

**NATUZZI S.p.A. ANNOUNCES ITS NINE MONTHS  
AND THIRD QUARTER 2011 FINANCIAL RESULTS**

**Santeramo in Colle (BA), November 25<sup>th</sup>, 2011** - The Board of Directors of Natuzzi S.p.A. (NYSE:NTZ), Italy's largest furniture manufacturer and world's leading manufacturer of leather-upholstered furniture, today approved its consolidated financial results for the third quarter and first nine months of 2011.

**9 MONTHS 2011 CONSOLIDATED FINANCIAL RESULTS**

- Net Loss of €3.6 million vs. a Net Loss of €9.6 million in 9M 2010
- Negative EBIT of €17.0 million, vs. a positive EBIT of €0.2 million in 9M 2010
- Gross profit was €117.2 million as compared to €145.9 million in 9M 2010
- Total Net Sales were €356.8 million, down 7.7% as compared to 9M 2010

**3Q 2011 CONSOLIDATED FINANCIAL RESULTS**

- Net Loss of €10.3 million vs. a Net Loss of €5.5 million in 3Q 2010
- Negative EBIT of €9.0 million, vs. a negative EBIT of €2.5 million in 3Q 2010
- Gross profit was €33.9 million as compared to €42.6 million in 3Q 2010
- Total Net Sales were €114.4 million, down 0.5% as compared to 3Q 2010
  
- Positive Net Financial Position of €58.8, with a good improvement as compared to December 31, 2010.

**9 MONTHS 2011 CONSOLIDATED FINANCIAL RESULTS**

**Total Net Sales** (including raw materials and semi-finished products sold to third parties) were €356.8 million, decreasing by 7.7% with respect to 2010.

Total upholstery sales totalled €310.7 million with a decline of 9.9% over the same period in 2010.

In particular, the Natuzzi brand was down 6.1%, while all other brands marked a decrease of 12.6%. Within the Natuzzi brand, the decline is mainly concentrated in Europe, while there is positive performance in the Rest of the World and a slight improved performance in Americas.

Sales of all other brand (-12.6%) were affected in particular by the decline in North America (-19.2%), due to the impact of the relocation of existing production sites in China to a new plant that generated delays in production, today returned to normal, but whose positive effects will be visible in subsequent quarters. The Rest of the world recorded, instead, still a positive performance of 10.5%.

**Other sales** have registered a total increase of 10.0% mainly due to strong sales of accessories.

**Gross profit**, 32.8% of sales compared to 37.7% in the first nine months of 2010, reflects the further increase in prices of raw materials and labour cost mainly in China and Romania.

**Transportation costs**, showed a favourable decline in absolute terms of €3.8 million and in a percentage of sales that went from 9.7% in 2010 to 9.4% in the first nine months of 2011.

Commissions, as well as advertising costs, registered a reduction versus the first nine months of 2010, of €3.8 million (0.6% on sales).

Commercial and administrative costs (**SG&A**) allowed a significant improvement in absolute terms and amounted to €3.9 million as compared to the first nine months of 2010, but a slight worsening as a percentage on net sales (0.7%).

Both **EBITDA** and **EBIT** for the first nine months of 2011 were negative, €2.0 million and €17.0 million, respectively, as a result of lower sales and, increasing cost of goods sold, partly offset by commercial and administrative cost reductions.

Finally, the **net consolidated result** for the first nine months of 2011 recorded a loss amounted to €3.6 million as compared to a loss of €9.6 million in the first 9 months of 2010, thanks to extraordinary income deriving from the compensation obtained by the Chinese authorities for the relocation of the major factory of the Group located in China.

### **3Q 2011 CONSOLIDATED FINANCIAL RESULTS**

**Total Net Sales** for €114.4 (including raw materials and semi-finished products sold to third parties) recorded a marginal decrease of 0.5% with respect to 3Q 2010.

**Total upholstery sales** recorded a decline of 2.8% over the same period of 2010, but were almost completely offset by growth in other sales of 18.5% vs. the third quarter of 2010.

