Financial Statements

Industrie Natuzzi S.p.A. and Subsidiaries
Consolidated Financial Statements

as of December 31, 2001 and 2000
and for each of the years in the three-year period ended
December 31, 2001

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Independent auditors' report

To the Board of Directors
NATUZZI S.p.A. (formerly Industrie Natuzzi S.p.A.)

We have audited the accompanying consolidated balance sheets of Natuzzi S.p.A. and subsidiaries (the 'Natuzzi Group') as of December 31, 2001 and 2000 and the related consolidated statements of earnings, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2001. These consolidated financial statements are the responsibility of the Natuzzi Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the Republic of Italy and in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Natuzzi Group as of December 31, 2001 and 2000 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2001, in conformity with established accounting principles in the Republic of Italy.

Established accounting principles in the Republic of Italy vary in certain significant respects from generally accepted accounting principles in the United States of America. Application of generally accepted accounting principles in the United States of America would have affected results of operations for each of the years in the three-year period ended December 31, 2001 and shareholders' equity as of December 31, 2001 and 2000 to the extent summarized in Note 26 to the consolidated financial statements.

KPMG SpA.

Bari, Italy
March 26, 2002

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Consolidated Balance Sheets
December 31, 2001 and 2000

expressed in millions of Italian lira, except otherwise indicated

	2001 (euro thousand)	2001	2000
Assets			
Current assets			
Cash and cash equivalents (note 4)	208,200	403,132	183,174
Marketable debt securities (note 5)	27	52	51
Trade receivables, net (note 6)	138,208	267,608	271,525
Other receivables (note 7)	54,629	105,776	80,285
Inventories (note 8)	87,895	170,189	142,594
Unrealized foreign exchange gains (note 24)	-	-	4,069
Prepaid expenses and accrued income	918	1.778	555
Deferred income taxes (note 14)	2,018	3,907	3,532
Total current assets	491,895	952,442	685,785
Non current assets			
Property, plant and equipment (note 9 and 21)	250,746	485,512	352,254
Less accumulated depreciation (note 9 and 21)	(67,633)	(130,955)	(110,217)
Net property, plant and equipment	183,113	354,557	242,037
Treasury shares (note 19)	37,828	73,245	44,987
Other assets (note 10)	3,889	7,531	6,579
Deferred income taxes (note 14)	43	83	102
Total assets	716,768	1,387,858	979,490

see accompanying notes to consolidated financial statements

	2001 (euro thousand)	2001	2000
Liabilities and shareholder's equity			
Current liabilities			
Short-term borrowings (note 11)	134,477	260,384	5,243
Current portion of long-term debt (note 16)	1,007	1,949	645
Accounts payable-trade (note 12)	82,278	159,313	163,407
Accounts payable-other (note 13)	14,634	28,336	22,513
Allowance for unrealized foreign exchange losses (note 24)	902	1,746	-
Income taxes (note 14)	5,632	10,906	7,349
Salaries, wages and related liabilities (note 15)	13,594	26,321	21,629
Total current liabilities	252,524	488,955	220,786
Long-term liabilities			
Employees' termination indemnity (note 3 (l))	22,267	43,115	38,440
Long-term debt (note 16)	3,259	6,311	473
Deferred income taxes (note 14)	116	225	470
Other deferred income (note 3 (k))	3,993	7,731	-
Other liabilities	4,692	9,085	8,227
Minority interest (note 17)	1,455	2,818	1,543
Shareholders' equity (note 19)			
Share capital	57,526	111,385	7,191
Reserves	70,357	136,231	108,191
Additional paid-in capital	8,282	16,037	16,037
Retained earnings	292,297	565,965	578,132
Total shareholders' equity	428,462	829,618	709,551
Committments and contingent liabilities (notes 20 and 24)		-	-
Total liabilities and shareholders' equity	716,768	1,387,858	979,490

Consolidated Statements of Earnings
years ended at December 31, 2001, 2000 and 1999

expressed in millions of Italian lire except per share data and as otherwise indicated

	2001 (euro thousand)	2001	2000	1999
Net sales (note 21)	786,148	1,522,194	1,333,084	1,091,689
Cost of sales (note 22)	(520,089)	(1,007,032)	(825,423)	(651,615)
Gross profit	266,059	515,162	507,661	440,074
Selling expenses	(134,840)	(261,087)	(211,016)	(164,467)
General and administrative expenses	(33,456)	(64,780)	(51,644)	(43,823)
Operating income	97,763	189,295	245,001	231,784
Other expense, net (note 23)	(225)	(436)	(42,302)	(32,476)
Earnings before taxes and minority interest	97,538	188,859	202,699	199,308
Income taxes (note 14)	(21,901)	(42,407)	(49,344)	(39,441)
Earnings before minority interest	75,637	146,452	153,355	159,867
Minority interest	20	38	(90)	(305)
Net earnings	75,657	146,490	153,265	159,562
Basic earnings per share (note 3(s))	1.374	2,662	2,685	2,776
Diluted earnings per share (note 3(s))	1.374	2,662	2,685	2,776

Consolidated Statements of Changes in Shareholders' Equity years ended at December 31, 2001, 2000 and 1999

expressed in millions of Italian lire except number of ordinary shares

	Share capital					
	Number of ordinary shares	Amount	Reserves	Additional paid-in capital	Retained earnings	Total
Balances at December 31, 1998	57,468,888	7,184	62,241	15,441	572,262	657,128
Dividends distributed	-	-	-	-	(91,950)	(91,950)
Transfers	-	-	(212)	-	212	-
Exchange difference on translation of financial statements	-	-	-	-	7,433	7,433
Net earnings	-	-	-	-	159,562	159,562
Balances at December 31, 1999	57,468,888	7,184	62,029	15,441	647,519	732,173
Dividends distributed	-	-	-	-	(181,946)	(181,946)
Exercise of stock options	56,640	7	-	596	-	603
Exchange difference on translation of financial statements	-	-	-	-	4,281	4,281
Treasury shares acquired (note 19)	(1,782,700)	-	44,987	-	(44,987)	-
Grants received net of taxes	-	-	638	-	-	638
Revaluation of fixed assets net of taxes	-	-	537	-	-	537
Net earnings	-	-	-	-	153,265	153,265
Balances at December 31, 2000	55,742,828	7,191	108,191	16,037	578,132	709,551
Dividends distributed	-	-	-	-	(30,776)	(30,776)
Exchange difference on translation of financial statements	-	-	-	-	4,353	4,353
Treasury shares acquired (note 19)	(1,061,200)	-	28,258	-	(28,258)	-
Increase of share capital (note 19)	104,194	-	-	(104,194)	-	-
Other transfers	-	-	(218)	-	218	-
Net earnings	-	-	-	-	146,490	146,490
Balances at December 31, 2001	54,681,628	111,385	136,231	16,037	565,965	829,618

Consolidated Statements of Cash Flows
years ended at December 31, 2001, 2000 and 1999

expressed in millions of Italian lire, except as otherwise indicated

	2001 (euro thousand)	2001	2000	1999
Cash flows from operating activities				
Net earnings	75,656	146,490	153,265	159,562
Adjustments to reconcile net income to net cash Provided by operating activities				
Depreciation and amortization	13,292	25,737	20,094	18,430
Employees' termination indemnity	6,293	12,184	10,372	9,234
Deferred income taxes	(310)	(601)	2,812	(3,692)
Minority interest	(20)	(38)	90	305
(Gain) loss on disposal of assets	(101)	(195)	(239)	2,579
Change in provision for unrealized foreign exchange losses	3,003	5,815	(6,614)	2,327
Change in assets and liabilities				
Receivables, net	(11,538)	(22,341)	(45,620)	(33,785)
Inventories	(14,252)	(27,595)	(39,388)	3,340
Prepaid expenses and accrued income	(632)	(1,223)	150	867
Other assets	(1,372)	(2,656)	(2,862)	(993)
Accounts payable	893	1,729	48,957	172
Income taxes	1,837	3,557	4,575	(15,098)
Salaries, wages and related liabilities	2,423	4,692	4,878	185
Other deferred income	3,993	7,731	-	-
Other liabilities	443	858	2,406	1,640
Employees' termination indemnity	(3,878)	(7,509)	(5,550)	(5,876)
Total adjustments	74	145	(5,939)	(20,365)
Net cash provided by operating activities	75,730	146,635	147,326	139,197

