Panariagroup Industrie Ceramiche S.p.A.

INTERIM REPORT ON OPERATIONS AT 30th SEPTEMBER 2015

Panariagroup Industrie Ceramiche S.p.A. – Via Panaria Bassa 22/A – 41034 Finale Emilia (Modena)
Taxpayer ID and VAT No. 01865640369 www.panariagroup.it

TABLE OF CONTENTS

1. **STRUCTURE OF THE GROUP**

2. **DIRECTORS AND OFFICIALS**
   Board of Directors
   Board of Statutory Auditors
   Independent Auditors

3. **INCOME STATEMENT AND BALANCE SHEET**
   3.1 Income statement – Comparison between 30.09.15 and 30.09.14
   3.2 Income statement – Comparison between third quarters 2015 and 2014
   3.3 Income statement at 30.09.15 broken down by quarters
   3.4 Reclassified balance sheet
   3.5 Net financial position

4. **COMMENTS ON THE FINANCIAL STATEMENTS**
   4.1 Accounting principles adopted
   4.2 Scope of consolidation
   4.3 Report on operations

5. **OUTLOOK**

6. **SUBSEQUENT EVENTS**

1. STRUCTURE OF THE GROUP

The structure of the Group at 30th September 2015 is as follows:

The Parent Company is **Panariagroup Industrie Ceramiche S.p.A.**, based in Finale Emilia, Modena (Italy), with share capital of Euro 22,677,645.50.

Panariagroup produces and sells ceramic tiles for floors and walls under five distinctive brand names: Panaria, Lea, Cotto d'Este, Fiordo and Blustyle. All of these brands focus on the high-end and deluxe market segment and mainly sell grès porcelain stoneware product lines, both in Italy and abroad.

Gres Panaria Portugal S.A., based in Chousa Nova, Ilhavo (Portugal), share capital of Euro 16,500,000, subscribed and paid in, wholly owned by Panariagroup Industrie Ceramiche S.p.A.

Gres Panaria Portugal produces ceramic tiles for floors and walls under two separate brand names, Margres and Love Tiles, both aimed at the main European markets.

Panariagroup USA Inc. based in Delaware, USA, share capital of USD 65,500,000, wholly owned by Panariagroup Industrie Ceramiche S.p.A.

It owns 100% interests in Florida Tile Inc. and Lea North America LLC.

This company markets Panaria branded products on the North American market.

Florida Tile Inc., based in Delaware, USA, share capital of USD 34,000,000, wholly owned by Panariagroup USA Inc., produces and sells ceramic tiles in the USA through its own distribution network located mainly on the East coast.

Lea North America LLC., based in Delaware, USA, share capital of USD 20,000, wholly owned by Panariagroup USA Inc.
This company markets Lea branded products on the North American market.

Montanari S.r.l., based in Crespellano, Bologna (Italy), share capital of Euro 48,000, 100% owned by Panariagroup Industrie Ceramiche S.p.A. This company runs a retail outlet for ceramic tiles.

Panariagroup Immobiliare, with head office in Finale Emilia, Modena (Italy), share capital of Euro 10,000, 100% owned by Panariagroup Industrie Ceramiche S.p.A.
This company's core business is buying, selling and exchanging buildings.

The Group also has an investment in a Joint Venture Company (JVC) headquartered in the Indian state of Gujarat. This company is held 50% by Panariagroup and 50% by AGL India Ltd, a leading manufacturer in the Indian market.

2. DIRECTORS AND OFFICIALS

Board of Directors

Full Name	Office
Mussini Emilio	Chairman of the Board and Managing Director
Mussini Giuliano	Deputy Chairman of the Board of Directors
Mussini Giovanna	Deputy Chairman of the Board of Directors
Mussini Paolo	Managing Director
Pini Giuliano	Managing Director
Bonfiglioli Sonia	Independent Director
Onofri Paolo	Independent Director
Palandri Enrico	Independent Director
Tunioli Roberto	Independent Director

Board of Statutory Auditors

Full Name	Office
Muserra Francesca	Chairman of the Board of Statutory Auditors
Ascari Piergiovanni	Standing Auditor
Pincelli Vittorio	Standing Auditor

Independent Auditors

Reconta Ernst & Young S.p.A.