The break-down of upholstery net sales by geographic area was as follows: Europe (excluding Italy) 34.4%, the Americas 41.7%, Italy 8.1% and Rest of the World 15.8%, emphasizing a continuous and constant shifting of the Group revenues into the Rest of the World.

**Gross profit** represented 29.6% on sales compared to 37.0% in the third quarter of 2010, mainly reflects the further increase in prices of raw materials and the growth of labour cost recorded in China and in Romania.

**Transportation costs** have declined significantly registering a reduction in absolute term of €0.7 million.

The optimization processes in the of Commercial and Administrative areas allowed a further improvement in absolute terms amounted to €1.0 million compared to third quarter 2010. Consequently, the impact of SG&A on net sales went from 22.0% in the third quarter of 2010 to 21.1% in the third quarter of 2011.

**EBITDA** amounted to a negative €4.2 million in the third quarter of 2011 versus a positive €3.4 million in the third quarter of 2010, and **EBIT** was negative by €9.0 million in the third quarter of 2011 compared to a negative margin of €2.5 million in the same period of last year.

Finally, the **net result of the Group** for the third quarter of 2011 recorded a loss amounted to €10.3 million compared to a loss of €5.5 million in the third quarter of 2010.

## **BALANCE SHEET**

Net financial position rose from €45.6 million at December 31, 2010 to €58.8 million as at September 30, 2011.

***Pasquale Natuzzi**, Chairman and Chief Executive Officer of Natuzzi SpA, commented: "This third quarter of 2011 was characterized by uncertain and volatile markets. This condition negatively affects GDP growth in mature markets and in particular the demand for consumer durables, which in fact remains weak and volatile. These macroeconomic results coupled with factors pertaining to the Natuzzi Group, resulted in an overall drop in sales of 7.7% in the first nine months of 2011. In line with the macro-economic framework, mature markets suffered the most while emerging markets continued to show encouraging results. Specifically, the rest of the world has shown an overall +8.7% over the same period last year.*

*The Group's financial performance was still negatively affected by delays in Chinese production impacting mainly North America, consequent to the relocation of the factory in China. This problem has now been overcome but results won't be evident until the coming quarters.*

*We are aware of the continuing difficulties of the Western economies linked to sovereign debt in Europe and North America. However, commercial actions, taken to regain share in mature markets such as the important European and North American markets, the expansion in emerging markets of China, India and Brazil, and structural actions to increase internal efficiency, make us confident on a better scenarios for the near future of the Group".*

The Company will host a conference call on November 28<sup>th</sup>, 2011 at 10:00 a.m. Eastern Time (4.00 pm European Continental time) to discuss third quarter and nine months 2011 financial results. To participate, dial in toll-free 1-888-312-9849 and toll International 1-719-325-2326. A live web cast of the conference call will be available online at [www.natuzzi.com](http://www.natuzzi.com) under the Investor Relations section.

A replay of the call will be available shortly after the completion of the conference call through December 28<sup>th</sup>. To access the telephone replay, participants should dial 1-877-870-5176 for domestic calls and 1-858-384-5517 for international calls. The access code for the replay is: 5948061.

### **About Natuzzi**

Founded in 1959 by Pasquale Natuzzi, Natuzzi S.p.A. designs and manufactures a broad collection of residential upholstered furniture. With consolidated revenues of EUR 518.6 million in 2010. Natuzzi is Italy's largest furniture manufacturer. Natuzzi Group exports its innovative high-quality sofas and armchairs to 130 markets on five continents under two brands, Natuzzi and Italsofa. Cutting-edge design, superior Italian craftsmanship and advanced, vertically integrated manufacturing operations underpin the Company's market leadership. Natuzzi S.p.A. has been listed on the New York Stock Exchange since May 1993. The Company is ISO 9001 and 14001

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### **Attached Financial Statements**

### Natuzzi S.p.A. and Subsidiaries

Unaudited Consolidated Profit & Loss for the quarter ended on September 30, 2011 on the basis of Italian GAAP  
(expressed in millions Euro except for share data)