	2001 (euro thousand)	2001	2000	1999
Cash flows from investing activities				
Property, plant and equipment				
Additions	(69,146)	(133,886)	(53,919)	(18,496)
Disposals	558	1,081	857	1,323
Government grants received	396	767	734	-
Marketable debt securities:				
Purchases	(1)	(1)	(1)	(71,960)
Proceeds from sales	-	-	-	86,142
Purchase of business, net of cash acquired	(60)	(116)	(1,107)	-
Purchase of minority interest	(33)	(63)	(138)	(167)
Net cash used in investing activities	**(68,286)**	**(132,218)**	**(53,574)**	**(3,158)**
Cash flows from financing activities				
Long-term debt				
Proceeds	4,022	7,787	-	-
Repayments	(333)	(645)	(1,197)	(1,684)
Short-term borrowings	131,769	255,141	4,305	(2,952)
Exercise of stock options	-	-	603	-
Treasury shares	(14,594)	(28,258)	(44,987)	-
Dividends paid	(15,894)	(30,776)	(181,946)	(91,950)
Dividends paid to minority shareholders	-	-	-	(108)
Capital contribution of minority interest	576	1,115	-	-
Net cash provided by (used in) financing activities	**105,546**	**204,364**	**(223,222)**	**(96,694)**
Effect of translation adjustments on cash	608	1,177	(4)	92
Increase (decrease) in cash and cash equivalents	113,598	219,958	(129,474)	39,437
Cash and cash equivalents, beginning of the year	94,601	183,174	312,648	273,211
Cash and cash equivalents, end of the year	208,199	403,132	183,174	312,648
Supplemental disclosure of cash flow information				
Cash paid during the year for interest	3,199	6,194	409	370
Cash paid during the year for income taxes	24,343	47,134	35,438	77,757

see accompanying notes to consolidated financial statements

expressed in millions of Italian lire, except as otherwise indicated

1

Description of business and Group composition

The consolidated financial statements include the accounts of Industrie Natuzzi S.p.A. ('Natuzzi' or the 'Company') and of its subsidiaries (together with the Company, the 'Group'). The Group's primary activity is the design, manufacture and marketing of contemporary and traditional leather and fabric-upholstered furniture. The subsidiaries included in the consolidation at December 31, 2001, together with the related percentages of ownership, are as follows:

name	% of ownership	registered office	activity
Divani e Poltrone Italia S.r.l.	100.00	Bari, Italy	(1)
Soft Cover S.r.l.	100.00	Bari, Italy	(1)
Spagnesi International S.r.l.	100.00	Bari, Italy	(1)
Spagnesi S.p.A.	99.95	Quarrata, Italy	(1)
Creazioni Ellelle S.p.A.	100.00	Altamura, Italy	(1)
Style and Comfort S.r.l.	100.00	Bari, Italy	(1)
Expan Italia S.r.l.	100.00	Bari, Italy	(1)
Italsofa Bahia Ltd	97.99	Bahia, Brazil	(1)
Italsofa Shanghai Co. Ltd	100.00	Shanghai, China	(1)
Italsofa Romania	100.00	Baia Mare, Romania	(1)
Natco S.p.A.	99.99	Bari, Italy	(2)
I.M.P.E. S.p.A.	90.83	Qualiano,Italy	(3)
Natuzzi Americas Inc.	100.00	High Point, NC, USA	(4)
Natuzzi Asia Ltd	100.00	Hong-Kong, China	(4)
Divania Madrid S.A.	100.00	Madrid, Spain	(4)
Sofaworld AG	60.00	Koltbrunn, Switzerland	(4)
Nagest S.r.l.	100.00	Bari, Italy	(5)
Softaly S.r.l.	100.00	Bari, Italy	(6)
Natuzzi Netherlands Holding	100.00	Amsterdam, Holland	(7)
Italsofa Hong-Kong Ltd	100.00	Hong-Kong, China	(7)
Natuzzi Trade Service S.r.l.	100.00	Bari, Italy	(8)
D.L.S. S.r.l.	100.00	Bari, Italy	(9)
Natuzzi Argentina	99.00	Buenos Aires , Argentina	(9)
Finat Ltd	100.00	Dublin, Ireland	(9)
Natex S.r.l.	100.00	Bari, Italy	(10)

(1) Manufacture and distribution

(2) Intragroup leather dyeing and finishing

(3) Production and distribution of polyurethane foam

(4) Distribution

(5) Intragroup accounting services

(6) Intragroup building management

(7) Investment holding

(8) Transportation services

(9) In liquidation

(10) Non operative

During 2001, the Company acquired all the minority interest of Divani e Poltrone Italia S.r.l. (0.02%) and Expan S.r.l. (1%) for a consideration of 63 in cash.

During 2001, the Company acquired 100% of Divania Madrid S.A. and 60% of Sofaworld AG, for cash consideration of 116. The acquisition was accounted for using the purchase method. The acquisition resulted in a goodwill of 835, which represents the excess of purchase price over fair value of net assets. The fair value of assets acquired and liabilities assumed were as follows:

Current assets	1,463
Non current assets, other than goodwill	1,518
Goodwill	835
Current liabilities	(3,694)
Non current liabilities	(6)
Cash paid	116

No proforma information is presented as revenues and net income for the prior period are immaterial.

During 2001, the Company set up a subsidiary in Romania which will be engaged in the production of leather upholstery furniture labelled "Italsofa". This subsidiary is building new production plants in this location and it will be in production by the end of December 2002.

In 2000 the Company incorporated subsidiaries in Brazil and China. At December 31, 2001 these subsidiaries are engaged in the production of leather upholstery furniture labelled "Italsofa".

In March 2000, the Company acquired 100% of a leather and fabric upholstered furniture manufacturing business, Style and Comfort S.r.l., for cash consideration of

1,107. The acquisition resulted in a goodwill of 1,119, which represents the excess of purchase price over fair value of net assets.

In addition, during 2000, the Company acquired the remaining interest of 1% in Creazioni Elleelle S.p.A. for a consideration of 138 in cash.

During 1999, the Company acquired all of the minority interest of Natex S.r.l. for a consideration of 167 in cash. Goodwill arising from that acquisition amounted to 146.

2
Basis of preparation and principles of consolidation

The financial statements utilized for the consolidation are the statutory financial statements of each Group company at December 31, 2001, 2000 and 1999. The 2000 and 1999 financial statements have been approved by the respective shareholders of the relevant companies. The 2001 financial statements have been approved only by the directors of the relevant companies.

The financial statements of subsidiaries are adjusted, where necessary, to conform to Natuzzi's accounting principles, which are consistent with Italian legal requirements governing financial statements considered in conjunction with established accounting principles promulgated by the Italian Accounting Profession and, in their absence, by the International Accounting Standards Committee. The consolidated financial statements are classified in accordance with the presentations generally used in international practice.

Established accounting principles in the Republic of Italy vary in certain significant respects from generally accepted accounting principles in the United States of America. Application of generally accepted accounting principles in the United States of America would have affected results of operations for each of the years in the three-year period ended December 31, 2001 and shareholders' equity as of December 31, 2001 and 2000 to the extent summarized in Note 26 to the consolidated financial statements.

The consolidated financial statements include all affiliates and companies that Natuzzi directly or indirectly controls, either through majority ownership or otherwise. Control is presumed to exist where more than one-half of a subsidiary's voting power is controlled by the Company or the Company is able to govern the financial and operating policies of a subsidiary or control the removal or appointment of a majority of a subsidiary's board of directors. Where an entity either began or ceased to be controlled during the year, the results of operations are included only from the date control commenced or up to the date control ceased.

The assets and liabilities of subsidiaries are consolidated on a line-by-line basis and the carrying value of intercompany investments held is eliminated against the related shareholder's equity accounts. The minority interests of consolidated subsidiaries are separately classified in the consolidated balance sheets and statements of earnings for all years presented. All intercompany balances and transactions have been eliminated in consolidation.

On January 1, 2002 the Company adopted the Euro as its reporting currency and therefore the accompanying consolidated balance sheet as of December 31, 2001, consolidated statement of earnings and consolidated statement of cash flows for the year ended December 31, 2001 present columns showing the 2001 balances in Euro. All consolidated financial statements for each period presented prior to January 1, 2002 will be restated into Euro using the official Lira-Euro exchange rate fixed as of January 1, 1999 (Euro 1 is equal to Lire 1,936.27). Due to the fixed Lira-Euro exchange rate, Company's restated consolidated financial statements will depict the same trends as would have been presented if it had continued to present its consolidated financial statements in Italian lire. Natuzzi consolidated financial statements however will not be comparable to the Euro consolidated financial statements of other companies that previously reported their financial statements in a currency other than Lira because of currency fluctuations between Lira and other currency.

3
Summary of established accounting policies

The established accounting policies followed in the preparation of the consolidated financial statements are outlined below.

a Foreign currency

Foreign currency transactions are recorded at the exchange rates applicable at the transaction dates. Assets and liabilities denominated in foreign currency are remeasured at year-end exchange rates, except for certain accounts receivable as discussed below. Foreign exchange gains and losses resulting from the remeasurement of these assets and liabilities are included in other expense, net, in the consolidated statements of earnings.

Receivables being hedged by forward exchange contracts are remeasured using the related forward exchange rate. Foreign exchange gains and losses resulting from the remeasurement of hedged receivables are recognized in other expense, net, in the consolidated statements of earnings.