3. INCOME STATEMENT AND BALANCE SHEET

3.1 Income Statement: comparison between 30th September 2015 and 30th September 2014

(in thousands of Euro)

	30/09/2015	%	30/09/2014	%	var.
Revenues from sales and services	**259,447**	**96.55%**	**218,062**	**100.26%**	**41,385**
Change in inventories of finished products	3,513	1.31%	(7,995)	-3.68%	11,508
Other revenues	5,764	2.14%	7,420	3.41%	(1,656)
Value of Production	**268,724**	**100.00%**	**217,487**	**100.00%**	**51,237**
Raw, ancillary and consumable materials	(77,812)	-28.96%	(58,706)	-26.99%	(19,106)
Services, leases and rentals	(101,517)	-37.78%	(86,760)	-39.89%	(14,757)
Personnel costs	(62,614)	-23.30%	(55,155)	-25.36%	(7,459)
Changes in inventories of raw materials	(2,558)	-0.95%	(2,200)	-1.01%	(358)
Cost of production	**(244,501)**	**-90.99%**	**(202,821)**	**-93.26%**	**(41,680)**
Gross operating profit	**24,223**	**9.01%**	**14,666**	**6.74%**	**9,557**
D&A expenses	(13,047)	-4.86%	(12,238)	-5.63%	(809)
Provisions and other impairments	(1,911)	-0.71%	(1,767)	-0.81%	(144)
Net operating profit	**9,265**	**3.45%**	**661**	**0.30%**	**8,604**
Financial income and expense	(1,906)	-0.71%	(1,901)	-0.87%	(5)
Pre-tax profit	**7,359**	**2.74%**	**(1,240)**	**-0.57%**	**8,599**
Income taxes estimated	(2,939)	-1.09%	(743)	-0.34%	(2,196)
Net profit (loss) for the period	**4,420**	**1.64%**	**(1,983)**	**-0.91%**	**6,403**

3.2 Income Statement: comparison between Third Quarters 2015 and 2014

(in thousands of Euro)

	Q3 2015	%	Q3 2014	%	var.
Revenues from sales and services	**84,459**	**98.96%**	**72,057**	**98.37%**	**12,402**
Change in inventories of finished products	(1,129)	-1.32%	(1,528)	-2.09%	399
Other revenues	2,020	2.37%	2,719	3.71%	(699)
Value of Production	**85,350**	**100.00%**	**73,248**	**100.00%**	**12,102**
Raw, ancillary and consumable materials	(24,188)	-28.34%	(19,742)	-26.95%	(4,446)
Services, leases and rentals	(32,497)	-38.07%	(29,805)	-40.69%	(2,692)
Personnel costs	(20,072)	-23.52%	(17,723)	-24.20%	(2,349)
Changes in inventories of raw materials	(773)	-0.91%	(747)	-1.02%	(26)
Cost of production	**(77,530)**	**-90.84%**	**(68,017)**	**-92.86%**	**(9,513)**
Gross operating profit	**7,820**	**9.16%**	**5,231**	**7.14%**	**2,589**
D&A expenses	(4,611)	-5.40%	(4,259)	-5.81%	(352)
Provisions and other impairments	(620)	-0.73%	(97)	-0.13%	(523)
Net operating profit	**2,589**	**3.03%**	**875**	**1.19%**	**1,714**
Financial income and expense	(679)	-0.80%	(385)	-0.53%	(294)
Pre-tax profit	**1,910**	**2.24%**	**490**	**0.67%**	**1,420**
Income taxes estimated	(755)	-0.88%	(601)	-0.82%	(154)
Net profit (loss) for the period	**1,155**	**1.35%**	**(111)**	**-0.15%**	**1,266**

3.3 Income statement at 30th September 2015 broken down by quarters

(in thousands of Euro)

