(0.7)	-	(1.5)			(1.1)
Profit/(Loss) for the period, pertaining to the Group	-	5.5	13.1	6.0	1.5	(28.8)	8.9	6.3

Unaudited Pro Forma Condensed Combined Income Statement for the Twelve months ended September 30, 2018

€ millions	Issuer	Flos	B&B	LP	Pro forma adjustments			Issuer Pro Forma
					Acquisition	Financing	Refinancing	
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	
Revenues from contracts with customers	-	219.7	202.3	106.2				528.2
Other revenues and income	-	3.9	2.8	0.1				6.8
TOTAL REVENUES	**-**	**223.6**	**205.1**	**106.3**	-	-	-	**535.0**
Purchases of raw materials and variation in inventories	-	(65.6)	(62.5)	(32.5)				(160.6)
Personnel costs	-	(37.9)	(36.8)	(33.0)				(107.7)
Service costs	-	(73.9)	(53.7)	(18.7)				(146.3)
Provisions	-	(1.2)	-	(0.3)				(1.5)
Other costs and charges	-	(5.8)	(10.2)	-				(16.0)
TOTAL COSTS	**-**	**(184.4)**	**(163.2)**	**(84.5)**	-	-	-	**(432.1)**
Amortization, depreciation and write-downs	-	(8.6)	(6.6)	(5.6)				(20.8)
OPERATING PROFIT	**-**	**30.6**	**35.3**	**16.2**			-	**82.1**
Financial income	-	0.9	1.3	0.5			(0.2)	2.5
Financial charges	-	(11.3)	(7.7)	(0.8)	-	(50.2)	16.4	(53.7)
RESULT BEFORE TAX COMING FROM CONTINUING OPERATIONS	**-**	**20.2**	**28.9**	**15.9**		**(50.2)**	**16.2**	**31.0**
Income taxes	-	(5.1)	(9.3)	(3.8)		12.0	(3.8)	(10.0)
NET RESULT COMING FROM CONTINUING OPERATIONS	**-**	**15.1**	**19.6**	**12.1**		**(38.2)**	**12.3**	**20.9**
PROFIT/(LOSS) FOR THE PERIOD	**-**	**15.1**	**19.6**	**12.1**		**(38.2)**	**12.3**	**20.9**
Profit/(Loss) for the period, pertaining to minority interest	-	1.4	(0.6)	3.2				4.0
Profit/(Loss) for the period, pertaining to the Group	-	13.7	20.2	8.9		(38.2)	12.3	16.9

Flos S.p.A. – Interim Condensed Consolidated Statement of Financial Position

(amounts in thousands of Euro)	Notes	09/30/2018	12/31/2017
NON-CURRENT ASSETS			
Intangible fixed assets:			
- Goodwill	6	354,866	354,866
- Other intangible fixed assets	7	148,478	148,379
Property, plant and machinery	8	56,127	55,819
Deferred tax assets		7,863	4,035
Non-current financial assets	9	646	623
Other non-current assets	10	584	639
TOTAL NON-CURRENT ASSETS		**568,564**	**564,361**
CURRENT ASSETS			
Inventories	11	33,744	28,841
Trade receivables	12	33,651	35,188
Tax assets and other current assets:	13		
- Tax credit and due from tax authorithies	13.1	2,528	3,397
- Other assets	13.2	1,503	2,199
Current financial assets		11	50
Cash and cash equivalents and deposits	14	39,363	29,687
TOTAL CURRENT ASSETS		**110,800**	**99,362**
Assets held for disposal		-	331
TOTAL ASSETS		**679,364**	**663,723**
SHAREHOLDERS' EQUITY			
Share capital	15.1	1,875	1,875
Other reserves	15.2	422,141	400,020
Reserve for actuarial gains and losses	15.3	(220)	(218)
Cash Flow Hedge reserve	15.4	(767)	(975)
FTA Reserve	15.5	3,252	3,252
Result for the period		5,567	22,046
TOTAL GROUP SHAREHOLDERS' EQUITY		**431,848**	**426,000**
Minority shareholders' equity		2,952	2,875
Result attributable to minority interests		1,066	1,491
TOTAL SHAREHOLDERS' EQUITY		**435,866**	**430,366**
NON-CURRENT LIABILITIES			
Defined benefit plans	16	2,732	2,867
Provisions for contingencies and other charges	17	4,662	3,668
Non-current liabilities to companies of the Group	18	-	-
Non-current financial liabilities	18	126,519	138,079
Deferred taxes		41,155	41,150
Other non-current liabilities	19	22	82
TOTAL NON-CURRENT LIABILITIES		**175,090**	**185,846**
CURRENT LIABILITIES			
Current financial liabilities	18	3,439	2,133
Trade payables	20	35,618	33,650
Tax payables and other current liabilities:	21		
- Tax payables and due to tax authorities	21.1	4,636	2,680
- Due to social security institutions	21.2	1,332	1,694
- Due to personnel and other payables	21.3	23,383	7,354
TOTAL CURRENT LIABILITIES		**68,408**	**47,511**
TOTAL LIABILITIES		**243,498**	**233,357**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**679,364**	**663,723**

Flos S.p.A. – Interim Condensed Consolidated Statement of Profit/(Loss)

(amounts in thousands of Euro)	Notes	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Revenues from contracts with customers	22	161,911	154,849
Other revenues and income	23	2,639	2,507
TOTAL REVENUES		**164,550**	**157,356**
Purchases of raw materials and variation in inventories	24	(48,647)	(46,914)
Personnel costs	25	(27,876)	(25,539)
Service costs	26	(59,750)	(42,558)
Provisions	27	(992)	(884)
Other costs and charges	28	(4,344)	(4,138)
TOTAL COSTS		**(141,609)**	**(120,033)**
Amortization, depreciation and write-downs	29	(6,592)	(6,834)
OPERATING PROFIT		**16,349**	**30,489**
Financial income	30	701	426
Financial charges	31	(7,775)	(9,441)
RESULT BEFORE TAX COMING FROM CONTINUING OPERATIONS		**9,275**	**21,474**
Income taxes	32	(2,642)	(6,548)
NET RESULT COMING FROM CONTINUING OPERATIONS		**6,633**	**14,926**
Net profit of discontinued operations		-	-
PROFIT/(LOSS) FOR THE PERIOD		**6,633**	**14,926**
Profit/(Loss) for the period, pertaining to minority interest		1,066	1,227
Profit/(Loss) for the period, pertaining to the Group		5,567	13,699

Flos S.p.A. – Interim Condensed Consolidated Cash Flow Statement

(amounts in thousands of Euro)	Notes	Nine months ended September 30, 2018	Nine months ended September 30, 2017
PROFIT FROM OPERATIONS AFTER TAX		**6,633**	**14,926**
Depreciation and impairment of tangible fixed assets	29	3,508	3,845
Amortisation and impairment of intangible fixed assets	29	2,736	2,155
Financial income	30	(701)	(426)
Financial charges	31	7,775	9,441
Income taxes	32	2,642	6,548
Current asset impairment	29	348	531
Operating activities:			
Net change in employee severance indemnities and pension funds		(137)	58
Net change in provisions for risks and other charges		994	784
Net change in deferred tax assets and liabilities		(3,823)	(38)
(Increase)/decrease of inventories	11	(5,251)	(3,121)
(Increase)/decrease of trade receivables	12	1,537	227
(Increase)/decrease of other non-financial assets	10/13	1,620	647
Increase/(Decrease) of trade payables	20	1,968	454
Increase/(Decrease) of tax payables	21	(687)	(3,419)
Increase/(Decrease) of other non-financial liabilities	21	15,709	(2,068)
NET CASH FLOWS FROM OPERATIONS		**28,238**	**15,618**
Investing activities:			
Purchases of tangible fixed assets, net	8	(3,816)	(3,170)
Purchases of intangible fixed assets, net	7	(2,834)	(2,334)
Acquisition of subsidiaries, net of cash acquired		-	(400)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(6,650)**	**(5,904)**
Financing activities:			
(Increase)/decrease of financial receivables	9/14	925	647
Increase/(Decrease) of financial payables	20	(18,028)	(28,473)
Dividends paid to minority interests		(1,442)	(1,565)
CASH FLOW FROM FINANCING ACTIVITIES		**(18,545)**	**(29,391)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**9,676**	**(4,751)**
Net cash and cash equivalents at the beginning of the period		29,687	30,807
Net cash and cash equivalents at the end of the period		39,363	26,056

Notes to Flos S.p.A. Interim Condensed Consolidated Financial Statements as of and for the nine months ended September 30, 2018

1. COMPANY INFORMATION

Flos S.p.A. (hereinafter also "***FLOS***" or the "***Flos Parent Company***") is a joint-stock company, established and domiciled in Italy, with registered office in Bovezzo (BS), via Angelo Faini no. 2.

FLOS was incorporated in Merano, Italy, in 1962. FLOS is the leading brand in the high-end design and lighting sector. Ever since it was established, the Company has been universally recognised for the excellence of its design achieved through exclusive collaboration agreements with the best architects of the last 50 years.

Flos Group operates through four main business lines:

- the "*Design*" collection, which represents the historic core business of FLOS, developed and produced by the Flos Parent Company in Bovezzo (BS);
- the "*Architectural*" collection, developed and produced by the subsidiary Antares Ilumination S.A.U., located in Valencia (Spain);
- the "*Custom*" collection, developed and produced by the italian subsidiary Light Contract S.r.l. in Collebeato (BS);
- the "*Outdoor*" collection, developed and produced by the italian subsidiary Ares S.r.l. in Bernareggio (MB).

1.1. Important events occurred during the Period

Management has been made aware that on August 7, 2018, certain affiliates of private-equity firm Investindustrial, including the parent company of Flos S.p.A. (Luxury Design Holdings III S.à.r.l.), and certain affiliates of private-equity firm Carlyle entered into an investment agreement setting forth various steps to be taken in connection with the acquisition of, among other companies, Flos S.p.A., by a newly incorporated company to be jointly indirectly controlled by Investindustrial and Carlyle. In addition, on September 11, 2018, the shareholders of Flos S.p.A. entered into a share purchase agreements for the sale of their respective shares to such newly incorporated company. The acquisition is part of a larger transaction whereby Carlyle and Investindustrial will put under joint control Flos S.p.A. and two other groups operating in the global design industry (B&B Italia and Louis Poulsen).

Following the signing of sale and purchase agreements concerning the sale or contribution of the entire corporate capital of the Company, some Directors and Managers with strategic responsibilities have been assigned Eur 18,25 million (either as extraordinary bonuses or phantom stock options). Such amount is committed to be paid out within 30 days by the closing.

1.2. Acquisitions and reorganizations

During the period ending September 30, 2018 no acquisitions or reorganizations were carried out.

On January 31, 2017 Flos SpA acquired a 10% interest in Light Contract Srl for an amount of €557 thousands corresponding to the net book value; following this acquisition Flos SpA owns the 70% of Light Contract Srl.

On May 3, 2017, Flos Group acquired through Flos France SaS a 100% investment interest in KKDC Sàrl, then renamed Flos Projets Sàrl.

2. BASIS OF PREPARATION

The condensed consolidated financial statements as at September 30, 2018 and 2017 were drawn up in compliance with IAS 34 international accounting standard on interim financial reporting. IAS 34 allows for the preparation of the financial statements in a "condensed" form, meaning they can provide minimum reporting content and substantially less disclosure than provided for by the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union. The

Condensed Interim Financial Statements as at September 30, 2018 have been drawn up in a "condensed" form and therefore must be read in conjunction with the Consolidated Financial Statements for the Flos Group for the year ended December 31, 2017.