	Three months ended on		Change %	Percent of Sales	
	30-Sep-11	30-Sep-10		30-Sep-11	30-Sep-10
Upholstery net sales	99.7	102.6	-2.8%	87.2%	89.2%
Other sales	14.7	12.4	18.5%	12.8%	10.8%
<b>Total Net Sales</b>	<b>114.4</b>	<b>115.0</b>	<b>-0.5%</b>	<b>100.0%</b>	<b>100.0%</b>
Consumption (*)	(53.9)	(48.3)	11.6%	-47.1%	42.0%
Labor	(18.9)	(16.8)	12.5%	-16.5%	14.6%
Industrial Costs	(7.7)	(7.3)	5.5%	-6.7%	6.3%
of which Depreciation, Amortization	(2.4)	(2.9)			
<b>Cost of Sales</b>	<b>(80.5)</b>	<b>(72.4)</b>	<b>11.2%</b>	<b>70.4%</b>	<b>63.0%</b>
<b>Industrial Margin</b>	<b>33.9</b>	<b>42.6</b>	<b>-20.4%</b>	<b>29.6%</b>	<b>37.0%</b>
<b>Selling Expenses</b>	<b>(18.7)</b>	<b>(19.9)</b>			
Transportation	(11.6)	(12.3)		10.1%	10.7%
Commissions	(2.1)	(1.9)		1.8%	1.7%
Advertising	(5.0)	(5.7)		4.4%	5.0%
<b>Other Selling and G&amp;A</b>	<b>(24.2)</b>	<b>(25.2)</b>		21.1%	22.0%
of which Depreciation, Amortization	(2.4)	(3.0)			
<b>EBITDA</b>	<b>(4.2)</b>	<b>3.4</b>		<b>-3.7%</b>	<b>3.0%</b>
<b>EBIT</b>	<b>(9.0)</b>	<b>(2.5)</b>		<b>-7.9%</b>	<b>-2.2%</b>
Interest Income/(Costs), Net	0.1	(0.3)			
Foreign Exchange, Net	(0.9)	(1.6)			
Other Income/(Cost), Net	(0.7)	(0.8)			
<b>Earning before Income Taxes</b>	<b>(10.6)</b>	<b>(5.2)</b>		<b>-9.2%</b>	<b>-4.5%</b>
Current taxes	0.3	(0.4)		0.3%	-0.3%
<b>Net result</b>	<b>(10.3)</b>	<b>(5.6)</b>		<b>-9.0%</b>	<b>-4.9%</b>
Minority interest	0.0	0.1			
<b>Net Group Result</b>	<b>(10.3)</b>	<b>(5.5)</b>		<b>-9.0%</b>	<b>-4.8%</b>
<b>Net Group Result per Share</b>	<b>(0.19)</b>	<b>(0.10)</b>			

Key Figures in U.S. dollars (millions)	Three months ended on		Change %	Percent of Sales	
	30-Sep-11	30-Sep-10		30-Sep-11	30-Sep-10
<b>Total Net Sales</b>	<b>161.6</b>	162.5	<b>-0.5%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Industrial Profit</b>	<b>47.9</b>	60.2	<b>-20.4%</b>	<b>29.6%</b>	<b>37.0%</b>
<b>EBIT</b>	<b>(12.7)</b>	(3.5)		<b>-7.9%</b>	<b>-2.2%</b>
<b>Net Group Result</b>	<b>(14.5)</b>	(7.8)		<b>-9.0%</b>	<b>-4.8%</b>
<b>Net Group Result per Share</b>	<b>(0.3)</b>	(0.1)			
<b>Average exchange rate (U.S.\$ per €)</b>	<b>1.4128</b>				