The financial statements of foreign subsidiaries for which the functional currency is not the Italian Lira are translated at (i) year-end exchange rate for assets and

liabilities, (ii) historical exchange rates for share capital and retained earnings, and (iii) average exchange rates during the year for statements of earnings. The resulting exchange differences on translation are recorded as a direct adjustment to shareholders' equity.
In these consolidated financial statements receivables and payables denominated in currencies of member states of European Union which are participating to European Monetary Union are not considered foreign.

b Forward exchange contracts

The Group enters into forward exchange contracts (known in Italian financial markets as domestic currency swaps) to manage its exposure to foreign currency risks. The accounting for forward exchange contracts depends on their use as follows:

- Forward exchange contracts used to hedge accounts receivable are considered when remeasuring the related balance sheet item at the contract rate. Foreign exchange gains and losses from the remeasurement of the accounts receivable at contract rate are recorded within other income, net, in the consolidated statements of earnings.
- Forward exchange contracts are used to hedge future sales if the sales are supported by sales orders and customer's indications of future purchases as of the balance sheet date which are confirmed by sales orders received within the earlier of four months after the year-end or the issuance of the consolidated financial statements. Unrealized gains and losses on these forward contracts are deferred.
- Unrealized gains and losses on forward exchange contracts not hedging any on- or off-balance sheet items are recorded in other income net, in the consolidated statements of earnings.

c Cash and cash equivalents

The Company classifies as cash and cash equivalents cash on hand, amounts on deposit and on account in banks and cash invested temporarily in various instruments with maturities of three months or less at time of purchase.

d Marketable debt securities

Marketable debt securities are valued at the lower of cost or market value determined on an individual security basis. A valuation allowance is established and recorded as a charge to other expense, net, for unrealized losses on securities. Unrealized gains are not recorded until realized. Recoveries in the value of securities are recorded as part of other expense, net, but only to the extent of previously recognized unrealized losses.

Gains and losses realized on the sale of marketable debt securities were computed based on a weighted-average cost of the specific securities being sold.

Realized gains and losses are charged to other expense, net.

e Accounts receivable and payable

Receivables are stated at nominal value net of an allowance for doubtful accounts. Payables are stated at face value.

f Inventories

Raw materials are stated at the lower of cost (determined under the specific cost method for leather hides and under the weighted-average method for other raw materials) or replacement cost. Goods in process and finish goods are valued at the lower of production cost or net realizable value.

g Property, plant and equipment

Property, plant and equipment is stated at historical cost, except for certain buildings which were revalued in 1983, 1991 and 2000 according to Italian revaluation laws. Maintenance and repairs are expensed; significant improvements are capitalized and depreciated over the useful life of the related assets. The cost or valuation of fixed assets is depreciated on the straight-line method over the estimated useful lives of the assets (refer to note 9).

h Other assets

Other assets in the consolidated financial statements primarily include trademarks and patents, goodwill and certain deferred costs. These assets are stated at the lower of amortized cost or recoverable amount. The carrying amount of other assets are reviewed to determine if they are in excess of their recoverable amount, based on undiscounted cash flows, at the consolidated balance sheet date. If the carrying amount exceeds the recoverable amount, the asset is written down to the recoverable amount.

Trademarks, patents and goodwill are amortized on a straight-line basis over a period of five years.

i Impairment of Long-lived Assets and Long-lived Assets to be disposed of The Company reviews long-lived assets, including intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Estimated fair value is generally based on either appraised value or measured by discounted estimated future cash flows. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Accordingly, actual results could vary significantly from such estimates.

j Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss. Deferred tax assets are reduced by a valuation allowance to an amount that is more likely than not to be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

k Government grants

The capital grants compensate the Group for the cost of an asset. The capital grants are part of the Italian government's investment incentive program, under which the Group receives amounts generally equal to a percentage of the aggregate investment made by the Group in the construction of new manufacturing facilities, or in the improvement of existing facilities, in designated areas of the country.

Capital grants from government agencies are recorded when there is reasonable assurance that the grants will be received and that the Group will comply with the conditions applying to them.

Until December 31, 2000 capital grants were recorded, net of tax, within reserves in shareholders' equity. As from January 1, 2001 all new capital grants are recorded in the consolidated balance sheet initially as deferred income and than recognized in the consolidated statement of earnings as revenue on a systematic basis over the useful life of the related asset. At December 31, 2001 the deferred income for capital grants amounts to 7,731.

Cost reimbursement grants relating to training and other personnel costs are credited to income when received from government agencies.

l Employees' termination indemnities

Termination indemnities represent amounts accrued for each Italian employee that are due and payable upon termination of employment determined in accordance with applicable labor laws. The Group accrues the full amount of employees' vested benefit obligation as determined by such laws for termination indemnities.

The expense recorded for termination indemnities for the years ended December 31, 2001, 2000 and 1999 was 12,184, 10,372 and 9,234, respectively.

The number of workers employed by the Group totalled 4,643 and 3,700 at December 31, 2001, and 2000, respectively.

m Net sales

The Company recognizes revenue on sales at the time products are shipped from the manufacturing facilities. Revenues are recognized when the following criteria are met: persuasive evidence of an arrangement exists; the price to the buyer is fixed and determinable; and collectibility of the sales price is reasonable assured.

Revenues are recorded net of returns and discounts. Sales returns are estimated and provided for in the year of sales. Such allowances are made based on historical trends. The Company has the ability to make a reasonable estimate of future returns due to large volume of homogeneous transactions and historical experience.

n Shipping and handling costs

Shipping and handling costs incurred to transport products to customers are included in selling expenses. Shipping and handling expenses recorded for the years ended December 31, 2001, 2000 and 1999 were 128,015, 104,520 and 78,562, respectively.

o Advertising costs

Advertising costs are expensed in the periods incurred. Advertising expenses recorded for the years ended December 31, 2001, 2000 and 1999 were 37,945, 34,203 and 20,722, respectively.

p Commission expense

Commissions payable to sales representatives and the related expenses are recorded at the time shipments are made by the Group to customers. Commissions are not paid until payment for the related sale’s invoice is remitted to the Group by the customer.

q Contingencies

Liabilities for loss contingencies are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be rea sonably estimated.

r Use of estimates

The preparation of financial statements in conformity with established accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

s Earnings per share

Basic earnings per share is calculated by dividing net earnings attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period. The following table provides the amounts used in the calculation of earnings per share:

	2001	2000	1999
Net earnings attributable to ordinary shareholders	146,490	153,265	159,562
Weighted-average number of ordinary shares outstanding during the year	55,027,496	57,087,391	57,468,888

4

Cash and cash equivalents

Cash and cash equivalents are analyzed as follows:

	2001	2000
Cash on hand	67	95
Bank accounts in Euro	193,898	168,891
Bank accounts in foreign currency	93,571	14,188
Securities to resell	115,596	-
Total	403,132	183,174

Securities to resell consist of marketable debt securities bought in December from banks under the agreements to resell them during January 2002.

This short-term money market instrument allows the Company to invest excess of cash balances. At December 31, 2001 this amount is composed as follows:

	cost of purchase	price of sale
Italian financial institution	93,710	93,982
Italian government	21,298	21,360
Foreign financial institution	588	589
Total	115,596	115,931

5
Marketable debt securities

Details regarding marketable debt securities are as follows:

	2001	2000
Foreign corporate bonds	14	13
Italian government bonds	38	38
Total	52	51

Further information regarding the Group's investments in marketable debt securities is as follows:

2001	cost	gross unrealized gains	gross unrealized losses	fair value
Foreign corporate bonds	14	-	-	14
Italian government bonds	38	-	-	38
Total	52	-	-	52

2000	cost	gross unrealized gains	gross unrealized losses	fair value
Foreign corporate bonds	13	-	-	13
Italian government bonds	38	-	-	38
Total	51	-	-	51

	2001	2000	1999
Proceeds from sales	-	-	86,142
Realized gains	-	-	-
Realized losses	-	-	(2,804)

The contractual maturity of the Group's marketable debt securities at December 31, 2001 is between 1 – 5 years.

6

Trade receivables, net

Trade receivables are analyzed as follows:

	2001	2000
North American customers	119,833	131,961
Other foreign customers	97,226	81,094
Domestic customers	53,883	60,976
Trade bills receivable	7,255	6,111
Total	278,197	280,142
Allowance for doubtful accounts	(10,589)	(8,617)
Total trade receivables, net	267,608	271,525

Trade receivables are due primarily from major retailers selling directly to customers.

No account receivable from any customer at December 31, 2001 and 2000 exceeded 20,000. The Company has insured its collection risk in respect of approximately 80% of accounts receivable outstanding balances and, estimates an allowance for doubtful accounts based on insurance in place, the credit worthiness of its customers as well as general economic conditions.