The Interim Condensed Consolidated Financial Statements are presented in Euro, and all amounts are expressed in thousands of Euro, unless otherwise specified.

The half-yearly condensed consolidated financial statements have been drawn up with the expectation that the business is a going concern.

The accounting principles used to draw up the half-yearly condensed consolidated financial statements are consistent with those used to draft the consolidated financial statements as at December 31, 2017, except for the adoption of new principles, amendments or interpretations effective from January 1, 2018. The Flos Group has not early adopted any new principles, interpretations or amendments issued but not yet in force.

The nature and effects of these changes are described below. Even though these new principles and amendments were applied for the first time in 2018, they have not significantly affected the consolidated financial statements of the Flos Group nor the condensed consolidated financial statements of the Flos Group. The nature and impact of each new principle/amendment have been listed below.

2.1. IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 11 Construction contracts and IAS 18 Revenue and related interpretations. It applies to all revenue from contracts with customers, unless these contracts fall into the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Flos Group adopted IFRS 15, using the full retrospective adoption method, with no need to restate due to the absence of material impacts.

The Flos Group's sales contracts usually only include one obligation. The Flos Group arrived at the conclusion that revenue from product sales should be recognised at the time when control of the assets is transferred to the customer, which is generally when goods are delivered. Therefore, adopting IFRS 15 has not impacted the timeing of recognition of revenue.

The Flos Group generally provides warranties for general repairs of defects that existed at the time of sale, as required by law. As such, most warranties are assurance-type warranties under IFRS 15, which the Flos Group accounts for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its practice prior to the adoption of IFRS 15.

2.2. IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and measurement for the years beginning on or after January 1, 2018, combining all three aspects involved in accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Flos Group applied IFRS 9 retrospectively, with an initial application date of January 1, 2018 and adjustment of comparative information for the year starting on January 1, 2017.

The adoption of this standard had no significant impact on the Flos Group.

For Hedge accounting the Flos Group continued to apply IAS 39.

2.3. Other interpretations and amendments to existing standards

2.3.1. IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Flos Group's consolidated financial statements.

2.3.2. Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Flos Group's consolidated financial statements.

2.3.3. Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Flos Group's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Flos Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Flos Group's consolidated financial statements.

2.3.4. Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Flos Group.

2.3.5. Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity;

and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Flos Group's consolidated financial statements

2.3.6. Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Deletion of Short-Term Exemptions for First-Time Adopters.

The short-term exemption specified in paragraphs E3-E7 of IFRS1 were cancelled since they fulfilled their purpose. These amendments didn't have any impact on the consolidated financial statements of the Flos Group.

2.4. Standards issued but not yet in effect

The standards and interpretations that as at the date the interim consolidated financial statements were drafted had already been issued but were not yet in effect are explained below. The Flos Group intends to adopt these standards when they enter into force.

2.4.1. IFRS 16 leases

The standard IFRS 16 Leases issued by the IASB on January 13, 2016 and approved by the European Union in November 2017 fully replaces all the previous IFRS accounting requirements for the accounting of leases (IAS 17 and IFRIC 4). The standard applies to all contracts concerning the right to use an asset for a certain period of time in exchange for a specific fee. IFRS 16 sets, for lessees, a single accounting model for all leases (with specific cases of exclusion and exemption), eliminating the distinction between operating and financial leasing. The accounting for lessors remains substantially unchanged compared to the previous provisions.

The initial recognition, for the lessee, involves the recording of an asset equal to the right to use the underlying asset and a lease liability corresponding to the present value of the future lease payments. The subsequent measurement involves the amortization of the right-of-use asset and an interest expense on the lease liability created during initial recognition using a discount rate defined in the leasing contract. Interest expense and depreciation/amortization are recognized separately in the income statement.

The new standard will be in force for the financial years beginning on or after January 1, 2019, with early application permitted on condition that the new IFRS 15 is already adopted or is applied on the same date as the first application of the IFRS 16 in question.

The analyses are underway to identify impacts and changes to the economic and financial situation of Flos Group, which will be concluded in time to correctly adopt the standard in question starting from the Financial Statements beginning on January 1, 2019.

3. CONSOLIDATION PRINCIPLES

The Interim Condensed Consolidated Financial Statements include the financial statements of Flos S.p.A. and its subsidiaries as at September 30, 2018 and 2017.

Control is obtained when the Flos Group is exposed or is entitled to variable returns arising from its relationship with the investee entity and, at the same time, is able to affect these returns by exercising its power on said entity.

More specifically, the Flos Group controls an investee if - and only if - the Flos Group has:

- power over the investee entity (or has valid rights that give it the current ability to direct the relevant activities of the investee entity);
- exposure or rights to variable returns from its involvement with the investee entity;
- the ability to exercise its power over the investee entity to affect the amount of its returns.

When the Flos Group owns less than the majority of the voting rights (or similar rights), it has to consider all the significant events and circumstances in order to determine whether or not to control the investee entity, including:

- Contractual agreements with other owners of voting rights;

- Rights arising from contractual agreements;
- Voting rights and potential voting rights of the Flos Group.

The Flos Group re-assesses whether or not it has control of an investee if the events and circumstances indicate that there have been changes in one or more of the three significant elements defining control. The consolidation of a subsidiary starts when the Flos Group obtains its control and ends when the Flos Group loses that same control. The assets, liabilities, revenues and costs of the acquired or transferred subsidiary during the period are included in the comprehensive income statement starting from the date when the Flos Group obtains control and stops when the Flos Group no longer exercises control over the company.

The profit (loss) for the period and each of the other comprehensive income (expense) are attributed to the shareholders of the parent company and to the minority interests, even if this implies that the minority interests have a negative balance. Whenever necessary, the financial statements of the subsidiaries are appropriately adjusted in order to ensure conformity with the accounting policies of the Flos Group. All intercompany assets and liabilities, the shareholders' equity, revenues, costs and cash flows regarding transactions between Flos Group entities are totally eliminated during consolidation.

The changes in the shareholdings in a subsidiary that do not entail loss of control are recorded under shareholders' equity.

If the Flos Group loses the control of a subsidiary, it has to eliminate its assets (including goodwill), liabilities, minority interests and the other shareholders' equity components, while any profit or loss is recorded on the income statement. The shareholding kept, if any, has to be recognised at fair value.

The companies of the FLOS Group included in the scope of consolidation as at September 30, 2018 are listed below, compared with the consolidation perimeter as at September 30, 2017 and as at December 31, 2017:

DENOMINATION	Share capital as at 9/30/2018	Shareholding as at 9/30/2018	Share capital as at 12/31/2017	Shareholding as at 12/31/2017	Share capital as at 9/30/2017	Shareholding as at 9/30/2017
Antares Iluminacion S.A.U.	€ 401	100%	€ 401	100%	€ 401	100%
Flos Illuminacion Shanghai Co. Ltd *	CNY 4,000	100%	CNY 4,000	100%	CNY 4,000	100%
Antares Iluminacion Pte Ltd *	SGD 0.1	100%	SGD 0.1	100%	SGD 0.1	100%
Ares S.r.l.	€ 78	100%	€ 78	100%	€ 78	100%
Flos Lighting Design (Beijing) Co. Ltd **	-	-	-	-	CNY 4,003	100%
Flos Benelux NV	€ 100	100%	€ 100	100%	€ 100	100%
Flos B.V.	€ 931	100%	€ 931	100%	€ 570	100%
Euroformat S.r.l.	€ 75	100%	€ 75	100%	€ 75	100%
Flos GmbH	€ 300	100%	€ 300	100%	€ 300	100%
Flos Japan Co. Ltd	JPY 40,000	100%	JPY 40,000	100%	JPY 40,000	100%
Light Contract S.r.l.	€ 13	70%	€ 13	70%	€ 13	70%
Flos Milano S.r.l.	€ 100	100%	€ 100	100%	€ 100	100%
Flos Norge AS	NOK 1,500	55%	NOK 1,500	55%	NOK 1,500	55%
Flos Roma S.r.l.	€ 31	100%	€ 54	100%	€ 54	100%
Flos France S.a.s.	€ 61	100%	€ 61	100%	€ 61	100%
Flos Projets S.àr.l. ****	€ 124	100%	€ 124	100%	€ 124	100%
Flos Scandinavia A/S	DKK 1,429	65%	DKK 1,429	65%	DKK 1,429	55%
Flos Sverige AB ***	SEK 100	65%	SEK 100	65%	SEK 100	55%
Flos Usa Inc.	USD 390	100%	USD 390	100%	USD 390	100%
Flos UK Ltd	GBP 136	100%	GBP 136	100%	GBP 136	100%

* Note 1: The shareholding in Flos Illuminacion Shanghai Co. Ltd and Antares Iluminacion Pte Ltd (Singapore) is entirely owned by Antares Iluminacion S.A.U. (ES), therefore the indirect equity investment pertaining to the Flos Group is 100%.

** Note 2: Flos Lighting Design (Beijing) Co. Ltd has been liquidated on 2017.

*** Note 3: The shareholding in Flos Sverige AB is held by Flos Scandinavia A/S. Consequently, the indirect equity investment pertaining to the Flos Group as at September 30, 2018 is 65%.

** Note 4: On May 3, 2017, Flos Group has acquired through Flos France SaS the 100% investment in KKDC Sàrl, then renamed Flos Projets Sàrl.

4. DISCRETIONARY ASSESSMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

Preparing the Flos Group Interim Condensed Consolidation Financial Statements requires the directors to make discretionary assessments, estimates and assumptions that affect the values of revenues, costs, assets and liabilities and the disclosures regarding them, as well as information on contingent liabilities. The uncertainty of these assumptions and estimates might give rise to results that will require a significant adjustment to the carrying value of these assets and/or liabilities in the future.

4.1. Discretionary assessments

In applying the Flos Group's accounting principles, the directors have taken decisions based on the following discretionary assessments (not including those that involve estimates) with a significant effect on the values entered in the financial statements.

4.2. Estimates and assumptions

The assumptions regarding the future and the other main causes of uncertainty in the estimates that as at September 30, 2018 pose the significant risk of giving rise to significant adjustments of the carrying values of the assets and liabilities by the end of the following period are illustrated here below. The Flos Group has based its estimates and assumptions on parameters available at the time the interim condensed consolidated financial statements were prepared. Nevertheless, the current circumstances and assumptions on the future developments may change due to changes in the market or circumstances that are beyond the Flos Group's control. These changes, should they occur, are reflected in the assumptions.

4.3. Impairment of non-financial assets

An impairment occurs when the carrying value of an asset or a cash generating unit exceeds its recoverable amount, which is its fair value, net of the selling costs, and its value in use, whichever is higher. The fair value less selling costs is the amount obtainable from the sale of an asset or of a cash generating unit in a free transaction between aware and willing parties, less the disposal costs. Calculation of the value in use is based on a discounted cash flow model. The cash flows are taken from the budget of the five subsequent years and do not include restructuring activities for which the Flos Group has not yet committed itself or significant future investments that will enhance the performance of the assets of the cash generating unit being measured. The recoverable amount is sensitive to the discount rate used in the cash flow discounting model, as well as the expected future cash flows and the growth rate used for extrapolation purposes.

4.4. Defined benefit plans (employee severance indemnities)

The cost of the defined benefit pension plans and other medical benefits subsequent to employment and the present value of the obligation for defined benefits are determined using actuarial valuations. The actuarial valuation involves making various assumptions that may differ from actual future developments. These assumptions include the determination of the discount rate, the future salary increases, mortality rates and the future increase in pensions. Due to the long-term nature of these plans, these estimates are subject to a

significant degree of uncertainty and highly sensitive to changes in these assumptions. All the assumptions are reviewed annually.