	30/9/2015	%	Q1 2015	%	Q2 2015	%	Q3 2015	%
Revenues from sales and services	**259,447**	**96.55%**	**81,923**	**95.02%**	**93,065**	**95.79%**	**84,459**	**98.96%**
Change in inventories of finished products	3,513	1.31%	2,729	3.17%	1,913	1.97%	(1,129)	-1.32%
Other revenues	5,764	2.14%	1,565	1.82%	2,179	2.24%	2,020	2.37%
Value of Production	**268,724**	**100.00%**	**86,217**	**100.00%**	**97,157**	**100.00%**	**85,350**	**100.00%**
Raw, ancillary and consumable materials	(77,812)	-28.96%	(24,960)	-28.95%	(28,664)	-29.50%	(24,188)	-28.34%
Services, leases and rentals	(101,517)	-37.78%	(33,040)	-38.32%	(35,980)	-37.03%	(32,497)	-38.07%
Personnel costs	(62,614)	-23.30%	(21,127)	-24.50%	(21,415)	-22.04%	(20,072)	-23.52%
Changes in inventories of raw materials	(2,558)	-0.95%	(804)	-0.93%	(981)	-1.01%	(773)	-0.91%
Cost of production	**(244,501)**	**-90.99%**	**(79,931)**	**-92.71%**	**(87,040)**	**-89.59%**	**(77,530)**	**-90.84%**
Gross operating profit	**24,223**	**9.01%**	**6,286**	**7.29%**	**10,117**	**10.41%**	**7,820**	**9.16%**
D&A expenses	(13,047)	-4.86%	(4,128)	-4.79%	(4,308)	-4.43%	(4,611)	-5.40%
Provisions and other impairments	(1,911)	-0.71%	(388)	-0.45%	(903)	-0.93%	(620)	-0.73%
Net operating profit	**9,265**	**3.45%**	**1,770**	**2.05%**	**4,906**	**5.05%**	**2,589**	**3.03%**
Financial income and expense	(1,906)	-0.71%	97	0.11%	(1,324)	-1.36%	(679)	-0.80%
Pre-tax profit	**7,359**	**2.74%**	**1,867**	**2.17%**	**3,582**	**3.69%**	**1,910**	**2.24%**
Income taxes estimated	(2,939)	-1.09%	(850)	-0.99%	(1,334)	-1.37%	(755)	-0.88%
Net profit (loss) for the period	**4,420**	**1.64%**	**1,017**	**1.18%**	**2,248**	**2.31%**	**1,155**	**1.35%**

3.2 Reclassified balance sheet

(in thousands of Euro)

CONSOLIDATED FINANCIAL STATEMENT - BALANCE SHEET

	30/9/2015	30/6/2015	31/12/2014	30/9/2014
Inventories	136.224	137.563	129.837	122.818
Accounts Receivable	83.275	88.500	69.877	74.374
Other current assets	12.049	10.753	9.077	8.999
CURRENT ASSETS	**231.548**	**236.816**	**208.791**	**206.191**
Account Payables	(71.342)	(73.273)	(58.633)	(55.036)
Other current liabilities	(27.703)	(27.852)	(25.120)	(27.059)
CURRENT LIABILITIES	**(99.045)**	**(101.125)**	**(83.753)**	**(82.095)**
NET WORKING CAPITAL	**132.503**	**135.691**	**125.038**	**124.096**
Goodwill	8.139	8.139	8.139	8.139
Intangible assets	4.013	3.380	2.202	2.098
Tangible assets	99.594	94.368	89.851	90.234
Equity Investments and other financial assets	187	187	357	458
FIXED ASSETS	**111.933**	**106.074**	**100.549**	**100.929**
Receivables due after following year	867	887	1.064	1.076
Provision for termination benefits	(6.530)	(6.487)	(6.575)	(6.102)
Provision for risk and charge	(4.425)	(4.322)	(4.230)	(4.128)
Deferred tax assets	10.516	11.911	14.111	14.090
Other payables due after the year	(2.964)	(2.982)	(2.647)	(1.335)
ASSET AND LIABILITIES DUE AFTER THE YEAR	**(2.536)**	**(993)**	**1.723**	**3.601**
NET CAPITAL EMPLOYED	**241.900**	**240.772**	**227.310**	**228.626**