(\*) Purchases plus beginning stock minus final stock and leather processing

UPHOLSTERY NET SALES BREAKDOWN

	Geographic breakdown											
	Net sales million euro			Net sales seats								
	three months ended on			three months ended on			three months ended on			three months ended on		
	30/09/2011	30/09/2010	Change %	30/09/2011	30/09/2010	Change %	30/09/2011	30/09/2010	Change %	30/09/2011	30/09/2010	Change %
<b>Americas</b>	<b>41.5</b>	<b>41.7%</b>	<b>42.6</b>	<b>41.5%</b>	<b>-2.6%</b>	<b>223,058</b>	<b>50.4%</b>	<b>222,078</b>	<b>50.1%</b>	<b>0.4%</b>		
<i>Natuzzi</i>	4.0	4.0%	4.4	4.3%	-9.1%	10,958	2.5%	10,953	2.5%	0.0%		
All brands (*)	37.5	37.6%	38.2	37.2%	-1.8%	212,100	47.9%	211,125	47.6%	0.5%		
<b>Europe</b>	<b>34.3</b>	<b>34.4%</b>	<b>36.8</b>	<b>35.9%</b>	<b>-6.8%</b>	<b>132,974</b>	<b>30.0%</b>	<b>137,752</b>	<b>31.1%</b>	<b>-3.5%</b>		
<i>Natuzzi</i>	14.2	14.2%	17.5	17.1%	-18.9%	28,801	6.5%	36,429	8.2%	-20.9%		
All brands (*)	20.1	20.2%	19.3	18.8%	4.1%	104,173	23.5%	101,323	22.9%	2.8%		
<b>Italy (Natuzzi)</b>	<b>8.1</b>	<b>8.1%</b>	<b>9.8</b>	<b>9.5%</b>	<b>-17.3%</b>	<b>27,376</b>	<b>6.2%</b>	<b>30,930</b>	<b>7.0%</b>	<b>-11.5%</b>		
<b>Rest of the world</b>	<b>15.8</b>	<b>15.8%</b>	<b>13.4</b>	<b>13.1%</b>	<b>17.9%</b>	<b>59,135</b>	<b>13.4%</b>	<b>52,392</b>	<b>11.8%</b>	<b>12.9%</b>		
<i>Natuzzi</i>	7.9	7.9%	6.6	6.4%	19.7%	18,139	4.1%	14,508	7.0%	25.0%		
All brands (*)	7.9	7.9%	6.8	6.6%	16.2%	40,996	9.3%	37,884	8.5%	8.2%		
<b>Total</b>	<b>99.7</b>	<b>100.0%</b>	<b>102.6</b>	<b>100.0%</b>	<b>-2.8%</b>	<b>442,543</b>	<b>100.0%</b>	<b>443,152</b>	<b>100.0%</b>	<b>-0.1%</b>		

	Brands breakdown											
	Net sales million euro			Net sales seats								
	three months ended on			three months ended on			three months ended on			three months ended on		
	30/09/2011	30/09/2010	Change %	30/09/2011	30/09/2010	Change %	30/09/2011	30/09/2010	Change %	30/09/2011	30/09/2010	Change %
<b>Natuzzi</b>	<b>34.2</b>	<b>34.3%</b>	<b>38.3</b>	<b>37.3%</b>	<b>-10.7%</b>	<b>85,274</b>	<b>19.3%</b>	<b>92,820</b>	<b>20.9%</b>	<b>-8.1%</b>		
All brands (*)	65.5	65.7%	64.3	62.7%	1.9%	357,269	80.7%	350,332	79.1%	2.0%		
<b>Total</b>	<b>99.7</b>	<b>100.0%</b>	<b>102.6</b>	<b>100.0%</b>	<b>-2.8%</b>	<b>442,543</b>	<b>100.0%</b>	<b>443,152</b>	<b>100.0%</b>	<b>-0.1%</b>		

(\*) Italsofa, Natuzzi Editions, Editions and unbranded

## Natuzzi S.p.A. and Subsidiaries

Unaudited Consolidated Profit & Loss for the quarter ended on September 30, 2011 on the basis of Italian GAAP  
(expressed in millions Euro except for share data)