In determining the appropriate discount rate, the directors use the corporate bond interest rate as a reference, in currencies consistent with the currencies for the defined benefit obligations, that have at least a AA rating, assigned by internationally recognised rating agencies, and with average due dates corresponding to the expected duration of the defined benefits obligation. The bonds undergo another qualitative analysis and those having a credit spread deemed excessive are eliminated from the population of bonds on which the discount rate is calculated since they do not represent a high-quality category of bonds.

The mortality rate is based on the mortality tables available on for each country. The future salary increases and pension increases are based on the inflation rates expected for each country.

4.5. Development costs

Development costs are capitalised according to the reference accounting principles. Initial capitalisation of the costs is based on management's judgement that technical and economic feasibility of the project is confirmed. This usually takes place when the project has reached a precise stage of the development plan.

4.6. Management incentive plan

On March 29, 2017 the Board of Directors of Flos S.p.A. approved the Management incentive plan for Directors and Managers with strategic responsibilities.

The plan foresees the assignation of special shares for a total amount of Eur 18.25 million.

Following the signing of sale and purchase agreements concerning the sale or contribution of the entire corporate capital of the Company it is contemplated that some Directors and Managers with strategic responsibilities will be assigned for the entire plan, i.e. Eur 18.25 million (either as extraordinary bonuses or phantom stock options). Such amount is committed shortly after the closing of the transaction. The fair value of the plan at 30 September 2018 amounts to Eur 15,4 millions.

4.7. Objectives and criteria for managing financial risk

The major financial liabilities of the Flos Group comprise trade payables, loans and other payables. The main objective of these liabilities is to fund the Flos Group's operating activities. The Flos Group has trade and non-trade receivables, other receivables, cash and cash equivalents and short-term deposits that originate directly from the operational activities.

The Flos Group is exposed to **market risk** (interest and exchange rate), **credit risk** and **liquidity risk**. Flos Group Management is appointed to manage these risks. The Board of Directors reviews and approves the management policies of each of the risks described below.

4.7.1. Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will change due to the changes in the market interest rates. The Flos Group's exposure to the risk of changes in market interest rates is first of all related to the long-term debt with variable interest rate.

	Notional	**Sell**	**Buy**
IRS September 30, 2015 (start date)	80,000	Euribor 3M	0.57%
IRS December 31, 2015 (start date)	30,000	Euribor 3M	0.41%

The Flos Group manages its interest rate risk through two Interest Rate Swap (IRS) contracts, where the Flos Group agrees to exchange the difference in amount between the fixed rate and the variable rate each quarter. This difference is calculated referring to an agreed notional principal amount. The details are as follows:

4.7.2. Exchange rate risks

Exchange rate risk is the risk that the fair value or the future cash flows of an exposure will change due to the changes in the exchange rates. The Flos Group's exposure to the risk of exchange rate changes mainly refers to the operating activities of the Flos Group (when the revenues or costs are denominated in a foreign currency) and to the net investments of the Flos Group in foreign subsidiaries.

Although the Flos Group has a strong international connotation, the use of the Euro as trans-national currency for most of its transactions, reduces almost entirely any risks connected to variations in exchange rates. The Flos Group is mainly exposed for positions denominated in U.S. dollars, Norwegian kroner, Danish kroner and Japanese yen, for volumes, which are not such as considered significant on impacting its equity financial position, and results of operations. Consequently, no sensitivity analysis has been made on the changes in exchange rates.

4.7.3. Credit risk

Credit risk is the risk that a counterparty does not fulfil its obligations tied to a financial instrument or to a commercial contract, therefore leading to a financial loss. The Flos Group is exposed to the credit risk arising from its operating activities (above all for trade receivables and credit notes) and includes deposits with banks and financial institutions.

The individual subsidiaries manage the credit risk related to the commercial counterparties and it is monitored centrally by the Flos Group Administration Department. The Flos Group has no significant concentrations of credit risk. However, there are procedures aimed at ensuring that the sales of products and services are made to very reliable customers, and their financial position, past experience and other factors are taken into account. The credit limits on the major customers are based on internal and external assessments on the basis of thresholds approved by the managements of the single countries. Use of the credit limits is periodically monitored.

The current customer list consists of the key players of the market with credit ratings of maximum reliability. Therefore, no measures to cover this risk other than the normal procedures and controls used for managing credit risk have been provided.

Please note that there are no receivables that are overdue greater than 12 months.

4.7.3.1. Financial instruments and bank deposits

As for the credit risk regarding the management of financial and cash resources, the risk is monitored by the Flos Group Administration Department, which implements procedures aimed at ensuring that the Flos Group Companies have relations with independent counterparties of a high and reliable profile.

4.7.4. Liquidity risk

The Flos Group monitors the risk of a shortage of liquidity using a liquidity-planning tool.

The Flos Group is not significantly exposed to this type of risk since the financial and capital structure of the Flos Group is sound.

4.7.5. Excessive concentration risk

Concentration arises when a number of counterparties are engaged in a similar business or carry on their activities in the same geographical area or have economic characteristics such as to see their ability to honour contractual commitments affected by economic or political changes, or by other conditions. Concentration indicates the relative sensitivity of the Flos Group's result to changes that might influence a particular sector.

In order to prevent an excessive concentration of risk, the Flos Group's rules and procedures include specific guidelines for keeping a diversified portfolio. Once any situations of credit risk concentration are identified,

they are controlled and managed as a consequence. Specific hedging is used within the Flos Group to manage the risk of concentration, on both the relations and sector levels.

4.8. Commitments and risks

4.8.1. Guarantees and commitments

In connection with the Senior Facility Agreement stipulated with Unicredit AG, Milan Branch, the Flos Parent Company has provided the following collateral/guarantees in place as at September 30, 2018:

- a deed of mortgage on the property located in Bovezzo (BS);
- a deed of lien on certain assets of the Flos Parent Company, pursuant to Art. 46 of the Italian Consolidated Banking Law;
- a Spanish pledge document regarding the shares of Antares Iluminacion S.A.U.;
- a pledge document regarding the quota of Ares S.r.l.;
- a pledge document regarding the main current accounts of the Flos Parent Company (and on their balances, including any accrued and accruing interest);
- a pledge document regarding several titles to industrial property of the Flos Parent Company.

The Flos Group had also provided the following collateral/guarantees as at September 30, 2018:

- guarantee given by the Flos Parent Company against the lease of the Milan Showroom in Corso Monforte no. 15 for Eur 44 thousand; guarantee given by Flos BV - Subsidiary in Amsterdam - for the lease of the Showroom for Eur 53 thousand;
- guarantees issued from the Flos Group for supplies to customers, amounting to Eur 558 thousand;
- guarantee on payables recorded in the financial statements of the subsidiary Flos USA Inc. for the deferred payment of the purchase price of Lukas Lighting Inc.; the residual commitment as at September 30, 2018 amounted to Eur 1,379 thousand;
- bank surety issued on December 27, 2016 by Unicredit on behalf of the Flos Parent Company in favour of the Italian Tax Authorities for an amount (including interests) of Eur 953 thousand, with 3-year validity, to guarantee the payment of 2015 VAT reimbursement of Eur 894 thousand, collected on March 23, 2017.

4.8.2. Financial leasing and redemption commitments

The Flos Group signed a financial leasing contract with ING Leasing of Madrid (ES) following the purchase of the industrial property by the subsidiary Antares Iluminacion S.A.U. and related takeover of the underlying lease contract. This commitment is equal to Eur 4,948 thousand (Eur 634 thousand within 12 months and Eur 4,314 after 12 months) and will end on 2022.

4.9. Risk provisions

The Flos Group deemed it appropriate to account for the following:

- the warranties risk provision has been increased by Eur 640 thousand to Eur 2,783 thousand, to cover the ever growing requests for extended warranties on LED Products beyond the 24 months set forth by the law;
- the risk provision prudentially accounted by the Flos Parent Company and the subsidiaries Ares S.r.l., Flos Benelux NV and Flos France (amounting to Eur 481 thousand) to cover possible future cash outs for legal dispute currently in course and for which the Lawyers determined the possible liability.

5. BUSINESS COMBINATIONS AND ACQUISITION OF MINORITY INTERESTS

No business combinations were carried out by the Flos Group in 2018. Those occurred in 2017 are summarised below.

5.1. Acquisition of the minority interest in Light Contract Srl in 2017

On January 31, 2017 Flos S.p.A. acquired a 10% interest in Light Contract S.r.l. for an amount of Eur 557 thousand corresponding to the net book value; following this acquisition Flos S.p.A. owns the 70% of Light Contract S.r.l..

5.2. Acquisition of the minority interest in Flos Scandinavia A/S in 2017

On December 29, 2017 Flos S.p.A. acquired a 10% interest in Flos Scandinavia A/S for an amount of Eur 504 thousand corresponding to the net book value; following this acquisition Flos S.p.A. owns the 65% of Flos Scandinavia A/S.

5.3. Acquisition of KKDC SARL in 2017

On May 3, 2017, Flos Group acquired through Flos France SaS the 100% investment in KKDC Sàrl, then renamed Flos Projets Sàrl.

6. GOODWILL

The total value of Goodwill amounted to Eur 354,866 thousand broken down as follows:

	9/30/2018	12/31/2017
Goodwill after reverse merge Flos S.p.A.	315,146	315,146
Goodwill from acquisition of Ares S.r.l.	32,196	32,196
Goodwill from acquisition of Lukas Lighting Inc.	6,424	6,424
Goodwill from acquisition of Flos Projets S.a.r.l.	1,100	1,100
TOTAL ASSETS WITH INDEFINITE USEFUL LIFE	**354,866**	**354,866**

6.1. Impairment testing of goodwill and intangible fixed assets with indefinite useful life

According to IAS 36, Goodwill is not subject to amortisation and undergoes impairment testing at least once a year.

Goodwill is allocated to the Cash Generating Units (CGUs) for impairment testing. Impairment testing is performed by comparing the carrying value of the Goodwill and the total net assets able to produce autonomous cash flows (CGUs), to which Goodwill can reasonably be allocated, with the value in use of the CGU or that recoverable of it through disposal, whichever is higher. More specifically, the value in use was determined by applying the Discounted Cash Flows method, discounting the operational flows resulting from economic-financial projections based on assumptions contained in the plan officially approved by the Management.

The discount factor used is the WACC (Weighted Average Cost of Capital) with reference to the sector in which the CGU under evaluation operates.

The valuation model determines the value in use as the sum of the operational cash flows (defined as EBITDA net of notional taxes on the operating result and changes in the net working capital, changes in provisions, disinvestments/investments in capital assets) for each year of the plan.

The terminal value is determined by applying a perpetual growth factor essentially representative of the expected inflation rate in Italy (the primary market in which the identified CGUs operate) to the operational cash flows relating to the last year of plan appropriately normalised.

According to the Management's vision, the business of the Flos Group must be read based on the division both by collection ("Architectural", "Decorative", "Outdoor", etc.) and by channel/customer (*retail vs contract*), the one being transversal with respect to the other. Moreover, an important part of sales is made through the foreign branches operating on all channels and on all collections. This matrix structure brings about a substantial interdependency of cash flows generated by collection/channel/legal entity, all depending on the "FLOS" trademark. These are the reasons why the impairment test was carried out considering the Flos Group as whole a unique CGU and the net invested capital as a whole was tested.

The Discounted Cash Flow analysis was prepared based on the 2018 Budget of the Flos Group approved by the Board of Directors on February 12, 2018 and on the business plan for the 2019-2021 period drawn up by the Management in view of the merger project, approved by the Board of Directors.

The Impairment test was made on December 2017 figures with a positive results.

The "value in use" was calculated based on a WACC, net of tax, equivalent to 7.38% and a "g rate" of 2%. These rates were determined by referring to the discounting rates used by a number of international analysts in financial reports concerning comparable players operating in the same sector and listed in regulated markets.