Short term financial assets	(5.908)	(5.756)	(2.932)	(2.871)
Short term financial debt	52.562	53.416	40.027	40.666
NET SHORT TERM FINANCIAL DEBT	**46.654**	**47.660**	**37.095**	**37.795**
Mid-Long term financial debt	39.916	38.306	43.096	45.214
NET FINANCIAL POSITION	**86.570**	**85.966**	**80.191**	**83.009**
Group Shareholder's Equity	155.330	154.806	147.119	145.617
SHAREHOLDERS' EQUITY	**155.330**	**154.806**	**147.119**	**145.617**
TOTAL SOURCES OF FOUNDS	**241.900**	**240.772**	**227.310**	**228.626**

3.3 Consolidated Net Financial Position

(in thousands of Euro)

	30/09/2015	30/06/2015	31/12/2014	30/09/2014
Securities	-	-	-	
Cash and cash equivalents	(5.908)	(5.756)	(2.932)	(2.871)
Short-term financial assets	**(5.908)**	**(5.756)**	**(2.932)**	**(2.871)**
Due to banks	52.312	53.166	39.796	40.666
Leasing	250	250	230	-
Short-term financial indebtedness	**52.562**	**53.416**	**40.026**	**40.666**
Due to banks	39.234	37.536	42.301	45.214
Leasing	682	770	796	-
Due to bondholders	-	-	-	-
Long-term financial indebtedness	**39.916**	**38.306**	**43.097**	**45.214**
Net financial indebtedness	**86.570**	**85.966**	**80.191**	**83.009**

4. COMMENTS ON THE FINANCIAL STATEMENTS

4.1 Accounting principles adopted

This interim report on operations is prepared pursuant to Article 154-*ter* of Italian Legislative Decree no. 58/1998 (Consolidated Finance Act) and Consob's Issuers Regulations.

In connection with regulations on the listing of parent companies of companies incorporated or regulated under the laws of countries not belonging to the European Union and which have a significant impact on the consolidated financial statements, it should be noted that:

- As of 30 September 2015 three companies controlled by Panariagroup come under these regulations: Panariagroup USA Inc., Florida Tile Inc and Lea North America LLC
- Adequate procedures have been adopted to ensure thorough compliance with the rules (Article 36 of the Market Regulations issued by Consob).

Panariagroup adopted the IFRS issued by the International Accounting Standards Board.
The accounting policies used in preparing this interim report do not differ from those applied since the date of adoption of IFRS; moreover, the accounting figures given in this interim report do not include any estimates other than those normally used to prepare the annual financial statements.

In relation to the Group's US companies, there were no significant differences between local accounting principles (US GAAP) and the accounting standards adopted in the consolidated financial statements (IFRS).

This Interim Report has not been audited.

The amounts reported and commented are in thousands of euro, unless otherwise indicated.

4.2 Scope of consolidation

The scope of consolidation includes:

- **Panariagroup Industrie Ceramiche S.p.A.** Parent Company
- **Gres Panaria Portugal S.A.** wholly owned subsidiary
- **Panariagroup USA Inc.** wholly owned subsidiary
- **Florida Tile Inc.** wholly owned subsidiary
- **Lea North America LLC**. wholly owned subsidiary
- **Montanari Srl,** wholly owned subsidiary
- **Panariagroup Immobiliare,** wholly owned subsidiary.

All of the companies included in the scope of consolidation have been consolidated on a line-by-line basis.

The Group also holds a 50% interest in a Joint Venture Company (JVC) in India called Asian Panaria, measured at Equity.