The following table provides the movements in the allowance for doubtful accounts:

	2001	2000	1999
Balance, beginning of year	8,617	10,281	10,315
Charges-bad debt expense	2,707	739	478
Reductions-write off of uncollectible accounts	(735)	(2,403)	(512)
Balance, end of year	10,589	8,617	10,281

Trade receivables denominated in foreign currencies at December 31, 2001 and 2000 and, where applicable, translated at the rate of the related domestic currency swaps, totalled 155,753 (154,965 translated at year-end exchange rates) and 164,443 (152,981 translated at year-end exchange rates), respectively. These receivables consist of the following:

	2001	2000
U.S. dollars	121,296	126,693
Canadian dollars	12,446	9,669
British pounds	8,037	13,493
Australian dollars	7,221	8,117
Other currencies	6,753	6,471
Total	155,753	164,443

7
Other receivables

Other receivables are analyzed as follows:

	2001	2000
VAT	66,204	59,185
Receivable from tax authorities	14,958	3,528
Government capital grants	13,747	6,583
Advances to suppliers	4,147	4,798
Other	6,720	6,191
Total	105,776	80,285

The VAT receivable includes value added taxes and interest thereon reimbursable to various companies of the Group. While currently due at the balance sheet date, the collection of the VAT receivable may extend over a maximum period of up to two years.

The receivable from tax authorities represents taxes paid in excess of the amounts due and interest thereon.

8
Inventories

Inventories are analyzed as follows:

	2001	2000
Leather and other raw materials	114,596	91,684
Goods in process	27,786	23,761
Finished products	27,807	27,149
Total	170,189	142,594

9

Property, plant and equipment and accumulated depreciation

Fixed assets are listed below together with accumulated depreciation.

2001	cost or valuation	accumulated depreciation	annual rate of depreciation
Land	27,565	-	-
Industrial buildings	231,735	34,342	3 - 10%
Machinery and equipment	136,537	67,253	11.5 - 25%
Office furniture and equipment	31,089	21,536	12 - 20%
Airplane	24,639	1,478	8%
Transportation equipment	8,124	4,825	20 - 25%
Leasehold improvements	3,340	1,521	10 - 20%
Construction in progress	13,758	-	-
Advances to suppliers	8,725	-	-
Total	485,512	130,955	

2000	cost or valuation	accumulated depreciation	annual rate of depreciation
Land	13,201	-	-
Industrial buildings	175,241	28,251	3 - 10%
Machinery and equipment	111,244	57,473	11.5 - 25%
Office furniture and equipment	26,169	18,858	12 - 20%
Transportation equipment	6,459	4,100	20 - 25%
Leasehold improvements	1,913	1,535	10 - 20%
Construction in progress	7,790	-	
Advances to suppliers	10,237	-	-
Total		352,254	110,217

10

Other assets

Other assets consist of the following:

	2001	2000
Trademarks and patents	20,641	20,464
Goodwill	1,954	2,767
Others	12,559	10,607
Total, gross	35,154	33,838
Less accumulated amortization	(27,623)	(27,259)
Total, net	7,531	6,579

11
Short-term borrowings

Short-term borrowings consist of the following:

	2001	2000
Bank borrowings	259,215	-
Bank overdrafts	1,169	5,243
Total	260,384	5,243

While bank overdrafts are payable on demand, bank borrowings consist of unsecured line of credit agreements with banks with various maturities through January 31, 2002.
At December 31, 2001 these short-term borrowings include 11,245 denominated in foreign currencies.
The weighted average interest rates on the above-listed short-term borrowings at December 31, 2001 and 2000 are as follows:

	2001	2000
Bank borrowings	3.65%	-
Bank overdrafts	5.60%	5.2%

Credit facilities available to the Group, including amounts guaranteed under surety bonds, amounted to approximately 445,000 and 362,000 at December 31, 2001 and 2000, respectively. The unused portion of these facilities amounted to approximately 185,000 and 344,000 at December 31, 2001 and 2000, respectively.

12
Accounts payable-trade

Accounts payable-trade totalling 159,313 and 163,407 at December 31, 2001 and 2000, respectively, represent principally amounts payable for purchases of goods and services in Italy and abroad, and includes 39,496 and 33,298 at December 31, 2001 and 2000, respectively, denominated in foreign currencies.

13
Accounts payable-other

Accounts payable-other are analyzed as follows:

		2001	2000
Withholding taxes on payroll		6,764	6,683
Withholding taxes other		426	205
Cooperative advertising and quantity discount	7,869	7,240	
Provision for returns and other discounts	8,732	5,220	
Payable to customers for returns and financial discounts	2,832	2,399	
Other		1,713	766
Total		28,336	22,513

14

Taxes on income

Italian companies are subject to two income taxes:

	2001	2000	1999
IRPEG (state tax)	36.00%	37.00%	37.00%
IRAP (regional tax)	4.25%	4.25%	4.25%

The IRPEG tax is a state tax and it is calculated on the taxable income determined on the income before taxes modified to reflect all temporary and permanent differences regulated by the tax law. In 1997 dual income tax was introduced for the purpose of encouraging companies to use equity rather than debt finance. A first portion of the taxpayer's taxable income is calculated by applying an interest rate percentage (based on the return on government and private sector bonds) to the net increase in shareholders' equity of such taxpayer, subject to certain restrictions. This portion is subject to IRPEG at the reduced rate of 19.00%. The remaining profit will be subject to tax at the ordinary IRPEG tax rate (at present 36.00%).

On December 23, 2000, the Italian Parliament approved law 388 which reduces IRPEG tax rate from 37.00% to 36.00% for fiscal years beginning on or after January 1, 2001, and from 36.00% to 35.00% for fiscal years beginning on or after January 1, 2003. As a result, the Company adjusted the effect of changes in IRPEG tax rates on net deferred tax assets during the year ended December 31, 2000, as it includes enactment date. These changes in tax rates resulted in a decrease of net deferred tax assets by 156 as of December 31, 2000.

IRAP is a regional tax and each Italian Region has the power to increase the rate of 4.25% by a maximum of 1.00%. In general, the taxable base of IRAP is a form of gross profit determined as the difference between gross revenues (excluding interest and dividend income) and direct production costs (excluding labor costs, interest expenses and other financial costs).

Under Italian investment incentive schemes for under-industrialized regions, certain of the Group's operating entities are currently entitled to enjoy a full exemption from IRPEG and a significant part of IRAP for ten years. A very significant portion of the Group's consolidated earnings before minority interest in 2001, 2000 and 1999 is derived from companies entitled to some extent to the aforementioned exemptions, the most significant of which presently are not due to expire until 2002. See the table below for the effect of such exemptions on the Group's 2001, 2000 and 1999 income tax charge.

Approximately 88.7%, 99.9% and 98.9% respectively, of the Group's consolidated earnings before taxes were generated by its domestic Italian operations during 2001, 2000 and 1999.

The effective income tax rates for the years ended December 31, 2001, 2000 and 1999 were 22.5%, 24.3% and 19.8%, respectively. The actual income tax expense differs from the 'expected' income tax expense (computed by applying the state tax, which is 36% for 2001 and 37% for 2000 and 1999, to income before income taxes and minority interest) as follows:

	2001	2000	1999
Expected income tax charge at full tax rates	67,989	74,999	73,744
Effects of:			
- Tax exempt income	(40,242)	(42,157)	(48,261)
- Aggregate effect of different tax			
rates in foreign jurisdictions	(2,097)	(62)	(449)
- Tax effect of change in tax rates	-	(156)	-
- Effect of net change in valuation allowance			
established against deferred tax assets 1,259	(301)	226	
- Non-deductible expenses and others	2,325	2,116	2,948
- Italian regional tax	13,173	14,905	11,233
Actual tax charge	42,407	49,344	39,441

Total taxes for the years ended December 31, 2001, 2000 and 1999 were allocated as follows:

	2001	2000	1999
Earnings from operations	42,407	49,344	39,441
Shareholders' equity, for deferred taxes on			
government grants (excluding minority interest)	-	175	-
Total	42,407	49,519	39,441

Income taxes on earnings, which primarily relate to Italian operations, are further analyzed as follows:

	2001	2000	1999
Current taxes	43,008	46,532	43,133
Deferred taxes	(601)	2,812	(3,692)
Total	42,407	49,344	39,441

Total income taxes for the years ended December 31, 2001, 2000 and 1999 were allocated as follows:

	2001	2000	1999
Italian State tax	22,514	34,192	27,746
Italian Regional tax	13,173	14,905	11,233
Tax of foreign subsidiaries	6,720	247	462
Total	42,407	49,344	39,441

Tax years for Italian companies are open from 1995 and subject to review pursuant to Italian tax laws.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2001 and 2000 are presented below:

	2001	2000
Deferred tax assets		
- Allowance for doubtful accounts	3,833	2,905
- Provision for termination indemnities of sales representatives	2,133	1,788
- Provision for returns and discounts	1,713	2,057
- Tax loss carryforwards	1,250	824
- Provision for contingent liabilities	1,147	1,147
- Other temporary differences	1,768	1,856
Total gross deferred tax assets	11,844	10,577
- Less valuation allowance	(5,847)	(4,552)
Net deferred tax assets	5,997	6,025
Deferred tax liabilities		
- Government grants related to capital expenditures	(1,821)	(2,631)
- Other temporary differences	(411)	(230)
Total deferred tax liabilities	(2,232)	(2,861
Net deferred tax assets	3,765	3,164

A valuation allowance has been established principally for the tax loss carryforwards, allowance for doubtful accounts, provision for termination indemnities of sales representatives and for contingencies of certain subsidiaries.