The sensitivity analysis on the impairment test, conducted as required by IAS 36 in order to identify the effects generated on the "value in use" by a reasonable change of basic assumptions (WACC, growth rates), showed no appreciable effects on the "value in use", also in relation to a negative change of 0.5 on the g rate and a positive change of 0.5 on WACC.

The dynamics of business recorded in the periods examined and updated forecasts of future trends are consistent with the assumptions used to determine the recoverable amount of goodwill and the trademark carried out during the preparation of the annual consolidated financial statements as at December 31, 2017. Management did not identified any indicator of possible impairment loss and therefore did not perform any impairment test.

7. OTHER INTANGIBLE FIXED ASSETS

Other Intangible Assets totalled Eur 148,478 thousand as at September 30, 2018 and included the following:

Development costs for Eur 2,256 thousand include the costs of personnel dedicated to product development carried out within the Flos Group. These costs are amortised over three years.

The item **Patents and intellectual property rights** for Eur 1,712 thousand.

The item **Concessions, licenses and trademarks and other intangible fixed assets** for Eur 1,046 thousand refers mainly to the Flos Parent Company's assets; specifically:

- the production license relating to the line "*Soft Architectural*", for a residual amount of Eur 572 thousand;
- the deposit of trademarks increased for to Eur 70 thousand.

The caption also includes Eur 129 thousand for the key money that the subsidiary Flos France Sas paid for the Paris and Lyon stores.

The item **Trademarks**, equal to Eur 143,500 thousand, refers only to the "FLOS" trademark, recorded in the Company's financial statements as from 2015, following the reverse merger of Padme S.p.A. and Arco S.p.A.. The value of the trademark, which has been considered to have an indefinite useful life and therefore not amortised, was determined at an amount of Eur 143,500 thousand by an independent expert's appraisal, based on the "relief from royalties" method.

The trademark was positively tested at December 31, 2017 for impairment by management. The dynamics of business recorded in the periods examined and updated forecasts of future trends are consistent with the assumptions used to determine the recoverable amount of goodwill and the trademark carried out during the preparation of the annual consolidated financial statements as at December 31, 2017. No indicators of possible impairment losses were identified and therefore no specific impairment tests were performed on these captions.

Moreover, it should be noted that the recognition of the "FLOS" trademark also involved the allocation, in 2015 of the related deferred taxes, amounting to Eur 40,037 thousand.

At December 2017 the trademark was tested for impairment by comparing the carrying value of the trademark with its value in use resulting from the Discounted Cash Flow generated by the application of the Royalty Relief Method. Based on this method, cash flows are linked to the recognition of a royalty percentage applied to the amount of revenues that the trademark can generate. As regards the 2017 assessment, revenues are based

(i) for 2018, on the Budget approved by the Board of Directors on 12 February 2018; (ii) for the 2019-2021 period, on the business plan prepared for the merger project and approved by the Board of Directors on 29 September 2015; (iii) for the 2022-2027 period, based on 2% growth.

The "g" growth rate used was equal to 2%.

The discounting factor used is the WACC (Weighted Average Cost of Capital), recorded with reference to the sector in which the CGU under evaluation operates. The WACC (Weighted Average Cost of Capital) was calculated as 7,38% and then increased by 2% to reflect the premium related to the Trademark.

The results of the sensitivity analysis highlight that the economic value of the FLOS trademark is higher than the carrying amount even in case of a 1% negative change on g rate and a 1% positive change on the discounting factor.

8. PROPERTY, PLANT AND MACHINERY

Property, plant and machinery totalled Eur 56,127 thousand as at September 30, 2018 and included the following:

-Land and Buildings for Eur 46,478 thousand

-Plant and Machinery for Eur 2,093 thousand

-Industrial and commercial equipment for Eur 4,887 thousand refers principally to the new moulds for the development and the manufacture of products, purchased by the Flos Parent Company and its manufacturing subsidiaries.

-Other assets for Eur 2,138 thousand

-Assets under construction for Eur 530 thousand.

9. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets mainly comprises the deposits on rentals paid by the Flos Group companies.

10. OTHER NON-CURRENT ASSETS

The following is recorded under Other non-current assets:

	9/30/2018	12/31/2017
Receivable from Tax Authorities for IRAP refund	238	238
Other receivables from Tax Authorities	-	17
Receivables from others	346	384
TOTAL OTHER NON-CURRENT ASSETS	**584**	**639**

Tax credit from *Tax Authorities for IRAP reimbursement* includes the amounts already disclosed in previous years and related to the holding company Arco S.p.A., then merged into the Flos Parent Company in 2015, and refers to a reimbursement claim submitted to the Italian Tax Authorities concerning the IRAP tax for previous years totalling Eur 238 thousand.

The item *Receivables from others* refers mainly to the Flos Parent Company (in the amount of Eur 457 thousand) for patents renewal fee paid in advance.

11. INVENTORIES

Inventories are broken down in the following table:

	9/30/2018	12/31/2017
Raw materials and consumables	13,368	10,744
Raw materials and consumables impairment provision	(1,885)	(1,563)

Work in progress and semifinished products	11,996	10,498
Work in progress and semifinished products impairment provision	(1,793)	(1,565)
Finished products	12,331	11,043
Finished products impairment provision	(1,867)	(1,378)
Deposits	66	88
Goods in transit	1,529	974
TOTAL INVENTORIES	**33,744**	**28,841**

Inventories on hand are shown net of the provision for inventory impairment for Eur 5,545 thousands.

12. TRADE RECEIVABLES

As at September 30, 2018 trade receivables totalled Eur 33,651 thousand (Eur 35,188 thousand as at December 31, 2017), net of the bad debt provision which amounts to Eur 1,984 thousands.

13. TAX ASSETS AND OTHER CURRENT ASSETS

13.1. Tax credit and due from tax authorities

Current tax credit and due from tax authorities are as follows:

	9/30/2018	12/31/2017
Receivables for tax advances paid	576	930
VAT receivables	1,922	2,441
Withholding tax receivables	14	10
Other tax receivables	16	16
TOTAL TAX CREDIT AND DUE FROM TAX AUTHORITIES	**2,528**	**3,397**

Receivables for tax advances paid include the positions of the various companies with respect to local Tax Authorities for the payment of taxes. The amount, totalling Eur 576 thousands, refers mainly to the subsidiary Flos Usa Inc. for Eur 364 thousand.

The item *VAT receivables* includes VAT receivables originated in the current period or in previous years. The value, totalling Eur 1,922 thousands, is mainly attributable to the subsidiary Antares Iluminacion S.A.U. for Eur 1,286 thousands.

The item *Other tax receivables* for Eur 17 thousand represents the last short-term portion of a tax credit 2016 to be used in the next 12 months by the Flos Parent Company.

13.2. Other assets

Other assets mainly includes:

- payment in advance to suppliers made by Flos Group companies for Eur 344 thousand;
- payment in advance for maintenance expenses, utilisation of software, services for IP deposit made by Flos Group companies for an amount of Eur 1,036 thousand;
- payment in advance for insurance policies for an amount of Eur 70 thousand.

14. CASH AND CASH EQUIVALENTS AND DEPOSITS

Current and restricted cash and cash equivalents as at September 30, 2018 came to a total of Eur 39,363 thousands and are broken down as follows:

	9/30/2018	12/31/2017
Bank and post office deposits	39,095	29,448
Cheques	5	18
Cash on hand	91	44

Total current cash and cash equivalents	**39,191**	**29,510**
Restricted cash and cash equivalents	**172**	**177**
TOTAL CASH AND CASH EQUIVALENTS AND DEPOSITS	**39,363**	**29,687**

For a detailed breakdown of the Flos Group's cash and cash equivalents, please refer to Interim Condensed Consolidated Cash Flow statement.

15. SHAREHOLDERS' EQUITY

The Shareholders' equity (Flos Group and minority interest) totalled 435,866 thousand (Eur 430,366 thousand as at December 31, 2017).

The various items of the Flos Group Shareholders' Equity are described hereunder.

15.1. Share Capital

Share capital, fully subscribed and paid up, amounted to 1,875 thousand as at the period-end date.

It consists of 13,377 thousand ordinary shares and 354 thousand shares of Category B without nominal value, and it includes the following:

- as for Eur 232 thousand through payments and subscriptions by shareholders;
- as for Eur 433 thousand through conversion of revaluation reserves;
- as for Eur 1,209 thousand through conversion of extraordinary reserves already entirely subjected to tax.

The Flos Parent Company's shares are encumbered by a pledge in favour of Unicredit Bank AG, Milan Branch and Unicredit S.p.A.

15.2. Other reserves

Other reserves as at September 30, 2018 totalled Eur 422,141 thousand (Eur 400,020 thousand as at December 31, 2017) and are broken down as follows:

	9/30/2018
Consolidation reserve	13,854
Currency conversion difference	(234)
Sundry reserves	1
Share premium reserve	20,000
Revaluation reserve	16,862
Legal reserve	500
Statutory reserve	116,074
Merger reserve	255,084
TOTAL OTHER RESERVES	**422,141**

15.3. Reserve for actuarial gains and losses

The Reserve for actuarial gains and losses refers to the effect of discounting the employee severance indemnities (Eur 220 thousand negative as at September 30, 2018) recorded in Shareholders' Equity via Other Comprehensive Income.

15.4. Cash Flow Hedge Reserve

The Cash Flow Hedge reserve has been created in 2016 and reflects the fair value of derivatives hedging the loan entered into by the Flos Parent Company. At the end of this period such reserved reported a negative balance of Eur 926 thousand, less the tax effect of Eur 262 thousand.

15.5. FTA reserve

The First Time Application (FTA) reserve, Eur 3,252 thousand, includes the adjustments implemented following the transition to the IAS/IFRS accounting standards.

16. DEFINED BENEFIT PLANS

Defined benefit plans relate to the Flos Parent Company and its Italian subsidiaries and amount to Eur 2,732 thousand as at September 30, 2018.

Please note that the amount of the employee severance indemnities provision is net of the sums allocated to INPS Treasury Complementary Scheme.

Measurement of the employee severance indemnities for IAS purposes follows the projected unit credit method for defined benefit obligations with the estimate of benefits accrued by employees.

The benefit plan is subjected to actuarial calculation as at December 2017; for the nine-month period ended September 30, 2018 Management has decided not to adapt the actuarial hypothesis as not significant.

17. PROVISIONS FOR RISKS AND OTHER CHARGES

The Provisions for risks and other charges, amounting to Eur 4,662 thousand, include the following:

- **Provisions for pensions and similar obligations**, amounting to Eur 1,398 thousand;
- **Other provisions**, amounting to Eur 3,264 thousand.

As at September 30, 2018, the Provision for pensions and similar obligations, Eur 1,398 thousand, comprised the amount for agents' termination indemnity accrued in compliance with collective labour agreements applicable to agents presently in force. The amount reflects a prudent acknowledgement of the risk related to termination of agent mandates in the instances envisaged by law.

The Provision for pensions and similar obligations is subject to actuarial calculation as at December 31, 2017; for the nine months ended at September 30, 2018 the Management has decided not to adapt the actuarial hypothesis as not significant.

The item Other provisions as at September 30, 2018, totalling Eur 3,264 thousand, includes the following:

- a *Provision for Product Warranties*, equal to Eur 2,783 thousand, to cover the request for warranty extensions on LED products. The provision is related to:
    - the Flos Parent Company for Eur 750 thousand;
    - the subsidiary Antares Iluminacion S.A.U. for Eur 1,222 thousand;
    - the subsidiary Light Contract S.r.l. for Eur 375 thousand;
    - the subsidiary Ares S.r.l. for Eur 327 thousand;
    - the subsidiary Flos Usa Inc. for Eur 107 thousand.