	Nine months ended on		Change %	Percent of Sales	
	30-Sep-11	30-Sep-10		30-Sep-11	30-Sep-10
Upholstery net sales	310.7	344.8	-9.9%	87.1%	89.2%
Other sales	46.1	41.9	10.0%	12.9%	10.8%
<b>Total Net Sales</b>	<b>356.8</b>	<b>386.7</b>	<b>-7.7%</b>	<b>100.0%</b>	<b>100.0%</b>
Consumption (*)	(157.0)	(160.4)	-2.1%	44.0%	41.5%
Labor	(59.0)	(56.9)	3.7%	16.5%	14.7%
Industrial Costs	(23.6)	(23.5)	0.4%	6.6%	6.1%
<i>of which Depreciation, Amortization</i>	<i>(7.5)</i>	<i>(8.8)</i>			
<b>Cost of Sales</b>	<b>(239.6)</b>	<b>(240.8)</b>	<b>-0.5%</b>	<b>67.2%</b>	<b>62.3%</b>
<b>Industrial Margin</b>	<b>117.2</b>	<b>145.9</b>	<b>-19.7%</b>	<b>32.8%</b>	<b>37.7%</b>
<b>Selling Expenses</b>	<b>(55.7)</b>	<b>(63.3)</b>			
<i>Transportation</i>	<i>(33.6)</i>	<i>(37.4)</i>		9.4%	9.7%
<i>Commissions</i>	<i>(6.3)</i>	<i>(7.5)</i>		1.8%	2.0%
<i>Advertising</i>	<i>(15.8)</i>	<i>(18.4)</i>		4.4%	4.8%
<b>Other Selling and G&amp;A</b>	<b>(78.5)</b>	<b>(82.4)</b>		22.0%	21.3%
<i>of which Depreciation, Amortization</i>	<i>(7.5)</i>	<i>(9.3)</i>			
<b>EBITDA</b>	<b>(2.0)</b>	<b>18.3</b>	<b>-0.6%</b>	<b>4.7%</b>	
<b>EBIT</b>	<b>(17.0)</b>	<b>0.2</b>	<b>-4.8%</b>	<b>0.1%</b>	
Interest Income/(Costs), Net	(0.3)	(0.9)			
Foreign Exchange, Net	(1.2)	0.5			
Other Income/(Cost), Net	16.7	(3.2)			
<b>Earning before Income Taxes</b>	<b>(1.8)</b>	<b>(3.4)</b>	<b>-0.5%</b>	<b>-0.9%</b>	
Current taxes	(0.9)	(6.2)		-0.3%	-1.6%
<b>Net result</b>	<b>(2.7)</b>	<b>(9.6)</b>	<b>-0.8%</b>	<b>-2.5%</b>	
Minority interest	(0.9)	(0.0)			
<b>Net Group Result</b>	<b>(3.6)</b>	<b>(9.6)</b>	<b>-1.0%</b>	<b>-2.5%</b>	
<b>Net Group Result per Share</b>	<b>(0.07)</b>	<b>(0.18)</b>			

Key Figures in U.S. dollars (millions)	Nine months ended on		Change %	Percent of Sales	
	30-Sep-11	30-Sep-10		30-Sep-11	30-Sep-10
<b>Total Net Sales</b>	<b>502.2</b>	<b>544.3</b>	<b>-7.7%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Industrial Profit</b>	<b>165.0</b>	<b>205.4</b>	<b>-19.7%</b>	<b>32.8%</b>	<b>37.7%</b>
<b>EBIT</b>	<b>(23.9)</b>	<b>0.3</b>	<b>-4.8%</b>	<b>0.1%</b>	
<b>Net Group Result</b>	<b>(5.1)</b>	<b>(13.5)</b>	<b>-1.0%</b>	<b>-2.5%</b>	
<b>Net Group Result per Share</b>	<b>(0.1)</b>	<b>(0.2)</b>			
<b>Average exchange rate (U.S.\$ per €)</b>	<b>1.4075</b>				