The valuation allowance for deferred tax assets as of December 31, 2001 and 2000 was 5,847 and 4,552, respectively. The net change in the total valuation allowance for the years ended December 31, 2001 and 2000 was an increase of 1,295 and a decrease of 410, respectively. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and the tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods during which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at December 31, 2001. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

Net deferred income tax assets is included in the consolidated balance sheets as follows:

2001

	current	non current	total
Gross deferred tax assets	7,528	4,316	11,844
Valuation allowance	(3,344)	(2,503)	(5,847)
Net deferred tax assets	4,184	1,813	5,997
Deferred tax liabilities	(277)	(1,955)	(2,232)
Net deferred tax assets (liabilities)	3,907	(142)	3,765

2000	current	non current	total
Gross deferred tax assets	6,755	3,822	10,577
Valuation allowance	(2,394)	(2,158)	(4,552)
Net deferred tax assets	4,361	1,664	6,025
Deferred tax liabilities	(829)	(2,032)	(2,861)
Net deferred tax assets (liabilities)	3,532	(368)	3,164

The tax loss carryforwards of the Group total 3,473 and expire as follows:

2002	828
2003	155
2004	68
2005	1,040
2006	1,382
Total	3,473

Losses may be carried forward for five years from the year of declaration for offset against IRPEG taxes only.

See note 23 for a description of the tax liability settlement effected in 1999, and note 26(e) for the difference between Italian GAAP and US GAAP in reporting such tax settlement.

15

Salaries, wages and related liabilities

Salaries, wages and related liabilities are analyzed as follows:

	2001	2000
Salaries and wages	12,178	10,678
Social security contributions	11,272	8,555
Vacation accrual	2,871	2,396
Total	26,321	21,629

16

Long-term debt

Long-term debt is secured by mortages on the Group's properties for a total of 4,200 (8,000 at December 31, 2000). Long-term debt at December 31, 2001 and 2000 consists of the following:

	2001	2000
3.5% long-term debt payable in semi-annual installments with final payment due August 24, 2004	7,787	-
5% long-term debt payable in semi-annual installments with final payment due June 30, 2001	-	226
3.7% long-term debt payable in semi-annual installments with final payment due June 30, 2003	473	774

7.3% long-term debt payable in quarterly installments with final payment due January 18, 2001	-	118
	8,260	1,118
Less current portion	(1,949)	(645)
	6,311	473

Loan maturities after 2002 are summarized below:

2003	3,236
2004	3,075
Total	6,311

At December 31, 2001 long-term debt denominated in foreign currencies amounts to 7,787.

17
Minority interest

Minority interest shown in the accompanying consolidated balance sheet at December 31, 2001 of 2,818 (1,543 at December 31, 2000) includes 5 pertaining to the majority shareholders of the Group (58 at December 31, 2000).

18
Employee stock option plan

In February 1994 the Company adopted an employee stock option plan (the "Plan") pursuant to which managers and certain key employees of the Group may be granted options to purchase an aggregate of up to 1,680,000 ordinary shares from the Company at an exercise price per share equal to 95% of the May 1993 initial public offering price, or Lire 10,637.5 per share (US$ 4,84 at December 31, 2001 exchange rate). Employees receiving options may exercise such options over four years during exercise periods from May 15 to May 31, as follows: (i) with respect to 25% of the options, in the year in which they were granted; (ii) with respect to 35% of the options, in the second year thereafter; and (iii) with respect to the remaining 40% of the options, in the fourth year thereafter. Following each exercise period, the Company must seek shareholder approval, of at least 50% plus one share of outstanding shares, to increase its capital and to comply with certain requirements of Italian law, after which the ordinary shares may be delivered. The shareholder approval is considered prefunctory as Mr. Natuzzi and his family own more than 50% of the outstanding shares.
A summary of the status of the Plan as of December 31, 2000 and 1999, and changes during the years ended on those dates is presented below:

	2000		1999	
	shares	exercise price	shares	exercise price
Outstanding at the beginning of the year	56,640	10,637.5	56,640	10,637.5
Granted	-	10,637.5		
Exercised	(56,640)	10,637.5	-	-
Forfeited	-	-	-	-
Outstanding at the end of the year	-	10,637.5	56,640	10,637.5
Options exercisable at year-end			-	-
Weighted-average remaining contractual life		-		0.42 years

In addition, options with respect to 56,640 ordinary shares were exercised in 2000 by employees who received options in 1996.

19
Shareholders' equity

The share capital is owned as follows:

	2001	2000
Mr. Pasquale Natuzzi	45.3%	45.3%
Miss Anna Maria Natuzzi	2.4%	2.4%
Mrs. Annunziata Natuzzi	2.4%	2.4%
Public investors	45.0%	46.8%
Treasury shares	4.9%	3.1%
	100%	100.0%

An analysis of the reserves follows:

	2001	2000
Treasury shares reserve	73,245	44,987
Legal reserve	2,151	2,151
Monetary revaluation reserve	2,602	2,602
Government capital grants reserve	58,233	58,451
Total	136,231	108,191

On December 18, 2001 the shareholders of the Company approved to increase the share capital from 7,191 to 111,385 through the utilization of retained earnings. As a consequence, the par value of the ordinary share changed from Lire 125 to Lire 1,936.27 or Euro 1. This change did not affect the number of ordinary shares issued at December 31, 2001 amounting to 57,525,528.

In July 2000, the shareholders of the Company approved a share repurchase program to buy-back up to 4 million shares or 100,000. The Company spent 44,987 in 2000 and 28,258 in 2001 to repurchase shares. The Company repurchased 1,782,700 shares in 2000 at an average cost of US$ 11.3 per share and 1,061,200 shares in 2001 at an average cost of US$ 12.3 per share. As of December 31, 2001 the remaining amount of repurchase authorizations from the Company's shareholders is 26,755. Under Italian GAAP, the purchase of shares was accounted for as a non-current assets and an amount equal to the cost of shares acquired was reclassified from retained earnings to an undistributed treasury shares reserve.

Italian law requires that 5% of net income of the parent company and each of its consolidated subsidiaries be retained as a legal reserve, until this reserve is equal to 20% of the issued share capital of each relevant company. The legal reserve may be utilized to cover losses and the portion which exceeds 20% of the issued share capital is distributable as dividends. The combined legal reserves totalled 7,424 and 7,075 at December 31, 2001 and 2000, respectively.

As of December 31, 2001, taxes that would be due on distribution of the portion of shareholders' equity equal to unremitted earnings of foreign subsidiaries is approximately 600. The Group has not provided for such taxes as the likelihood of distribution is remote and such earnings are deemed to be permanently reinvested.
As of December 31, 2001, there are no taxes due on distribution of the portion of shareholders'equity equal to retained earnings and government capital grants reserve.

The cumulative translation adjustment included in shareholders' equity related to translation of the Group's foreign assets and liabilities at December 31, 2001 and 2000 was a credit of 16,239 and 11,886, respectively.

20

Commitments and contingent liabilities

Several companies of the Group lease manufacturing facilities under non-cancellable lease agreements with expiration dates through 2006. Rental expense recorded for the years ended December 31, 2001, 2000 and 1999 was 3,983, 1,996 and 1,608, respectively. As of December 31, 2001, minimum annual rental commitments are as follows:

2002	3,414
2003	2,858
2004	2,883
2005	2,937
2006	2,978
Total	**15,070**

Some banks have provided guarantees at December 31, 2001 to secure the payments to several suppliers of leather and fabric hides amounting to 8,533 (13,891 at December 31, 2000). These guarantees are unsecured and have various maturities extending through December 31, 2002.

VAT reimbursed by tax authorities during 2001 and in prior years is secured by surety bonds for 335 (12,031 at December 31, 2000) from certain financial institutions. These surety bonds are unsecured and will expire after a maximum period of up to two years or when the tax authorities perform the final review of VAT claim requests.

In December, 1996, the Company and the ‘Contract Planning Service’ of the Italian Ministry of the Budget signed a ‘Program Agreement’ with respect to the ‘Natuzzi 2000 project’. In connection with this project, the Natuzzi Group has planned a multi-faceted program of industrial investments for the production of upholstered furniture. Investments are projected to total approximately 571,500. According to the agreement, the Italian government will contribute 281,600. Receipt of the Italian governments funds is based upon, among other things, the Group constructing facilities in accordance with certain specifications and maintaining a minimum number of employees.

During 1997 the Group received under the aforementioned project capital grants for 52,549. Capital expenditures under the Natuzzi 2000 project amounted to approximately 137,000 at December 31, 2001 (136,000 at December 31, 2000). The capital grants are secured by surety bonds for 50,423 from a bank. These surety bonds are unsecured and will expire when the Italian Ministry of Budget releases the final approvals of all investments made.