  The Flos Group accounted product warranties under IAS 37.

- a *Provision for General Liabilities* for Eur 481 thousand, allocated to cover possible liabilities due to legal disputes, related to:
    - the Flos Parent Company for Eur 179 thousand;
    - the subsidiary Ares S.r.l. for Eur 204 thousand;
    - the subsidiary Flos Benelux NV for Eur 50 thousand;
    - the subsidiary Flos France Sas for Eur 50 thousand;

18. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities are broken down as follows:

	9/30/2018	12/31/2017
Current financial liabilities:		
Senior Loan Facility - current portion	1,508	707

Due to other lenders	1,338	846
Deferred price for Lukas Lighting acquisition	460	447
Deferred price for Flos Projets acquisition	133	133
Total current financial liabilities	**3,439**	**2,133**
Non current financial liabilities:		
Senior Loan Facility - non-current portion	120,034	130,824
Due to other lenders	4,383	4,845
Deferred price for Lukas Lighting acquisition (discounted)	796	724
Deferred price for Flos Projets acquisition	133	267
Liabilities for IRS	1,173	1,419
Total non-current financial liabilities	**126,519**	**138,079**
TOTAL FINANCIAL LIABILITIES	**129,958**	**140,212**

The *Senior Loan* payables refer to the *Senior Facility Agreement* and the *Additional Facility*, related to the Flos Parent Company. The amount disclosed under the non-current quota is net of capitalised loan costs, amortised over the duration of the loan itself for Eur 3,028 thousand.

For the nine month period ending September 30, 2018 the Flos Group voluntary prepaid Eur 12 million. As at September 30, 2018, the utilization of available credit lines amounted to Eur 123 million out of a total line of Eur 235 million.

The reconciliation of the utilisation of *Senior Loan* credit lines is shown hereunder.

	9/30/2018	**12/31/2017**
Senior Loan Facility - current portion	1,508	707
Senior Loan Facility - non-current portion	120,034	130,824
Amortised cost	3,028	4,237
Accrued interest	(1,508)	(707)
Utilisation of credit lines	**123,062**	**135,061**

The interest rates applied to the lines of credit are based on 3-month Euribor, to which a 4.25% spread is applied for Facility B and the Additional Facility.

The lines have a lifetime until December 2021.

Note that the *Senior Loan Facility* is subject to a quarterly check of the financial covenants that were fully met as at September 30, 2018. In particular:

- Interest cover ratio (EBITDA/Net cash interest expenses)
- Fixed Charge cover ratio (Cash flow/Debt service)
- Leverage ratio (Net debt/EBITDA)

The item *Due to other lenders* refers mainly to a lending agreement between the subsidiary Antares Ilumination S.A.U. and ING Leasing of Madrid (ES) as a consequence of the purchase under capital lease of the industrial building and of the related take-over of the underlying lease. This commitment is equal to Eur 4,948 thousand (Eur 634 thousand within 12 months and Eur 4,314 after 12 months) and will end on 2022.

The *deferred price* for the acquisition of Lukas Lighting Inc., totalling Eur 1,256 thousand as at September 30, 2018, was discounted to the rate of 4.56%.

Liabilities for IRS, equal to Eur 1,173 thousand, related to the negative *MTM* of derivatives.

19. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities amounting to Eur 22 thousand, mainly refers to rental payables.

20. TRADE PAYABLES

Trade payables include:

- trade payables to suppliers, including allocations for invoices to be received, amounting to Eur 30,681 thousand;
- advance payments from customers, amounting to Eur 4,937 thousand.

21. TAX PAYABLES AND OTHER CURRENT LIABILITIES

This category includes amounts due:

- to tax authorities, amounting to Eur 4,636 thousand;
- to social security institutions, amounting to Eur 1,332 thousand;
- to personnel and others, amounting to Eur 23,382 thousand, includes the amount due of Eur 15,4 millions in force of the Management incentive plan further described in Note 4.6.

22. REVENUES

Revenues, for the nine month period ended September 30, 2018 amounted to Eur 161,911 thousand and refer to the sale of products and services.

The following table shows the breakdown by geographical area:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Italy	29,953	29,069
Rest of Europe	81,407	79,120
APAC	25,885	24,976
Americas	23,372	20,645
MENA and other	1,294	1,039
TOTAL REVENUES	**161,911**	**154,849**

23. OTHER REVENUES AND INCOME

Other Revenues and Income includes revenues related to cost recharges and insurance reimbursements.

24. PURCHASES OF RAW MATERIALS AND VARIATION IN INVENTORIES

Purchases of raw materials and variation in inventories is broken down in the following table:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Purchase of raw materials, work in progress, finished products	(50,662)	(49,123)
Purchase of promotion and advertising materials	(913)	(816)
Purchase of other miscellaneous material	(206)	(224)
Change in work in progress, semifinished and finished goods	697	2,689
Increases in assets for own work capitalised	42	40
Change in inventories of raw materials	2,395	520
TOTAL PURCHASES OF RAW MATERIALS AND CHANGE IN INVENTORIES	**(48,647)**	**(46,914)**

25. PERSONNEL COSTS

Personnel costs is broken down in the following table:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Wages and salaries	(22,342)	(20,723)
Social security contributions	(4,571)	(4,059)
Employee severance indemnities and pensions	(523)	(481)
Other personnel costs	(440)	(276)
TOTAL PERSONNEL COSTS	**(27,876)**	**(25,539)**

The headcount of Flos Group employees as at September 30, 2018 amounted to 606.

26. SERVICE COSTS

Service costs are broken down as follows:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Subcontract work and services for production	(10,971)	(10,288)
Fees, royalties, advertising and communications	(12,129)	(10,894)
Transport and customs costs	(7,153)	(6,900)
Utilities, ancillary services, EDP fees, maintenance and repairs	(2,187)	(1,950)
Costs for technical, artistic, tax, legal and various advice	(3,288)	(3,037)
Remunerations for directors, statutory auditors and audit	(17,037)	(1,634)
Transfers and entertainment	(2,309)	(2,490)
Cost of training, subcontract personnel, banking and other miscellaneous services	(3,049)	(3,733)
Insurance, patents and trademarks, post and telegraphic	(1,627)	(1,632)
TOTAL SERVICES COSTS	**(59,750)**	**(42,558)**

The item *Remunerations for directors, statutory auditors and audit* includes the estimated fair value for the interim period 2018 of the incentive plan for Directors and Managers with strategic responsibilities for the amount of Eur 15.4 million. See Note 4.6.

27. PROVISIONS

Allocations to provisions were:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Provisions for pension fund	(190)	(152)
Provisions for risks	(802)	(732)
TOTAL PROVISIONS	**(992)**	**(884)**

The item *Provisions for risks* for total Eur 802 thousand include:

- Eur 640 thousand relating to the provision covering the extended warranty on LED Products in the Parent Company and the subsidiaries Antares Iluminacion S.A.U., Light Contract S.r.l., Ares S.r.l. and Flos Usa Inc.;
- Eur 162 thousand relating to possible liabilities of the Parent Company.

28. OTHER COSTS AND CHARGES

Other costs and charges is broken down as follows:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Property rents	(2,077)	(2,119)
Rental and leasing fees	(921)	(846)

Tax and other fees	(448)	(427)
Membership and subscriptions included Internet	(141)	(128)
Gifts and charity	(188)	(214)
Purchase of stationery and consumables for office	(243)	(262)
Miscellaneous and general expenses	(187)	(149)
Other operating costs	(139)	7
TOTAL OTHER COSTS AND CHARGES	**(4,344)**	**(4,138)**

29. AMORTISATION, DEPRECIATION AND IMPAIRMENT

The item Amortisation, depreciation and impairment is broken down in the following table:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Amortisation of intangible fixed assets	(2,736)	(2,155)
Depreciation of tangible fixed assets	(3,508)	(3,845)
Impairment of fixed assets	-	(303)
Impairment of receivables	(348)	(531)
TOTAL AMORTISATION, DEPRECIATION AND IMPAIRMENT	**(6,592)**	**(6,834)**

30. FINANCIAL INCOME

The item Financial income is broken down as follows:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Bank and post office interests	2	6
Incomes from fair value derivatives	28	113
Other financial incomes	13	25
Exchange gains (realised and unrealised)	658	282
TOTAL FINANCIAL INCOMES	**701**	**426**

31. FINANCIAL CHARGES

The item Financial charges is broken down in the following table:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Interests on Senior Loan Facility	(4,307)	(5,126)
Interest on amortized cost of ancillary Senior Loan Facility charges	(1,210)	(1,788)
Ancillary costs related to Senior Loan Facility	(354)	(638)
Financial charges due to the swap differential	(881)	(702)
Interests on bank accounts	(2)	(2)
Exchange losses (realised and unrealised)	(963)	(1,073)
Other financial charges	(58)	(112)
TOTAL FINANCIAL CHARGES	**(7,775)**	**(9,441)**

Interest expenses on the *Senior Loan Facility* refer to costs paid and/or accrued in relation to the *Senior Facility Agreement* and the *Additional Facility*; for more details please see Note 18.

32. INCOME TAXES

The tax detail is set forth below:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Current income tax (expense)	(6,529)	(6,657)
Deferred income tax (expense)/recovery	3,887	109
TOTAL INCOME TAXES	**(2,642)**	**(6,548)**

The tax burden for current taxes was determined based on the taxable income arising from the profit for the year, bearing in mind the use of any prior tax losses and applying the nominal rates in effect in each country.

The decrease of taxes is due to the costs for the Management Promote, better explained in Note 4.6, that generate recovery for taxes allocated in deferred income taxes for Eur 3,5 million.

It should be noted that Spanish Tax Authorities are assessing the fiscal years from 2012 to 2014 at the subsidiary Antares Iluminacion S.A.U. The local Management has no reasons to deem that these assessments would entail significant future liabilities for the company.

Furthermore, the USA Tax Authorities are assessing the fiscal year 2016 on Federal Tax Return at the subsidiary Flos USA Inc. also in this case, the local Management does not expect significant future liabilities for the company.

33. IMPORTANT EVENTS OCCURRING AFTER PERIOD-END

Management has been made aware that on August 7, 2018, certain affiliates of private-equity firm Investindustrial, including the parent company of Flos S.p.A. (Luxury Design Holdings III S.à.r.l.), and certain affiliates of private-equity firm Carlyle entered into an investment agreement setting forth various steps to be taken in connection with the acquisition of, among other companies, Flos S.p.A., by a newly incorporated company to be jointly indirectly controlled by Investindustrial and Carlyle. In addition, on September 11, 2018, the shareholders of Flos S.p.A. entered into a share purchase agreements for the sale of their respective shares to such newly incorporated company. The acquisition is part of a larger transaction whereby Carlyle and Investindustrial will put under joint control Flos S.p.A. and two other groups operating in the global design industry (B&B Italia and Louis Poulsen).