4.3 **Report on operations**

Income statement – Key figures at 30 September 2015

(in thousands of Euro)

	30/9/2015	%	30/09/2014	%	var. €
Revenues from sales and services	**259,447**	**96.55%**	**218,062**	**100.26%**	**41,385**
Value of Production	**268,724**	**100.00%**	**217,487**	**100.00%**	**51,237**
Gross operating profit	**24,223**	**9.01%**	**14,666**	**6.74%**	**9,557**
Net operating profit	**9,265**	**3.45%**	**661**	**0.30%**	**8,604**
Pre-tax profit	**7,359**	**2.74%**	**(1,240)**	**-0.57%**	**8,599**
Net profit for the period	**4,420**	**1.64%**	**(1,983)**	**-0.91%**	**6,403**

Briefly, the results for the period are the following:

- Consolidated **revenues from sales** amounted to **Euro 259.4 million**, an increase of **19.0%** on September 2014.
- **Gross operating profit** amounted to **Euro 24.2 million** (Euro 14.7 million at 30th September 2014).
- **Net operating profit** amounted to **Euro 9.3 million** (Euro 0.7 million at 30th September 2014).
- The **consolidated result** is a profit of **Euro 4.4 million** (versus a loss of Euro 2.0 million at 30th September 2014).

The third quarter also confirmed the positive trend of the first half, with strong results both in terms of sales and margins; in fact, revenues recorded the same levels of growth as the first half, with a substantial increase of 19%, equating to a rise of EUR 41.4 million, determined by the excellent performance in all the main markets.

The growth in sales made a significant contribution to the improvement in Operating Margins, which also benefitted from the increase in volumes produced and the greater absorption of fixed industrial costs.

Improved results were recorded in all Business Units with respect to the previous year, both in terms of revenues and profitability; in this regard, the positive contributions made by the foreign Business Units (Portugal and the United States), which retained their high rates of growth, were especially significant.

All the main capital ratios highlighted strengthening trends; the improvement in the ratio between the Net Financial Position and the Gross Operating Profit in the last 12 months was highly significant, amounting to around Euro 2.8 million compared to Euro 3.8 million in December 2014.

Consolidated Revenues

Revenues from sales recorded significant growth, from Euro 218.0 million at 30th September 2014 to Euro 259.4 million at 30th September 2014.

Main reference markets

The Group generated significant growth in revenues in all the main areas.

In the United States, it confirmed the "double digit" growth in revenues, with an increase of 14% in dollars; the positive effect in Euro terms was clearly greater thanks to the considerable appreciation of the US dollar against the European currency compared to 2014.

The main contribution to the positive performance came from Florida Tile, which generated growth in turnover in all distribution channels; moreover, it should be noted that the Lea North America and Panariagroup USA Divisions are registering considerable growth as a whole.

The US market accounted for 38% of total revenues.

On the Italian market, the Group recorded an increase of 5%; this positive result allowed a recovery in market shares, in consideration of the "linear" trend in the ceramics sector as a whole (as per the quarterly survey of Confindustria Ceramica) and was made possible, in particular, by the development of alternative sales channels to those through which the Group traditionally operated.

The Italian market's share of total sales was **20%.**

The European markets, as a whole, also recorded solid growth of 9%.

Only the "Francophone" area recorded a slight fall in revenues (-3%), however in line with the data recorded by Confindustria Ceramica for the industry, while the performance recorded in Portugal (where the subsidiary Gres Panaria Portugal is the leading player in terms of revenues) and in Germany were highly satisfactory, both with growth of more than 20%. The results obtained in Eastern Europe also stood out, up 24% excluding Russia.

European markets accounted for **30%** of total revenues.

The **other markets** (Asia, South America, Oceania and Africa) confirmed the rates of growth from previous years, with an increase of 20% in turnover.

The most significant increases were registered in the Asian and African areas, in which the Group is continuing to carry out specific sales initiatives based on the substantial growth prospects.

The other markets accounted for **12%** of total revenues.

The revenues of the Group's foreign markets therefore accounted for 80% of total revenues. Non-European markets accounted for 50% of revenues.