The Group is also involved in a number of claims (including tax claims) and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters, after considering amounts accrued, will not have a material adverse effect on the Group's consolidated financial position or results of operations.

21
Segmental and geographical information

The Group operates in a single industry segment, that is, the design, manufacture and marketing of contemporary and traditional leather and fabric upholstered furniture. It offers a wide range of upholstered furniture for sale, manufactured in production facilities located in Italy.

Net sales of upholstered furniture analyzed by coverings are as follows:

	2001	2000	1999
Leather upholstered furniture	1,209,029	1,083,768	918,993
Fabric upholstered furniture	173,543	134,730	95,842
Total	1,382,572	1,218,498	1,014,835

Within leather and fabric upholstered furniture, the Company offers furniture in the following categories: stationary furniture (sofas, loveseats and armchairs), sectional furniture, motion furniture, sofa beds and occasional chairs, including recliners and massage chairs.

The following tables provide information about net sales of upholstered furniture and of long-lived assets by geographical location. Net sales are attributed to countries based on the location of customers. Long-lived assets consist of property, plant and equipment.

Sales of upholstered furniture	2001	2000	1999
United States	615,592	569,748	444,344
Italy	140,618	133,746	117,860
England	99,634	83,531	56,318
Germany	77,422	69,993	76,208
Canada	68,895	41,596	25,313
The Netherlands	45,104	40,979	38,739
Belgium	40,777	42,033	41,378
France	36,938	21,832	16,142
Australia	23,339	24,591	30,894
Other countries (none greater than 2%)	234,253	190,449	167,639
Total	1,382,572	1,218,498	1,014,835

Long lived assets		2001	2000
Italy	251,712	189,636	
United States of America		56,674	51,060
Brazil		22,138	1,341
China		12,351	-
Romania		10,363	-
Other countries		1,319	-
Total		354,557	242,037

In addition, the Group also sells minor amounts of excess polyurethane foam, leather by-products and some furniture pieces (coffee table, lamps and rugs) which, for 2001, 2000 and 1999 totalled 139,622, 114,586 and 76,854, respectively.
No single customer accounted for more than 5% of net sales in 2001, 2000 or 1999.

22
Cost of sales

Cost of sales is analyzed as follows:

	2001	2000	1999
Opening inventories	142,594	103,206	106,546
Purchases	709,445	588,190	419,149
Labor	189,952	169,607	148,417
Third party manufacturers	86,467	69,574	47,557
Other manufacturing costs	48,763	37,440	33,152
Closing inventories	(170,189)	(142,594)	(103,206)
Total	1,007,032	825,423	651,615

23
Other expense, net

Other expense, net is analyzed as follows:

	2001	2000	1999
Interest income	11,592	12,750	11,335
Interest expense and bank commissions	(7,166)	(1,158)	(1,257)
Interest income, net	4,426	11,592	10,078
Losses on foreign exchange, net	(10,284)	(58,784)	(24,463)
Unrealized exchange			
gains (losses) on domestic currency swaps	(1,746)	4,069	(2,545)
Losses on foreign exchange	(12,030)	(54,715)	(27,008)
Gains (losses) on securities, net	153	-	(2,804)
Other, net	7,015	821	(12,742)
Total	(436)	(42,302)	(32,476)

Gains (losses) on foreign exchange are related to the following:

	2001	2000	1999
Net realized losses on			
domestic currency swaps	(23,698)	(62,259)	(21,088)
Net realized gains (losses) on accounts			
receivable and payables	(2,992)	9,818	8,708
Net unrealized gains (losses) on			
accounts receivable and payables	16,406	(6,343)	(12,083)
Total	(10,284)	(58,784)	(24,463)

Other, net consists of the following:

	2001	2000	1999
Tax liabilities settlement	-	-	(18,190)
Employment incentive grants	4,374	-	1,457
Other	2,641	821	3,991
Total	7,015	821	(12,742)

Employment incentive grants

The Company and certain subsidiaries, on the basis of regional laws, received from the regional agencies employment incentives in the form of grants for new permanent employees and subsidies of up to 100% of the cost of training courses for permanent and temporary employees. The incentives received were related to prior years. For the years ended December 31, 2001, 2000 and 1999 these incentives amounted 4,374, nil and 1,457, respectively.

Tax liabilities settlement

During 1998, the Italian tax authorities conducted an audit of the corporate income tax return and VAT declarations for the year ended December 31, 1992 – 1996, of a subsidiary enjoying full exemption from IRPEG and ILOR (regional tax until 1997 and replaced by IRAP effective January 1, 1998) for the aforementioned years. As a result of the audit, the tax authorities concluded that a portion of the taxable income generated by this subsidiary was not eligible for exemption from ILOR and assessed taxes in the amount of Lit 23,0 billion (excluding penalties and interest, estimated to be approximately Lit 14,0 billion). On May 24, 1999, the tax authorities raised additional tax claims on the basis of even more restrictive interpretations of fiscal rules related to such tax exemption. As a consequence, based on the advice of tax counsel, the Company decided to settle the claims, including assessed taxes and penalties, raised by the tax authorities for all open matters with respect to fiscal years 1992 – 1996 for a payment of 18,190. As a result of such settlement, a cost of 18,190 has been charged to consolidated statement of earnings for the year ended December 31, 1999, and was included in other expense, net. The table below gives a further breakdown of the tax liabilities settlement:

Income taxes (Ilor)	14,408
VAT	599
Penalties	3,183
Total	18,190

24
Financial instruments and risk management

A significant portion of the Group's net sales, but only approximately 30% of its costs, are denominated in currencies other than the lira, in particular the U.S. dollar. The remaining costs of the Group are denominated principally in lire. Consequently, a significant portion of the Group's net revenues are exposed to fluctuations in the exchange rates between the lira and such other currencies. The Group uses forward exchange contracts (known in Italy as domestic currency swaps) to reduce its exposure to the risks of short-term declines in the value of its foreign currency-denominated revenues. The Group uses such domestic currency swaps to protect the value of its foreign-currency denominated revenues, and not for speculative or trading purposes.

The Group is exposed to credit risk in the event that the counter-parties to the domestic currency swaps fail to perform according to the terms of the contracts. The contract amounts of the domestic currency swaps described below do not represent amounts exchanged by the parties and, thus, are not a measure of the exposure of the Group through its use of those financial instruments. The amounts exchanged are calculated on the basis of the contract amounts and the terms of the financial instruments, which relate primarily to exchange rates. The immediate credit risk of the Group's domestic currency swaps is represented by the unrealized gains on the contracts. Management of the Group enters into contracts with creditworthy coun-ter-parties and believes that the risk of material loss from such credit risk to be remote. The table below summarizes in Italian lire equivalent the contractual amounts of forward exchange contracts used to hedge principally future cash flows from accounts receivable and sales orders at December 31, 2001 and 2000:

	2001	2000
U.S. dollars	235,859	318,271
British pounds	37,306	40,404
Canadian dollars	34,600	25,747
Australian dollars	13,000	18,010
Japanese yen	7,056	12,126
Swiss francs	4,678	3,747
Total	332,499	418,305

At December 31, 2001, the forward exchange contracts had a net unrealized loss of 3,019, of which 788 related to accounts receivable, 485 related to existing sales commitments and 1,746 related to anticipated commitments at year-end. The Company recorded all these amounts, except for 485 relating to existing sales commitments. At December 31, 2000, these forward exchange contracts had a net unrealized loss of 7,801, of which 11,462 related to accounts receivable, 408 related to existing sales commitments and (4,069) related to anticipated commitments at year-end. The Company recorded all these amounts, except for 408 relating to existing sales commitments.

The following table presents information regarding the contract amount in Italian lire equivalent amounts and the estimated fair value of all of the Group's forward exchange contracts. Contracts with unrealized gains are presented as ‘assets’ and contracts with unrealized losses are presented as ‘liabilities’.

	2001		2000	
	contract amount	fair value	contract amount	fair value
Assets	129,288	2,808	163,944	6,341
Liabilities	203,211	(5,827)	254,361	(14,142)
Total	332,499	(3,019)	418,305	(7,801)

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Fair value of financial instruments

The following table summarizes the carrying value and the estimated fair value of the Group's other financial instruments:

		2001		2000
	carrying value	fair value	carrying value	fair value
Assets				
- Marketable debts securities	52	52	51	51
Liabilities				
- Long-term debt	8,260	7,633	1,118	1,070

Cash and cash equivalents, receivables, payables and short-term borrowings approximate fair value because of the short maturity of these instruments.

Market value for quoted marketable debt securities is represented by the securities exchange prices at year-end. Market value for unquoted securities is represented by the prices of comparable securities, taking into consideration interest rates, duration and credit standing of the issuer.