Bovezzo, December 5th, 2018

P-LP 2014 A/S – INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

P-LP 2014 A/S – Interim Condensed Consolidated Statement of Financial Position

milions of Euro	09/30/2018	12/31/2017
NON-CURRENT ASSETS		
Intangible fixed assets:		
- Goodwill	26.7	28.1
- Other intangible fixed assets	21.7	21.2
Property, plant and machinery	7.4	7.4
Shareholding in subsidiary companies	-	-
Shareholding in parent companies	-	-
Shareholding in affiliated companies	-	-
Financial assets held for disposal	-	-
Deferred tax assets	1.5	1.4
Non-current receivables from companies of the Group	-	-
Non-current financial assets	0.7	0.6
Other non-current assets	2.7	2.7
TOTAL NON-CURRENT ASSETS	**60.7**	**61.4**
CURRENT ASSETS		
Inventories	12.8	11.5
Trade receivables	10.7	9.3
Current receivables from companies of the Group	-	-
Tax assets and other current assets:	-	-
- Tax credit and due from tax authorithies		
- Other assets	1.3	2.5
Current financial assets	-	-
Cash and cash equivalents and deposits	5.6	7.3
TOTAL CURRENT ASSETS	**30.4**	**30.6**
Assets held for disposal	-	-
TOTAL ASSETS	**91.1**	**92.0**
SHAREHOLDERS' EQUITY		
Share capital	3.8	2.3
Other reserves	-	-
Reserve for actuarial gains and losses	-	-
Cash Flow Hedge reserve	-	-
FTA Reserve	-	-
Retained earnings	43.5	23.0
Result for the period	4.7	7.1
TOTAL GROUP SHAREHOLDERS' EQUITY	**52.0**	**32.4**
Minority shareholders' equity	-	11.6
Result attributable to minority interests	-	3.4
TOTAL SHAREHOLDERS' EQUITY	**52.0**	**47.4**
NON-CURRENT LIABILITIES		
Defined benefit plans	0.8	0.7
Provisions for contingencies and other charges	0.3	0.5
Non-current liabilities to companies of the Group	9.0	0.2
Non-current financial liabilities	0.1	-
Deferred taxes	4.9	5.0
Other non-current liabilities	0.9	1.1
TOTAL NON-CURRENT LIABILITIES	**16.0**	**7.5**
CURRENT LIABILITIES		
Current financial liabilities	-	11.8
Trade payables	11.0	13.9
Current liabilities to companies of the Group	-	-
Tax payables and other current liabilities:		-
- Tax payables and due to tax authorities	3.9	2.6
- Due to personnel and other payables	8.2	9.0
TOTAL CURRENT LIABILITIES	**23.1**	**37.3**
TOTAL LIABILITIES	**39.1**	**44.8**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**91.1**	**92.2**

P-LP 2014 A/S – Interim Condensed Consolidated Statement of Profit/(Loss)

milions of Euro	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Revenues from contracts with customers	72.9	74.4
Other revenues and income	0.1	-
TOTAL REVENUES	**73.0**	**74.4**
Purchases of raw materials and variation in inventories	(22.1)	(24.8)
Personnel costs	(24.3)	(24.5)
Service costs	(13.7)	(13.8)
Provisions	(0.3)	(0.5)
Other costs and charges	-	-
TOTAL COSTS	**(60.4)**	**(63.6)**
Amortization, depreciation and write-downs	(5.2)	(4.7)
OPERATING PROFIT	**7.4**	**6.1**
Financial income	0.2	1.4
Financial charges	(0.6)	(0.6)
RESULT BEFORE TAX COMING FROM CONTINUING OPERATIONS	**7.0**	**6.9**
Income taxes	(2.2)	(2.1)
NET RESULT COMING FROM CONTINUING OPERATIONS	**4.8**	**4.8**
Net profit of discontinued operations	-	-
PROFIT/(LOSS) FOR THE PERIOD	**4.8**	**4.8**
Profit/(Loss) for the period, pertaining to minority interest	-	-
Profit/(Loss) for the period, pertaining to the Group	4.8	4.8

P-LP 2014 A/S – Interim Condensed Consolidated Cash Flow Statement

Euro millions	Nine months ended September 30, 2018	Nine months ended September 30, 2017
EBITDA	12.5	11.1
Net Interest expenses	(0.4)	(0.5)
Corporation Tax paid	(0.5)	(0.5)
Cash flow from operations	**11.6**	**10.0**
(-)Changes in:		
Inventory	(1.3)	(3.8)
External Receivables	(1.4)	(0.2)
Other Receivables	1.2	0.8
External Payables	(2.9)	3.1
Other Payables	(0.8)	(1.0)
(-)Change in working capital	**(5.2)**	**(1.0)**
Cash flow from operating activities	**6.4**	**9.0**
Investments in tangible assets	(3.0)	(1.8)
Investments in intangible assets	(1.6)	(3.5)
Cash flow from investing activities	**(4.6)**	**(5.4)**
Cash flow before financing	**1.8**	**3.6**
Cash flow from financing	**(3.6)**	**(7.1)**
Currency	-	(0.2)
Net cash flow	**(1.8)**	**(3.7)**
Cash and cash equivalents, opening	**7.3**	**6.2**
Cash and cash equivalents, closing	**5.5**	**2.5**

Notes to P-LP 2014 A/S Interim Condensed Consolidated Financial Statements as of and for the nine months ended September 30, 2018

1 Accounting policies

Reporting class

These interim consolidated financial statements of P-LP 2014 A/S (the "**LP Parent**") have been presented in accordance with the provisions of the Danish Financial Statements Act applying to reporting class C large entities.

The accounting policies applied to these interim consolidated financial statements are consistent with those applied in the financial statements for 2017.

The presentation of the interim consolidated financial statements has, however, been adjusted and reduced compared to a full set of financial statements, due to the purpose of the interim consolidated financial statements.

Interim consolidated financial statements

The interim consolidated financial statements comprise the LP Parent and the group enterprises (subsidiaries) that are controlled by the LP Parent (collectively, the "**LP Group**"). Control is achieved by the LP Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The interim consolidated financial statements are prepared on the basis of the interim financial statements of the LP Parent and its subsidiaries. The interim consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intragroup accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the LP Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the interim consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognized directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the

exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the relevant entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses etc. as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise costs incurred for the relevant entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the relevant entity.

Other financial income and expenses

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile, and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful fives are reassessed annually. The amortisation periods used are 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights, etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When development projects are recognised as intangible assets, an amount equivalent to costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortization of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights, etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life.

Straightline depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery . . . . . 5 years

Fixtures and fittings, tools and equipment . . . . . 2-5 years

Leasehold improvements . . . . . 5-14 years

For leasehold Improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives arid residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Finance costs are not included in cost

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years. Prepayments are measured at cost.

Cash at bank and in hand

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns,

loss on contract work in progress, decided and published restructuring.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

B&B ITALIA – INTERIM *CONDENSED* CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

B&B Italia – Interim Condensed Consolidated Statement of Financial Position

Italian GAAP	September 30 2018	December 31 2017	September 30 2017
Non-current assets			
Intangible fixed assets			
Goodwill	148.2	154.8	157.2
other intangible fixed assets	81.2	85.4	86.1
Property plant and machinery	46.4	46.8	47.2
Shareholding in affiliated companies	0.0	0.0	0.0
Deferred tax assets	6.0	5.7	6.5
Non-current receivables from companies of the Group	0.3	0.3	0.3
Non-current financial assets	1.3	1.2	1.2
Other non-current assets	0.0	0.0	0.0
Total Non-current assets	**283.4**	**294.2**	**298.5**
Inventories	36.1	30.3	31.6
Trade receivables	21.1	27.4	22.9
Current receivables from companies of the Group	0.0	0.0	0.0
Tax assets and other current assets			
Tax credit and due from tax authorities	2.3	2.4	3.2
Other assets	3.3	3.1	2.5
Current financial assets	0.0	0.0	0.0
Cash and cash equivalents and deposits	46.1	32.0	26.2
Total current assets	**108.9**	**95.2**	**86.4**
Assets held for disposal	4.0	4.0	4.0
Total assets	**396.4**	**393.4**	**389.0**
Equity and Liabilities			
Shareholders' Equity			
Share capital	1.0	1.0	1.0
Other reserves	179.0	176.9	179.4
Reserves for actuarial gains and losses	0.0	0.0	0.0
Cash Flow Hedge reserve	-1.1	-1.3	-1.9
FTA reserve	0.0	0.0	0.0
Carried forward Profit/Losses	10.1	2.7	1.5
Profit/Loss for the year	4.0	9.0	5.0
Total group shareholders' equity	**193.00**	**188.30**	**185.00**
Minority shareholders' equity			
Profit/Loss attributable to minority interest	0.9	1.6	1.6
Total shareholders' equity	**193.90**	**189.90**	**186.60**
Non-current liabilities			
Defined benefit plans	3.4	3.6	3.8
Provisions for contingencies and other charges	4.4	5.2	4.5
Non-current financial liabilities	102.0	101.3	101.2
Deferred Taxes	25.7	26.7	28.1
Other non-current liabilities			
Total non-current liabilities	**135.50**	**136.80**	**137.60**
Current liabilities			
Current financial liabilities	4.1	3.8	1.3
Trade payables	51.4	52.4	53.5
Current liabilities to companies of the Group	0.0	0.0	0.0
Tax payables and other current liabilities	0.0	0.0	0.0
Tax payables and due to tax authoriries	4.9	2.8	2.9
Due to social security institutions	2.3	2.4	2.3
Due to personnel and other payables	4.3	5.3	4.7
Total current liabilities	**67.0**	**66.7**	**64.7**
Total liabilities	**202.5**	**203.5**	**202.3**
Total Shareholders' equity and liabilities	**396.4**	**393.4**	**388.9**

B&B Italia – Interim Condensed Consolidated Statement of Profit/(Loss)

Italian GAAP

Euro millions	September 30 2018	September 30 2017	Change €	Change %
Revenues	143.4	148.9	-5.5	-3.7
Other revenues and income	1.8	1.3	0.5	38.5
Total revenues	**145.2**	**150.2**	**-5.0**	**-3.3**
Purchase of raw materials and variation in inventory	-43.6	-47.6	4.0	-8.4
Personnel costs	-27.6	-27.3	-0.3	1.1
Service costs	-40.6	-40.6	0.0	0.0
Provisions	-0.1	-0.2	0.1	-50.0
Other costs and charges	-7.5	-7.3	-0.2	2.7
Total costs	**-119.4**	**-123.0**	**3.6**	**-2.9**
Amortization. depreciation and write downs	-14.7	-15.3	0.6	-3.9
Earnings before interest and taxes (EBIT)	**11.1**	**11.9**	**-0.8**	**-6.7**
Financial income	1.2	0.0	1.2	0.0
Financial charges	-4.8	-5.7	0.9	-15.8
Profit(Loss) before tax coming form continuing operations	**7.5**	**6.2**	**1.3**	**21.0**
Income Taxes	-4.3	-1.6	-2.7	168.8
Net profit (loss) for the year	**3.2**	**4.6**	**-1.4**	**-30.4**
Profit(loss) for the year pertaining to minority interest	-0.7	-0.2	-0.5	250.0
Profit(loss) for the year pertaining to the shareholders of the group	**3.9**	**4.8**	**-0.9**	**-18.8**

B&B Italia – Summary Cash Flow Information

Italian Gaap
Euro millions

	September 30, 2018	September 30, 2017
Net Cash and cash equivalents at beginning of the period	32.0	26.5
Cash flows from operating activities	16.8	21.9
Cash flows from used/in investing activities	-2.8	-2.4
Cash flows from used/in financing activities	0.2	-19.9
Change in the consolidated scope		
Net cash and cash equivalents at end of the period	46	26

Cash flows from operating activities

Cash flow from operating activities decreased by €5.1 million from €21.9 million for the nine months ended September 30, 2017 to €16.8 million for the nine months ended September 30, 2018. The decrease was primarily due to an increase in working capital mainly associated with inventories.

Cash flows from / (used in) investing activities

Cash flow used in investing activities increased by €0.2 million from €2.4 million for the nine months ended September 30, 2017 to €2.8 million for the nine months ended September 30, 2018. The increase was primarily due to the opening of the new Arclinea showroom in Milan in April 2018 which required investments for, among other things, the fitting out of the store.