(\*) Purchases plus beginning stock minus final stock and leather processing

UPHOLSTERY NET SALES BREAKDOWN

Geographic breakdown

	Net sales million euro						Net sales seats					
	Nine months ended on						Nine months ended on					
	30/09/2011		30/09/2010		Change %	30/09/2011		30/09/2010		Change %		
<b>Americas</b>	<b>105.3</b>	<b>33.9%</b>	<b>127.4</b>	<b>36.9%</b>	<b>-17.3%</b>	<b>576,081</b>	<b>44.0%</b>	<b>679,201</b>	<b>46.7%</b>	<b>-15.2%</b>		
<i>Natuzzi</i>	12.1	3.9%	12.0	3.5%	0.8%	35,328	2.7%	30,734	2.1%	14.9%		
All brands (*)	93.2	30.0%	115.4	33.5%	-19.2%	540,753	41.3%	648,467	44.5%	-16.6%		
<b>Europe</b>	<b>124.7</b>	<b>40.1%</b>	<b>136.5</b>	<b>39.6%</b>	<b>-8.6%</b>	<b>452,617</b>	<b>34.6%</b>	<b>498,711</b>	<b>34.3%</b>	<b>-9.2%</b>		
<i>Natuzzi</i>	62.0	20.0%	68.6	19.9%	-9.6%	133,647	10.2%	150,415	10.3%	-11.1%		
All brands (*)	62.7	20.1%	67.9	19.7%	-7.7%	318,970	24.4%	348,296	23.9%	-8.4%		
<b>Italy (Natuzzi)</b>	<b>34.7</b>	<b>11.2%</b>	<b>38.6</b>	<b>11.2%</b>	<b>-10.1%</b>	<b>109,383</b>	<b>8.4%</b>	<b>117,887</b>	<b>8.1%</b>	<b>-7.2%</b>		
<b>Rest of the world</b>	<b>46.0</b>	<b>14.8%</b>	<b>42.3</b>	<b>12.3%</b>	<b>8.7%</b>	<b>171,534</b>	<b>13.1%</b>	<b>160,115</b>	<b>11.0%</b>	<b>7.1%</b>		
<i>Natuzzi</i>	25.0	8.0%	23.3	6.8%	7.3%	59,296	4.5%	53,691	8.1%	10.4%		
All brands (*)	21.0	6.1%	19.0	5.5%	10.5%	112,238	8.6%	106,424	7.3%	5.5%		
<b>Total</b>	<b>310.7</b>	<b>100.0%</b>	<b>344.8</b>	<b>100.0%</b>	<b>-9.9%</b>	<b>1,309,615</b>	<b>100.0%</b>	<b>1,455,914</b>	<b>100.0%</b>	<b>-10.0%</b>		

Brands breakdown

	Net sales million euro						Net sales seats					
	Nine months ended on						Nine months ended on					
	30/09/2011		30/09/2010		Change %	30/09/2011		30/09/2010		Change %		
<b>Natuzzi</b>	<b>133.8</b>	<b>43.1%</b>	<b>142.5</b>	<b>41.3%</b>	<b>-6.1%</b>	<b>337,654</b>	<b>25.8%</b>	<b>352,727</b>	<b>24.2%</b>	<b>-4.3%</b>		
All brands (*)	176.9	56.9%	202.3	58.7%	-12.6%	971,961	74.2%	1,103,187	75.8%	-11.9%		
<b>Total</b>	<b>310.7</b>	<b>100.0%</b>	<b>344.8</b>	<b>100.0%</b>	<b>-9.9%</b>	<b>1,309,615</b>	<b>100.0%</b>	<b>1,455,914</b>	<b>100.0%</b>	<b>-10.0%</b>		

(\*) Italsofa, Natuzzi Editions, Editions and unbranded

## Natuzzi S.p.A. and Subsidiaries

Unaudited Consolidated Balance Sheets at September 30, 2011 on the basis of Italian GAAP  
(Expressed in millions of euro)