Fair value of the long-term debt is estimated based on cash flows discounted using current rates available to the Company for borrowings with similar maturities. The carrying value of forward exchange contracts is determined based on the unrealized loss and gain of such contracts recorded in the consolidated financial statements. Fair value of forward exchange contracts is determined by using exchange rates at year-end.

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Application of generally accepted accounting principles in the United States of America

The established accounting policies followed in the preparation of the consolidated financial statements (Italian GAAP) vary in certain significant respects from those generally accepted in the United States of America (US GAAP).

Those differences which have a material effect on net earnings and/or shareholders' equity are as follows:

(a) Certain property, plant and equipment have been revalued in accordance with Italian laws. The revalued amounts are depreciated for Italian GAAP purposes. US GAAP does not allow for such revaluations, and depreciation is based on historical costs. The revaluation primarily relates to industrial buildings.

(b) The Company in connection with its hedging activities employing forward exchange contracts defers net unrealized foreign exchange gains and losses related to future sales for which commitments are received at the balance sheet date. The Company defines such commitments for Italian GAAP purposes as sales orders on hand and customers' indications of future purchases as of the balance sheet date which are confirmed by sales orders within a designated time period. Unrealized gains and losses on forward exchange contracts not designated to cover accounts receivable or future sales commitments are recognized in the consolidated statement of earnings. See notes 3 (a) and (b) for the Group's accounting policy.

Until December 30, 2000 under US GAAP, generally both unrealized foreign exchange gains and losses from foreign currency transactions were recognized in the consolidated statement of earnings unless prescriptive hedging criteria were met. Until December 31, 2000 the Company's accounting policy for US GAAP purposes was that unrealized gains and losses on forward exchange contracts were deferred only for such contracts designated to cover firmly committed transactions supported by sales orders on hand as of the balance sheet date. Accordingly, under US GAAP, unrealized gains and losses on forward exchange contracts designated to cover anticipated future sales which are not supported by sales orders on hand as of the balance sheet date were credited or charged to the consolidated statement of earnings.

(c) Until December 31, 2000 government grants related to capital expenditures were recorded, net of tax, within reserves in shareholders' equity (see note 3 (k)). For US GAAP purposes, such grants would have been classified as a reduction of the cost of the related fixed asset or as a deferred credit and amortized to income over the estimated useful lives of the assets. The adjustments to net income represent the annual amortization of the capital grants based on the estimated useful life of the related fixed assets. The adjustments to shareholders' equity are to reverse the amounts of capital grants credited directly to equity for Italian GAAP purposes, net of the amounts of amortization of such grants for US GAAP purposes. In 1995 and 1997, the Group received certain grants relating to fixed assets acquired between 1989 and 1997 with various useful lives. For US GAAP purposes, the Group is amortizing such grants over the remaining useful lives of the assets to which the grants relate.

(d) The Company does not record the compensation cost resulting from the granting of share options. For US GAAP purposes, this intrinsic value (resulting from the excess of the market price of the underlyng shares at the date of grant over the excercise price) is being recognized as compensation cost in the consolidated statement of earnings over the vesting period of the options. For US GAAP purposes, in 2000 and 1999 the Company recorded a charge of 321 and 307, respectively.

(e) Included in other expense, net in the consolidated statement of earnings for the year ended December 31, 1999 is the cost of a tax liability settlement (see note 23) as indicated below:

Income taxes (regional tax)	14,408
VAT	599
Penalties	3,183
Total	18,190

Under US GAAP, the cost of 14,408 would be classified as income taxes. As a consequence, "earnings before taxes and minority interest" and "income taxes" in the consolidated statement of earnings for the year ended December 31, 1999 would be 213,716 and 53,849, respectively.

(f) As indicated in note 19, during 2001 and 2000 the Company repurchased its common shares for a cash consideration of 73,245. Under Italian GAAP, the purchase of these shares was accounted for as non-current assets and under US GAAP, the cost of the acquired shares is reflected as a reduction from shareholders' equity.

(g) SFAS 133 established comprehensive accounting and reporting standards for derivative instruments and hedging activities. SFAS 133 requires that an entity record all derivatives, freestanding and certain embedded derivatives, as either assets or liabilities in the statement of financial position. This statement also defines and allows companies to apply hedge accounting to its designated derivatives under certain instances, provided an entity meets the strict documentation criteria of SFAS 133. It also requires that all derivatives be marked to market on an ongoing basis. Along with the derivatives, in the case of qualifying hedges, the underlying hedges items, are also to be marked to market. These market value adjustments are to be included either in the income statement or other comprehensive income, depending on the nature of the hedged transaction.

The Company is not currently qualifying for hedge criteria under SFAS 133. In particulary, the Company does not formally document all relationships between its hedging instruments (forward exchange contracts known in Italian financial markets as domestic currency swaps) and its hedged items which includes linking all derivatives that are designated as foreign-currency hedges to specific accounts receivable on the balance sheet or to specific firm committents or forecasted transactions. The Company also does not formally assess, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging its transactions are highly effective in offsetting changes in fair values of its hedged items. As a result under US GAAP, at December 31, 2001 the Company accounted all its derivative financial instruments at their fair value while all its accounts receivable in foreign currency were remeasured at year end exchange rates. Therefore, at December 31, 2001 the Company recorded a cumulative expense of 2,072 in the US GAAP shareholders' equity and net earnings.

(h) Under Italian GAAP the Group recognized sales revenue, and accrued costs associated with the sales revenue, at the time products are shipped from its manufacturing facilities located in Italy and abroad. A significant part of the products are shipped from factories directly to customers under terms that transfer the risks of ownership from the Group to the customer when the customer takes possession of the goods. These terms are 'delivered duty paid', 'delivered duty unpaid', 'delivered ex quay' and 'delivered at customer factory'. Delivery to the customer generally occurs within one to six weeks from the time of shipment.

Accounting principles generally accepted in the United States of America (US GAAP) state that revenue should not be recognized until it is realized or realizable and earned, which is generally at the time delivery to the customer occurs and the risks of ownership pass to the customer. Accordingly, the Group's revenue recognition policy is at variance with US GAAP. As a consequence, the principal effects of this variance on the accompanying consolidated balance sheet as of December 31, 2001 and related consolidated statement of earnings for the year ended December 31, 2001 are indicated below:

	effects increase (decrease)
Consolidated balance sheet	
Trade receivables, net	(66,718)
Inventories	44,167
Total effect on current assets (a)	(22,551)
Accounts payable-trade	(8,935)
Income taxes	(2,996)
Total effect on current liabilities (b)	(11,931)
Total effect on shareholders' equity (a-b)	**(10,620)**

Consolidated statement of earning	
Net sales	(66,718)
Cost of sales	44,167
Gross profit	(22,551)
Selling expenses	(8,935)
Operating income	(13,616)
Income taxes	(2,996)
Total effect on net earnings	**(10,620)**

(i) The Company translated the financial statements of a foreign subsidiary which operates in a highly inflationary economy following the accounting principle indicated in note 3 (a). A highly inflationary economy is one that has cumulative inflation of approximately 100 percent or more over a 3-year period. Under US GAAP the financial statements of this subsidiary should be translated at (a) year-end exchange rate for monetary assets and liabilities (b) historical exchange rates for non monetary assets and liabilities (for example fixed assets or long term debt) as well as for share capital, reserves and retained earnings (c) average exchange rates during the year for revenues and expenses recorded in the statement of earnings. The resulting exchange differences on translation adjustment should be recorded in the statement of earnings. Therefore for US GAAP purposes, in 2001 the Company recorded a net gain of 595.

(j) Under Italian GAAP the Company amortize the goodwill, included the one resulted from the business acquisition completed after July 1, 2001, on a straight-line basis over a period of five years. US GAAP state that goodwill acquired in a purchase business combination completed after July 1, 2001 has an indefinite useful life and therefore it is no longer amortized, but instead tested for impairment at least annually in accordance with provisions of SFAS N. 142. For US GAAP purposes, in 2001 the Company recorded 167 to eliminate the goodwill depreciation recorded under Italian GAAP.