Cash flows from / (used in) financing activities

Cash flow used in financing activities increased by €20.1 million from a negative amount of €19.9 million for the nine months ended September 30, 2017 to a positive amount of €0.2 million for the nine months ended September 30, 2018. The decrease reflects the fact that, in the nine months ended September 30, 2017, B&B repaid on a voluntary basis €13.9 million of indebtedness outstanding under the B&B Existing Senior Facilities, in addition to the payment of instalments due under such facilities for an amount of €3.9 million, whereas debt repayments in the same period of the prior year were significantly lower.

Notes to B&B Italia Interim Condensed Consolidated Financial Statements as of and for the nine months ended September 30, 2018

Notes to the Condensed Consolidated Statement of Financial Position

Intangible fixed assets

Intangible fixed assets amount to €229.4 million (and €240.2 million at 31 December 2017 and €243.2 million at 30 September 2017). The decrease was primarily due to accumulated amortisation related to the goodwill for €6.6 million and amortisation related to trademarks for €3.0 million.

The main increases of the first nine months of 2018 related to the subsidiary Arclinea S.p.A. and mainly comprise the costs incurred to open a new flagship store in Milan with an authorised dealer.

Property Plant and machinery

Property Plant and machinery amount to €46.4 million (€46.8 million at 31 December 2017 and €47.2 million at 30 September 2017).

The main increases for the nine months of 2018 was related to the acquisition of moulds for manufacturing new products and of machinery and equipment.

Deferred tax assets

Deferred tax assets amount to €5.6 million (€4.7 million at 31 December 2017 and €6.5 million at 30 September 2017); these amounts mainly consist of the following captions: amortisation of goodwill, the taxed provision for bad debts, the provision for sundry risks, the provision for the write-down of inventory, as well as the tax effects on consolidation entries and the fair value of the effective portion of hedges.

Non-current financial assets

Non-current financial assets amount to €0.3 million (€0.3 million at 31 December 2017 and 30 September 2017); these amounts consist of receivables from associates for loans granted by the B&B parent on an arm's length basis.

Other Non-current financial assets

Other Non-current financial assets amount to €1.3 million (€1.2 million at 31 December 2017 and €1.2 million at 30 September 2017) and relate to guarantee deposits.

Inventories

Inventory amounts to €36.1 million (€30.3 million at 31 December 2017 and €31.6 million at 30 September 2017) and includes raw materials, semi-finished products, finished goods and payments on account. Contract work in progress at 30 September 2018 related to the progress of the hospitality contracts. The main increases for the nine months of 2018 was related to raw materials and finished good for €5.0 million.

Trade receivable

Trade receivable amount to €21.1 million (€27.4 million at 31 December 2017 and €22.9 million at 30 September 2017).

Tax assets and other due from tax authorities

Tax assets and other due from tax authorities amount to €5.6 million (€5.5 million at 31 December 2017 and €5.7 million at 30 September 2017).

Cash and cash equivalents and deposits

Cash and cash equivalents and deposits amount to €46.1 million (€31.9 million at 31 December 2017 and €26.2 million at 30 September 2017). This caption is made up of bank current account credit balances and cash-in-hand. Reference should be made to the cash flow statement for changes during last nine months.

Assets held for disposal

Assets held for disposal amount to €4.0 million (€4.0 million at 31 December 2017 and €4.0 million at 30 September 2017) and comprise buildings and land and the related generic plant of the parent's Ascoli site, currently unused.

Shareholders' equity

Share Capital

The share capital of €1.0 million, entirely subscribed and paid up at the reporting date, is divided into €8.0 million category A shares, 1.0 million category B shares and 1.0 million category C shares, with no indication of the nominal amount.

Other reserve

Other reserve amount to €178.9 million (€176.9 million at 31 December 2017 and €179.4 million at 30 September 2017) and relate principally to the share premium reserve for €179.0 million, legal reserve for €0.2 million and other reserve for €-0.2 million.

Cash Flow Hedge reserve

Cash Flow Hedge reserve amount to -€1.1 million (-€1.3 million at 31 December 2017 and -€1.9 million at 30 September 2017). This caption shows a negative balance of €1.5 million, which was recognised by the B&B parent following the application of the new accounting policies, "Fair value loss on IRS derivatives", and shows fair value gains and losses on the effective portion of the hedging instrument (IRS) designed to hedge against the variability in cash flows on the loan taken out.

Carried forward Profit/Losses

Carried forward Profit/Losses amount to €10.1 million (€2.7 million at 31 December 2017 and €1.5 million at 30 September 2017).

Minority shareholders' equity and Profit/Loss attributable to minority interest

Minority shareholders' equity attributable to minority interest amount to €1.6 million (€1.8 million at 31 December 2017 and €1.8 million at 30 September 2017) and Loss attributable to minority interest amount to €0.7 million (€-0.1 million at 31 December 2017 and €0.2 million at 30 September 2017).

Defined benefit plans

Defined benefit plans amount to €3.4 million (€3.6 million at 31 December 2017 and €3.8 million at 30 September 2017). The closing balance is adequate to cover the amount required by contractual obligations and relevant legislation.

Provision for contingencies and other charges

Provision for contingencies and other charges amount to €4.4 million (€5.2 million at 31 December 2017 and €4.5 million at 30 September 2017). At 30 September 2018, these amount was mainly consists of the provision for sundry risks €1.4 million, the agents' termination indemnity for €1.6 million and Derivatives for €1.4 million.

Non-current financial liabilities

Non-current financial liabilities amount to €102.0 million (€101.2 million at 31 December 2017 and €101.3 million at 30 September 2017), which mainly consists of instalments for the loans and borrowings provided to the B&B parent by a bank syndicate led by Unicredit S.p.A., Banca IMI S.p.A. and Natixis S.p.A. Milan branch, the nominal residual value was deducted from residual borrowing costs on the loan capitalized.

In order to guarantee the loan, there is collateral on asset captions and company shares, linked to the trend of certain financial variables.

Deferred Taxes

Deferred Taxes amount to €25.7 million (€26.7 million at 31 December 2017 and €28.1 million at 30 September 2017) and mainly include deferred tax liabilities generated following the B&B parent's allocation in previous years of goodwill arising from the merger to trademarks, land and buildings and adjustments deriving from consolidation.

Current financial liabilities

Current financial liabilities amount to €4.1 million (€3.8 million at 31 December 2017 and €1.3 million at 30 September 2017) and include bank loans and borrowings due within one year related to the subsidiary Arclinea S.p.A.

Trade payables

Trade payables amount to €51.4 million (€52.4 million at 31 December 2017 and €53.5 million at 30 September 2017). This caption comprises payables to suppliers of goods and services and to agents and designers.

Tax payables and due to tax authorities

Tax payables and due to tax authorities amount to €4.9 million (€2.8 million at 31 December 2017 and €2.9 million at 30 September 2017) and mainly include the calculation of direct tax for €3.9 million at 30 September 2018.

Due to social security institution

Due to social security institution amount to €2.3 million (€2.4 million at 31 December 2017 and €2.3 million at 30 September 2017) and mainly include the sums payable to social security institutions at the reporting date, subsequently paid in October 2018, as provided for by current laws. Furthermore, this caption includes accruals for untaken holidays and the additional month's salaries for employees

Due to personnel and other payables amount to €4.3 million (€5.3 million at 31 December 2017 and €4.7 million at 30 September 2017).

Notes to the Interim Condensed Consolidated Statement of Profit/(Loss)

Revenues

€ million

	September 2018	September 2017	Change
Turnover from sales and services	142.3	144.1	-1.8
Change in contract work in progress	1.1	4.7	-3.6
Total Revenue	*143.4*	*148.8*	*-5.4*
Other revenues and income	1.8	1.3	0.5
Total	145.2	150.1	-4.9

Total Revenues decreased by €5.4 million, or 3.6%, to €143.4 million for the nine months ended September 30, 2018 from €148.9 million for the nine months ended September 30, 2017, primarily due to a decrease in revenue from the Home and Arclinea divisions, partially offset by a strong performance of the Contract division in the first half of 2018.

Purchases of raw materials and variation in inventories

Purchases of raw materials and variation in inventories amount to €43.6 million (€47.6 million at 30 September 2017). Purchases of raw materials and variation in inventories decreased by €4.0 million, or 8.5%, primarily due to the effects of a shift in volume and product mix.

Personnel costs

Personnel costs remained substantially stable at €27.6 million for the nine months ended September 30, 2018 compared to €27.3 million for the nine months ended September 30, 2017. Personnel costs included fees paid to the corporates bodies' directors of €1.5 million for the nine months ended September 30, 2018 and €1.4 million for nine months ended September 30, 2017.

Service costs

Service costs remained substantially stable at €40.6 million for the nine months ended September 30, 2018 compared to €40.6 million for the nine months ended September 30, 2017. These costs mainly consist of the following captions: production services, commercial services, administrative services and other service.

Provisions

Provisions remained substantially stable at €0.1 million for the nine months ended September 30, 2018 compared to €0.1 million for the nine months ended September 30, 2017.

Other costs and charges

Other costs and charges remained substantially stable at €7.5 million for the nine months ended September 30, 2018 compared to €7.3 million for the nine months ended September 30, 2017.

Amortization, depreciation and write-downs

Amortization, depreciation and write-downs decreased by €0.6 million, or 3.8%, to €14.7 million for the nine months ended September 30, 2018 from €15.3 million for the nine months ended September 30, 2017, primarily due to a €0.1 million decrease in write–downs and a decrease of €0.4 million related to depreciation of intangible assets.

Financial income

Financial income was €1.2 million for the nine months ended September 30, 2018, whereas no financial income was accounted for the nine months ended September 30, 2017, primarily due to positive exchange rate effects.

Financial charges

Financial charges decreased by €0.9 million, or 15.8%, to €4.8 million for the nine months ended September 30, 2018 from €5.7 million for the nine months ended September 30, 2017, primarily due to lower interest costs and exchange rate effects.

Income taxes

Income taxes increased by €1.4 million, or 177.8%, to €4.3 million for the nine months ended September 30, 2018 from €1.6 million for the nine months ended September 30, 2017, primarily due to increase of profit before tax.

Profit for the year pertaining to the shareholders of the Group

The Group posted a net profit for the reporting period of €4.0 million for the nine months ended September 30, 2018 from €5.0 million for the nine months ended September 30, 2017.

RECONCILIATION TO P-LP 2014 A/S INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

Set forth below are tables showing the reconciliation of (i) Louis Poulsen's income statement and balance sheet line items presented in the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" ("**MD&A**") to (ii) Louis Poulsen's income statement and balance sheet line items presented in the section "*P-LP 2014 A/S – Interim Condensed Consolidated Financial Statements as of and for the Nine Months Ended September 30, 2018*".