<b>ASSETS</b>	<b>30-Sep-11</b>	<b>31-Dec-10</b>
<b>Current assets:</b>		
Cash and cash equivalents	98.6	61.1
Marketable debt securities	0.0	0.0
Trade receivables, net	88.4	95.8
Other receivables	56.3	51.7
Inventories	90.2	87.4
Unrealized foreign exchange gains	0.0	0.2
Prepaid expenses and accrued income	2.3	1.3
Deferred income taxes	1.7	1.1
<b>Total current assets</b>	<b>337.5</b>	<b>298.6</b>
<b>Non current assets:</b>		
Net property, plant and equipment	169.7	196
Other assets	5.9	9.3
<b>Total non current assets</b>	<b>175.6</b>	<b>205.3</b>
<b>TOTAL ASSETS</b>	<b>513.1</b>	<b>503.9</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Short-term borrowings	24.4	0.1
Current portion of long-term debt	3.7	2.6
Accounts payable-trade	63.4	64.3
Accounts payable-other	23	27.9
Unrealized foreign exchange losses	0.3	1.1
Income taxes	1.1	2.9
Salaries, wages and related liabilities	10.2	9.9
<b>Total current liabilities</b>	<b>126.1</b>	<b>108.8</b>
<b>Long-term liabilities:</b>		
Employees' leaving entitlement	27.4	28.4
Long-term debt	11.7	12.8
Deferred income for capital grants	10	10.4
Other liabilities	14	18.2
<b>Total long-term liabilities</b>	<b>63.1</b>	<b>69.8</b>
<b>Minority interest</b>	<b>3.1</b>	<b>2.1</b>
<b>Shareholders' equity:</b>		
Share capital	54.8	54.9
Reserves	12.0	12.0
Additional paid-in capital	9.3	9.3
Retained earnings	244.7	247.0
<b>Total shareholders' equity</b>	<b>320.8</b>	<b>323.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>513.1</b>	<b>503.9</b>



## Natuzzi S.p.A. and Subsidiaries

### Consolidated Statements of Cash Flows

(Expressed in million of euro)

	<b>30-Sep-11</b>	<b>31-Dec-10</b>
<b>Cash flows from operating activities:</b>		
<b>Net earnings (loss)</b>	<b>(3.6)</b>	<b>(11.1)</b>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	15.0	23.4
Employees' leaving entitlement	4.0	(1.2)
Deferred income taxes	(0.6)	(0.4)
Minority interest	0.9	0.1
(Gain) loss on disposal of assets	(24.6)	0.6
Unrealized foreign exchange losses and gains	(0.6)	0.8
Impairment of long lived assets	-	-
Deferred income for capital grants	(0.4)	(0.7)
<b>Non monetary operating costs</b>	<b>(6.3)</b>	<b>22.6</b>
<b>Change in assets and liabilities:</b>		
Receivables, net	7.4	1.2
Inventories	(2.8)	(5.8)
Prepaid expenses and accrued income	(0.9)	0.1
Other assets	(4.6)	2.8
Accounts payable	(1.0)	(2.2)
Income taxes	(1.8)	(0.7)
Salaries, wages and related liabilities	0.2	(5.1)
Other liabilities	(4.0)	(0.2)
<b>Net working capital</b>	<b>(7.5)</b>	<b>(9.9)</b>
<b>Net cash provided by operating activities</b>	<b>(17.4)</b>	<b>1.6</b>
<b>Cash flows from investing activities:</b>		
Property, plant and equipment:		
<i>Additions</i>	(14.7)	(17.9)
<i>Disposals</i>	0.1	0.2
<i>Proceeds from sales</i>	45.0	
Marketable debt securities:		-
<b>Net cash used in investing activities</b>	<b>30.4</b>	<b>(17.7)</b>
<b>Cash flows from financing activities:</b>		
<b>Long-term debt:</b>		
Proceeds	1.0	9.8
Repayments	(1.0)	(1.3)
Short-term borrowings	24.4	(0.7)
Capital injection	-	-
Dividends paid to minority interests	-	-
<b>Net cash used in financing activities</b>	<b>24.4</b>	<b>7.8</b>
Effect of translation adjustments on cash	0.2	3.1
<b>Increase (decrease) in cash and cash equivalents</b>	<b>37.5</b>	<b>(5.2)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>61.1</b>	<b>66.3</b>
<b>Cash and cash equivalents, end of the year</b>	<b>98.6</b>	<b>61.1</b>