The guidelines that have characterised the Group's strategy over the last decade have been focused on the process of internationalisation through the acquisition of foreign companies and the strengthening of the sales structures dedicated to these markets.

Business diversification allows us to considerably reduce the operating risks linked to the trend in the individual markets, and to acquire important knowledge that enables us to quickly seize growth opportunities.

Performance of the Group’s Divisions

All the Group’s Business Units made a positive contribution to the growth in revenues.

The Italian brands, as a whole, bucked the trend recorded in previous years, registering a growth trend; the sales restructuring activities, still in progress, are contributing to the positive results, which aim to achieve a structure more suited to market trends.

The Panariagroup Trade Division, organised according to a “multi-Brand” model and operating on the Asian, Oceania and Eastern European markets, also recorded a healthy increase in revenues in 2015.

The Private Label Division (Toll Manufacturing) registered further substantial growth in turnover with respect to 2014, confirming the appreciation of the quality and of the technological and aesthetic content of our products.

The Gres Panaria Portugal Division, thanks to an increasingly more efficient organisational structure, is taking full advantage of the commercial potential typical of the two Portuguese brands; in fact, both recorded excellent growth results, both on the domestic market and on foreign markets.

The Portuguese products, thanks to competitive production costs, combined with high quality, are highly attractive to the European markets.

The US Business Unit recorded “double digit" growth for the fifth year in a row, with an average of more than 12% in the five-year period, better than the general performance of the market in which it operates, characterised however by generally positive trends.

Our main player in the US market, Florida Tile, thanks to a diversified distribution model covering multiple channels, has a widespread presence through the United States, which is efficiently supported by the logistics and production facility operating in Kentucky.

Operating results

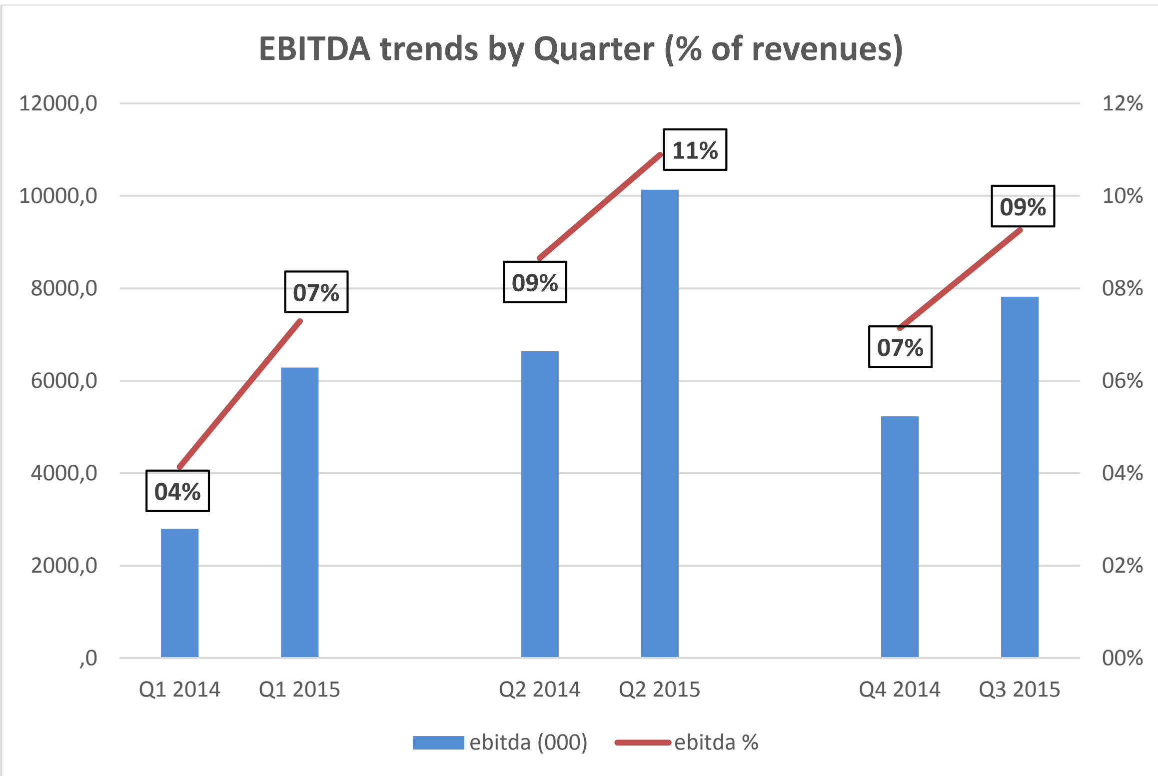
Gross Operating Profit came to **Euro 24.2 million**, representing 9.0% of the Value of Production (Euro 14.7 million at 30th September 2014, or 6.7% of the Value of Production), with a significant growth of Euro 9.6 million.