Louis Poulsen Summary Consolidated Profit and Loss Data

Presentation in MD&A	**Presentation in Consolidated Financial Statements**	**30/9 2017**	**30/9 2018**
		mio. DKK	**mio. DKK**
Revenues from contracts with customers	Revenue	553	543
Other revenues and income	Revenue	-	1
Total revenues	**Total revenues**	**553**	**544**
Purchases of raw materials and variation in inventories	Productions costs	(184)	(165)
Personnel costs	Productions costs Distribution costs Administration expenses	(182)	(181)
Service costs	Productions costs Distribution costs Administration expenses	(103)	(102)
Provisions	Productions costs	(4)	(3)
Other costs and charges	Productions costs Distribution costs Administration expenses	-	-
Subtotal		**80**	**93**
Amortization, depreciation and write-downs	Productions costs Distribution costs Administration expenses	(35)	(39)
Operating profit	Operating profit	45	54
Financial income	Financial income	11	2
Financial charges	Financial charges	(4)	(4)
Result before tax coming from continuing operations	**Result before tax coming from continuing operations**	**52**	**52**
Income taxes	Tax on profit for the year	(15)	(16)
Net result coming from continuing operations	**Net result coming from continuing operations**	37	36
Net profit of discontinued operations	Net profit of discontinued operations	-	-

Profit/loss for the period	**Profit/loss for the period**	37	36
Profit for the period, pertaining to minority interest	Profit for the period, pertaining to minority interest	-	-
Profit for the period, pertaining to the Group	Profit for the period, pertaining to the Group	37	36

Louis Poulsen Summary Consolidated Balance Sheet Data

Presentation in offering memorandum	**Presentation in Consolidated Financial Statements**	**30/9 2017 mio. DKK**	**30/9 2018 mio. DKK**
ASSETS			
Non-current asset	**Non-current asset**		
Goodwill		212	199
Other intangible fixed assets		155	162
Property, plant and machinery		58	55
Deferred tax assets		16	11
Non-current financial assets		4	5
Other non-current assets		22	20
Total non-current assets	**Total non-current assets**	467	452
Current assets	**Current assets**		
Inventories		94	95
Trade receivables		75	80
Other assets		15	10
Cash and cash equivalents and deposits		20	41
Total current assets	**Total current assets**	204	226
Assets held for disposal		-	-
TOTAL ASSETS	**TOTAL ASSETS**	671	678
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity			
Share capital		17	28
Retained earnings		200	359
Total group shareholders' equity		**217**	**387**
Minority shareholders' equity		99	

Total shareholders' equity	**316**	**387**
Non-current liabilities		
Defined benefit plans	5	6
Provisions for contingencies and other charges	7	2
Non-current liabilities to companies of the Group	3	67
Non-current financial liabilities	109	1
Deferred taxes	38	37
Other non-current liabilities	8	7
Total non-current liabilities	170	120
Current liabilities		
Current financial liabilities	-	-
Trade payables	103	82
Current liabilities to companies of the Group	-	-
Tax payables and other current liabilities:		
- Tax payables and due to tax authorities	22	29
- Due to personnel and other payables	60	60
Total current liabilities	185	171
Total liabilities	355	291
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**671**	**678**

RECONCILIATION TO B&B ITALIA S.P.A. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

Set forth below are tables showing the reconciliation of (i) B&B's income statement and balance sheet line items presented in the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" ("**MD&A**") to (ii) B&B's income statement and balance sheet line items presented in the section "*B&B Italia S.p.A. – Interim Condensed Consolidated Financial Statements as of and for the Nine Months Ended September 30, 2018*".

B&B Summary Consolidated Profit and Loss Data

Presentation in MD&A in € thousand	**Presentation in Consolidated Financial Statements**	**Sept. 30 2018**	**Sept. 30 2017**
Revenues	A.1. Turnover from sales and services	142,310	144,124
	A.3. Change in contract work in progress	1,137	4,742
	A.5. Other revenues and income	1,820	1,307
Other revenues and income	E.20 Extraordinary Income		
Total revenues		**145,266**	**150,173**
	A.2. Change in work in progress semi-finished products and finished goods	3,943	(1,036)
Purchases of raw materials and variation in inventories	B.6. Raw materials, consumables, supplies and goods	(49,514)	(50,364)
	B.11. Change in raw materials, consumable, supplies and goods	1,994	3,796
Subtotal purchases of raw materials and variation in inventories		**(43,577)**	**(47,603)**
Personnel costs	B.9. Personnel expenses	(26,039)	(25,851)
	B.7 Services (reclass)	(1,529)	(1,406)
Service costs	B.7. Services	(42,641)	(42,473)
	B.7 Services (reclass)	2,005	1,842
Provisions	B.12. Provisions for risks	(50)	(158)
	B.13. Other provisions	-	-
Other costs and charges	B.8. Use of third party assets	(6,168)	(6,196)
	B.14. Other operating costs	(1,310)	(1,128)
	E.21. Extraordinary charges		
Total costs		**(119,309)**	**(122,973)**
Amortization, depreciation and write-downs	B.10. Amortisation, depreciation and write-downs	(14,691)	(15,278)
Earnings before interest and taxes (EBIT)		**11,266**	**11,922**
Financial income	C.16 Other financial income	99	46
	C.17-bis Exchange rate gains	632	
	D.18 Write- back in other companies	429	-
	C.17.4 Interest and other financial charges	(4,308)	(4,500)
Financial charges	B.7 Services	(476)	(436)
	B.10.a. Amortisation		
	C.17-bis Exchange rate (losses)		(746)
	D.19 Write-downs in other companies	-	-
Profit/(loss) before tax coming from continuing operations		**7,641**	**6,286**
Income taxes	22. Income taxes	(4,308)	(1,551)
Net profit/(loss) for the year		**3,333**	**4,735**
Profit/(loss) for the year, pertaining to minority interest	Net profit (loss) for the year pertaining to minority interests	699	230
Profit/(loss) for the year, pertaining to the shareholders of the group		**4,032**	**4,965**

B&B Summary Consolidated Balance Sheet Data

Presentation in MD&A in € thousand	**Presentation in Consolidated Financial Statements**	**Sept. 30**	**Sept. 30**
		2,018	**2,017**
Assets			
Non-current assets			
Intangible fixed assets			
- Goodwill	B.I.5. Goodwill	148,225	157,150
- Other intangible fixed assets	B.I.1. Start-up and capital costs	-	1

	B.I.2. Research costs (IFRS entries)		
	B.I.3. Industrial patents and intellectual property rights	820	1,237
	B.I.4. Concessions, licenses, trademarks and similar rights	80,429	84,659
	B.I.6. Assets under development and payment on account	-	154
	B.I.7. Other		
Subtotal intangible fixed assets		**229,475**	**243,201**
	B.II.1. Land and buildings	36,513	37,623
	B.II.2. Plant and machinery	2,594	3,994
	B.II.3. Industrial and commercial equipment	738	795
Property, plant and machinery	B.II.4. Other assets	1,036	1,036
	B.II.5. Assets under construction and payments on account	210	50
	B.I.7. Other	9,211	8,723
	B.I.7. Other - reclassif	(3,913)	(5,029)
Subtotal property, plant and machinery		**46,389**	**47,192**
Shareholding in affiliated companies	B.III.1.d Equity investments in subsidiaries of parent	-	-
Deferred tax assets	C.II.5-ter. Deferred tax assets	5,989	6,491
Subtotal deferred tax assets		**5,989**	**6,491**
Non-current receivables from companies of the Group……	B.III.2.b. Financial receivables from associates	296	296
	B.III.2.d. Financial receivables from others	1,331	1,164
Non-current financial assets	B.III.1.d-bis. Equity investments in other companies		
Subtotal non-current financial assets		**1,331**	**1,164**
Other non-current assets			
Total Non-current assets		**283,479**	**298,345**
Current assets			
	C.I. Inventories	57,804	48,680
	D.6. Payments on account	(21,329)	(16,770)
Inventory	B. Provisions for risks and charges (no deferred taxes)	(350)	(350)
Subtotal inventory		**36,125**	**31,560**
	C.II.1. Trade receivables	21,606	23,403
Trade receivables	D.6. Payments on account	(486)	(486)
Subtotal trade receivables		**21,120**	**22,917**
Current receivables from companies of the Group	C.II.2. Receivables from subsidiaries	-	-
	C.II.3. Receivables from associates	49	-
Tax assets and other current assets			
Tax credit and due from tax authorities	C.II.5-bis. Tax receivables	2,336	3,204
	C.II.5-quarter. Receivables from others	1,052	556
Other assets	D. Prepayments and accrued income	2,199	1,973
Subtotal tax assets and other current assets		**5,587**	**5,733**
Current financial assets	C.III. Current financial assets	-	-
Cash and cash equivalents and deposits	C.IV. Liquid funds	46,060	26,193
Total current assets		**108,941**	**86,403**
Assets held for disposal	C.V. Assets held for sale	4,000	4,000
Total assets		**396,420**	**388,747**
Equity and Liabilities			
Shareholders' Equity			
Share Capital	A.I. Share capital	**1,000**	**1,000**
		179,000	179,000
	A.II. Share premium reserve	0	0
	A.III. Revaluation reserve	200	200
Other reserves	A.IV. Legal reserve	0	0
	A.V. Reserve for own shares in portfolio	(234)	203
	A.VI. Other reserves otherwise indicated		
Subtotal other reserves		**178,966**	**179,403**
Reserve for actuarial gains and losses			
Cash Flow Hedge reserve	A.VII. Hedging reserve	(1,052)	(1,944)
Subtotale cash flow hedge reserve		**(1,052)**	**(1,944)**
Carried forward Profit/Losses	A.VIII. Retained earnings/ (loss) carried forward	10,114	1,516
Subtotal carried forward Profit/Losses		**10,114**	**1,516**
Profit/(Loss) for the year	A.IX. Net profit for the year	4,032	4,963
Subtotal Profit/(Loss)		**4,032**	**4,963**
Total group shareholders' equity		**193,060**	**184,938**
Minority shareholders' equity	Share capital and reserves pertaining to minority interests	1,594	1,786
Subtotal minority shareholder's equity		**1,594**	**1,786**
Profit/(loss) attributable to minority interest			
	Net profit (loss) for the year pertaining to minority interests	(699)	(230)
Subtotal profit/(loss) attributable to minority interest		**(699)**	**(230)**
Total shareholders' equity		**193,955**	**186,494**
Non-current liabilities			
Defined benefit plans	C. Employees leaving entitlement	3,426	3,764

Subtotal defined benefit plants		**3,426**	**3,764**
Provisions for contingencies and other charges	B. Provisions for risks and charges (no deferred taxes)	4,742	4,803
	Reclass - Inventorry	(350)	(350)
Subtotal provisions for contingencies and other charges		**4,392**	**4,453**
	D.4.b. Bank loans and borrowings due after one year	105,900	106,085
Non-current financial liabilities	D.5.b. Loans and borrowing from other financial backers due after one year	-	153
	B.I.7. Other	(3,913)	(5,029)
Subtotal non-current financial liabilities		**101,987**	**101,209**
Deferred taxes	B. Provisions for risks and charges (deferred taxes)	25,738	28,067
Subtotal deferred taxes		**25,738**	**28,067**
Other non-current liabilities			
Total non-current liabilities		**135,542**	**137,493**
Current liabilities			
	D.4.a. Bank loans and borrowings due within one year	3,990	1,296
Current financial liabilities	D.5.a. Loans and borrowings from other financial backers due within one year	83	0
Subtotal current financial liabilities		**4,073**	**1,296**
	D.6. Payments on account	39,010	34,553
	Reclass C.I.Inventory	(21,329)	(16,770)
Trade payables	Reclass C.II. 1 Trade rec.	(486)	(486)
	D.7. Trade payables due within one year	34,172	36,222
Subtotal trade payables		**51,367**	**53,519**
Current liabilities to companies of the Group……..	D.9. Payables to subsidiaries	-	-
	D.10. Payables to associates	-	-
Subtotal current liabilities to companies of the Group		-	-
Tax payables and other current liabilities			
Tax payables and due to tax authorities	D.12. Tax payables	4,869	2,948
Due to social security institutions	D.13. Social security charges payable	2,283	2,287
Due to personnel and other payables	D.14. Other payables	3,019	3,006
	E. Accrued expenses and deferred income	1,312	1,703
Subtotal tax payables and other current liabilities		**11,482**	**9,944**
Total current liabilities		**66,923**	**64,760**
Total liabilities		**202,465**	**202,253**
Total shareholders' equity and liabilities		**396,420**	**388,747**