The calculation of net earnings and shareholders' equity substantially in conformity with US GAAP is as follows:

Reconciliation of net earnings

	2001	2000	1999
Net earnings under Italian GAAP	146,490	153,265	159,562
Adjustments to reported income:			
(a) Revaluation of property, plant and equipment	103	103	78
(b) Unrealized gains (losses) on foreign exchange	239	4,268	(12,789)
(d) Government grants	2,457	2,993	2,917
(e) Employee share option compensation	-	(321)	(307)
(g) Derivative and hedging activities	(2,072)	-	-
(h) Revenue recognition	(13,616)	-	-
(i) Highly inflationary economy	595	-	-
(j) Goodwill	167	-	-
Effect of minority interests on US GAAP adjustments	(4)	(2)	(2)
Tax effect of US GAAP adjustments	3,227	(2,034)	4,262
Approximate net earnings in conformity with US GAAP	137,586	158,272	153,721
Basic earnings per share in conformity with US GAAP	2,500	2,772	2,675
Diluted earnings per share in conformity with US GAAP	2,500	2,772	2,675

Reconciliation of shareholders' equity

	2001	2000
Shareholders' equity under Italian GAAP	829,618	709,551
(a) Revaluation of property, plant and equipment	(1,438)	(1,541)
(b) Unrealized losses on foreign exchange	-	(239)
(d) Government grants	(40,975)	(43,432)
(f) Treasury shares	(73,245)	(44,987)
(g) Derivative and hedging activities	(2,072)	-
(h) Revenue recognition	(13,616)	-
(j) Goodwill	167	-
Effect of minority interests on US GAAP adjustments	-	4
Tax effect of US GAAP adjustments	7,163	3,936
Approximate shareholders' equity in conformity with US GAAP	705,602	623,292

Accounting for Stock-Based Compensation

The Company has elected to continue to apply the provisions of Accounting Principles Board ('APB') Opinion No. 25, Accounting for Stock Issued to Employees, and provide the pro forma disclosure provisions of SFAS No. 123, Accounting for Stock-Based Compensation. The weighted-average fair value of each option granted by the Company during 1996 was estimated on the grant date at 62,500 using the Black-

Scholes option pricing model with the following weighted-average assumptions: dividend yield of 0.6%; expected volatility of 25%; risk-free interest rate of 7.29%; and expected lives of 2.55 years. Had compensation cost for the Company's Plan, for US GAAP purposes, been determined consistent with SFAS No. 123, the Company's US GAAP net earnings and earnings per share for the years ended December 31, 2000 and 1999 would approximate the actual amounts presented in the reconciliation.

Comprehensive Income

The Company has adopted SFAS No. 130, Reporting Comprehensive Income, which established standards for the reporting and presentation of comprehensive income and its components in a full set of financial statements. Comprehensive income/(loss) generally encompasses all changes in shareholders' equity (except those arising from transactions with owners). The Company's comprehensive income differs from net income only by the amount of the exchange differences on translation of financial statements charged to shareholders' equity for the period. Comprehensive income and accumulated other comprehensive income for the years ended December 31, 2001, 2000 and 1999 were as follows:

	comprehensive income	accumulated other comprehensive income
Comprehensive income		
Net earnings under US GAAP	153,721	
Exchange difference on translation of financial statements	7,433	7,433
Total comprehensive income	161,154	
Balance at December 31, 1999		7,605
Comprehensive income		
Net earnings under US GAAP	158,272	
Exchange difference on translation of financial statements	4,281	4,281
Total comprehensive income	162,553	
Balance at December 31, 2000		11,886
Comprehensive income		
Net earnings under US GAAP	137,586	
Exchange difference on translation of financial statements	3,758	3,758
Total comprehensive income	141,344	
Balance at December 31, 2001		15,644

Accounting Standards Issued not yet adopted

SFAS No. 141 and No. 142

In June 2001, the FASB issued SFAS No. 141, Business Combinations, (SFAS No. 141) and SFAS No. 142, Goodwill and Other Intangible Assets (SFAS No. 142). SFAS No. 141 requires that the purchase method of accounting be used for all business combinations. SFAS No. 141 specifies criteria that intangible assets acquired in a business combination must meet to be recognized and reported separately from goodwill. SFAS No. 142 will require that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 144. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 121 and subsequently, SFAS No. 144 after its adoption.

The Company adopted the provisions of SFAS No. 141 as of July 1, 2001, and SFAS No. 142 is effective January 1, 2002. Goodwill and intangible assets determined to have an indefinite useful life acquired in a purchase business combination completed after June 30, 2001, but before SFAS No. 142 is adopted in full, are not amortized. Goodwill and intangible assets acquired in business combinations completed before July 1, 2001 continued to be amortized and tested for impairment prior to the full adoption of SFAS No. 142. For US GAAP purposes as of December 31, 2001 the Company has 835 of goodwill which will no longer be depreciated (refer to note 26 (j)). Under US GAAP amortization expense related to goodwill was 224 and 553 for the years ended December 31, 2001 and 2000, respectively.

Upon adoption of SFAS No. 142, the Company is required to evaluate its existing intangible assets and goodwill that were acquired in purchase business combinations, and to make any necessary reclassifications in order to conform with the new classification criteria in SFAS No. 141 for recognition separate from goodwill. The Company will be required to reassess the useful lives and residual values of all intangible assets acquired, and make any necessary amortization period adjustments by the end of the first interim period after adoption. If an intangible asset is identified as having an indefinite useful life, the Company will be required to test the intangible asset for impairment in accordance with the provisions of SFAS No. 142 within the first interim period. Impairment is measured as the excess of carrying value over the fair value of an intangible asset with an indefinite life. Any impairment loss will be measured as of the date of adoption and recognized as the cumulative effect of a change in accounting principle in the first interim period.

In connection with SFAS No. 142's transitional goodwill impairment evaluation, the Statement requires the Company to perform an assessment of whether there is an indication that goodwill is impaired as of the date of adoption. Because of the extensive effort needed to comply with adopting SFAS No. 141 and No. 142, it is not practicable to reasonably estimated the impact of adopting the Statements on the Company's financial statements at the date of this report, including whether it will be required to recognize any transitional impairment losses as the cumulative effect of a change in accounting principle.

SFAS No. 143

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations (SFAS No. 143). SFAS No. 143 requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Company also records a corresponding asset which is depreciated over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation will be adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Company is required to adopt SFAS No. 143 on January 1, 2003. Application of this statement will not have a significant impact on the consolidate financial statements of the Company.

SFAS No. 144

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144). SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is a measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. SFAS No. 144 requires companies to separately report discontinued operations and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. The Company is required to adopt SFAS No. 144 on January 1, 2002. Application of this statement will not have a significant impact on the consolidate financial statements of the Company.

Board of Directors at June 30, 2002	Pasquale Natuzzi	Chairman and Chief Executive Officer
	Giuseppe Desantis	Vice Chairman
	Giambattista Massaro	Director
	Gianluca Monteleone	Director
	Stelio Campanale	Director
	Armando Branchini	Outside Director
	Claudio Dematté	Outside Director
	Pietro Gennaro	Outside Director
	Giuseppe Russo Corvace	Outside Director
	Cataldo Sferra	Outside Director
	Enrico Vitali	Outside Director
Management at June 30, 2002	Pasquale Natuzzi	Chairman and Chief Executive Officer
	Giuseppe Desantis	Vice Chairman
	Steve Bailey	Marketing Manager Natuzzi Americas
	Angela Barney	Switzerland Country Manager
	Anna Beccari	Consumer Communication Manager
	Antonello Bracalello	EMEA Retail Director
	Amedeo Buzzacchino	Provider Planning Manager
	Stelio Campanale	General Counsel
	Enrico Carta	Human Resources Director
	Giuseppe Catalano	Legal Affairs Manager
	Nicola Coropulis	Retail Sales Operations Manager
	Giovanni Costantino	Research & Development, Industrialization and Quality Director
	Vito Dagostino	Purchasing Director
	Gaetano De Cataldo	Executive V.P. for Natuzzi Americas
	Gaetano Del Re	Production Engineering Director
	Nicola Dell'Edera	Finance Director
	Michele D'Ercole	Managing Director NatCo (Leather/Dyeing)
	Giuseppe Firrao	Trade Communication Manager
	Enrico Giovene	Worldwide Sales Director
	Silvain Grisé	Spain and Portugal Country Manager
	Lars Hovang	EMEA Wholesale Marketing Manager
	Cesare Laberinti	Managing Director IMPE (Polyurethane Foam)
	Valeria Lanzilotta	Asia Pacific Sales Director
	Nicola Lassandro	Information System Director
	Willy Lo Savio	Exhibition Manager
	Stefano Lorizio	Production Director
	Dino Lorusso	EMEA Wholesale Director
	Loredana Mariani	EMEA Retail Marketing Manager
	Nicola Masotina	Italy Retail Country Manager
	Giambattista Massaro	General Manager Purchasing and Logistics
	Bruno Mele	Global Product Manager
	Tommaso Melodia	Corporate Affairs Manager
	Giovanni Mercadante	Accounting Director
	Ottavio Milano	Control and Internal Auditing Manager
	Gianluca Monteleone	Marketing Director
	Anna Maria Natuzzi	Product Manager for Europe
	Nunzia Natuzzi	Internal Relations Manager
	Filippo Petrera	Quality Manager
	John Phillips	Executive V.P. Sales Natuzzi Americas
	Salvatore Ragazzo	Managing Director Spagnesi (Wood Trim Product)
	Luigi Scocuzza	France Country Manager
	Stefano Sette	Foreign Production Support Manager
	Giuseppe Stano	Sales Administration Director
	Fredrick Starr	President and CEO of Natuzzi Americas
	Vito Testini	Production Manager Italsofa Bahia (Brazil)
	Giuseppe Trevissoi	Logistics Director
	Emanuele Valente	Transportation Manager
	Antonio Ventricelli	Production Manager Italsofa Shanghai (China)
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