The increase in revenues, associated with greater use of plants' production capacity, are the growth factors of the Group's margins.

The successful sales initiatives implemented, also through the creation of alternative channels, are at the root of the recent positive developments in margins and of the greater efficiency in exploiting the production facilities.

Moreover, in the first 9 months of 2015, we benefitted from the positive effect of the reduction in energy tariffs, for around Euro 1.5 million, with respect to the same period in the previous year; the contracts signed also guarantee further savings for the final quarter of 2015, in addition to a benefit for the next year too.

The third quarter also saw constant growth in profit margins compared to the previous year.



Net operating profit amounted to Euro 9.3 million (Euro 0.6 million at 30th September 2014).

Amortisation/depreciation rose in absolute terms over September 2014, while their incidence on revenues fell.

Financial expense was in line with 2014, with a modest incidence on revenues (0.7%); this is the result of careful treasury management, which allows us to enjoy a high degree of credibility and confidence from the banking system, with the application of competitive interest rates.

The **Consolidated net result** was a profit of Euro 4.4 million (versus a loss of Euro 2.0 million at 30th September 2014).

Review of the balance sheet

Balance sheet summary

(in thousands of Euro)

	30/9/2015	30/6/2015	31/12/2014	30/9/2014
Net Working Capital	**132.503**	**135.691**	**125.038**	**124.096**
Fixed Assets	**111.933**	**106.074**	**100.549**	**100.929**
Assets and Liabilities due after the year	**(2.536)**	**(993)**	**1.723**	**3.601**
NET CAPITAL EMPLOYED	**241.900**	**240.772**	**227.310**	**228.626**
Net Financial Position	**86.570**	**85.966**	**80.191**	**83.009**
Shareholders' Equity	**155.330**	**154.806**	**147.119**	**145.617**
TOTAL SOURCES OF FOUNDS	**241.900**	**240.772**	**227.310**	**228.626**

Net Working Capital

Net Working Capital increased by Euro 8.4 million compared to 30th September 2014 (+7%). The percentage increase in NWC was lower than the increase in revenues, triggering an improvement in the NWC/Revenues ratio.

An analysis of the items that compose Net Working Capital shows that the change in inventories (+5%) is lower than the growth in revenues, with an improvement in the turnover rate; the level of trade receivables also rose to a lesser extent than the increase in revenues, with an improvement in average collection times.

The significant growth in amounts due to suppliers reflects the considerable increase in production volumes and investments made.

We firmly intend to further improve the Net Working Capital / Revenues ratio.

Non-current assets

Non-current assets have increased by Euro 11.0 million since the start of the year.

- capital expenditure for the period, of approximately Euro 22.7 million, of which Euro 12.1 million invested in Italy, Euro 6.1 million in Portugal and Euro 4.5 million in the United States.
- depreciation and amortisation for the period, amounting to Euro 13.0 million.
- higher value of fixed assets of the US sub-consolidation expressed in Euro, because of the appreciation of the dollar since the end of 2014, of Euro 1.3 million.

A major programme of industrial investments started in 2015, which will also extend into next year.

The Fiorano plant saw the start of the installation of the third laminated stoneware production line, which aims to meet the growing requirements for this type of product, for which the Group is among the leading players in the global market.

The Italian facilities continue to see the in-sourcing of some activities linked to product finishing (cutting, grinding and polishing lines), which guarantee considerable savings with respect to the use of external suppliers and a faster response in meeting the requests for order fulfilment.

Furthermore, technological upgrading continued in relation to the graphic rendering of products through the installation of new digital decoration machines.

In Portugal, the strategic production hub owing to its quality of being able to combine competitive costs with optimum product quality, technological upgrades were carried out, mainly to expand the product range (in particular, the so-called "large formats"), with the installation of a new pressing and drying machine and a new selection line.

At the Lawrenceburg plant (USA), part of the new complete production line was installed (press, dryer and digital machines), which will adjust the plant's production capacity in line with the growing needs deriving from the expected growth in the US market. The Lawrenceburg plant is an important factor of success for our Group in the United States.

As regards investments, the Group is continuing with the development of the information system integration project, through the adoption of a single platform (SAP) for all its Business Units.

Net Financial Position

Financial cash flow
(thousands euro)

	30/09/2015	30/06/2015	31/12/2014	30/09/2014
Net financial position (debt) - beginning	**(80.2)**	**(80.2)**	**(90.9)**	**(90.9)**
Net Result for the period	4.4	3.3	(1.8)	(2.0)
D & A	13.0	8.4	16.7	12.3
Net Variation Provisions	4.9	3.6	0.0	(0.1)
Non monetary changes	(0.3)	(0.3)	(1.0)	(0.3)
Internal operating Cash flow	**22.0**	**15.0**	**13.9**	**9.9**
Change in net working capital and other assets and liabilities	(5.0)	(8.0)	11.3	8.9
Net Investments	(22.7)	(12.1)	(13.6)	(10.2)
Exchange rate diff. from US$ financial statement conversions	(0.7)	(0.7)	(0.9)	(0.7)
Net financial position (debt) - final	**(86.6)**	**(86.0)**	**(80.2)**	**(83.0)**

For a better understanding of the exchange rate effect on the Net Financial Position, a method of disclosing cash flows was adopted in which the changes in the single equity components are "free" from the exchange rate effect, which is entirely reported in the item "Changes in the Net Financial Position due to the exchange rate effect". This item reflects the actual impact of exchange differences on the Net Financial Position of the Group.

The summary Cash Flow Statement showed a significant improvement in operational self-financing, up from Euro 9.9 million at 30th September 2014 to Euro 22.0 million at 30th September 2015 (up Euro 12.1 million).

Net Financial Debt rose by Euro 3.6 million compared to 30th September 2014, while it is essentially in line with 30th June 2015.

Despite the significant level of investments, the cash generation from ordinary operations has allowed the maintenance of financial debt in line with the objective set for improvement in the NFP/GOP ratio, which now stands at 2.8.

5. OUTLOOK

The third quarter of 2015 confirmed the positive trends, which already emerged in the first half and is in line with the expectations and the achievement of the margin targets set.

The expectations for the final quarter are improvement over the fourth quarter of 2014; it should be noted that, for reasons of a seasonal nature, the profits of the final quarter are normally lower than the previous three quarters.

Despite the significant results obtained, we believe there are still margins for improvement, in consideration of the in-depth restructuring processes concerning the Italian Business Unit whose effects, in terms of higher sales and greater production, should be even more noticeable in 2016.

The positive signs identified in the macro-economic trends, associated with our Group's greater capacity to seize growth opportunities, provide the basis for an important investment programme, already commenced, which will also characterise next year and which will allow us to maintain the technological excellence that has always set us apart, and which enables us to operate at the high-end of the market.

The crisis in recent years has called for a careful selection of operators in our sector, confirming the validity of our decisions on internationalisation, constant technological and product innovation and commercial coverage of the markets, which still constitute fundamental leverage for successfully overcoming future challenges.

6. SUBSEQUENT EVENTS

There are no significant events.