

## NATUZZI S.p.A. ANNOUNCES 2011 CONSOLIDATED RESULTS

**Santeramo in Colle, (BA), Italy, March 30, 2012** – The Board of Directors of Natuzzi S.p.A. (NYSE: NTZ), today approved its consolidated results for the quarter and fiscal year ended on December 31, 2011.

### 2011 CONSOLIDATED RESULTS

- Total Net Sales amounted to €486.4 million, down by 6.2% as compared to 2010.
- Industrial Margin at €160.3 million, (€197.1 million in 2010).
- Operating loss equal to €27.3 million, as compared to an operating income of €0.4 million in 2010.
- Net Group Loss of €19.6 million versus Net Loss of €11.0 million in 2010

### FOURTH QUARTER 2011

- Total net Sales at €129.6 million, 1.8% down as compared to the fourth quarter of 2010.
  - Industrial Margin amounted to €43.1 million, from €51.3 million reported in the same period of 2010.
  - Operating Loss equal to €10.3 million versus an operating profit of €0.2 million reported in the last quarter of 2010.
  - Net Group Loss of €15.9 million versus Net Loss of €1.4 million in 2010
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- Group's Net Financial Position positive by €55.4 million

### **Consolidated Net Results for Fiscal Year 2011.**

In 2011 **Total Net Sales** (including raw materials and semi-finished products sold to third parties) were €486.4 million, decreasing 6.2% as compared to 2010.

Total upholstery net sales were €425.3 million, down by 7.6% with respect to full year 2010.

The break-down of upholstery net sales in 2011 by geographic area was the following:

	<b>2011</b>	<b>2010</b>
Europa (excluding Italy)	41.0%	40.5%
Americas	33.7%	35.7%
Italy	10.8%	11.2%
Rest of the World	14.5%	12.6%

The best sales results were reached in the "Rest of the World" region (+5.7% over 2010), with Brazil, Russia, India and China ("BRIC", hereafter) reporting, as a whole, a 64% increase over the previous year.

In Europe, Americas and Italy, the Group reported negative sales performance (specifically, Europe -6.5%, the Americas -12.6% and Italy -10.8%, as compared to 2010), mainly because of the global persisting economic crisis affecting in particular mature markets, Europe above all, even if it should be noted the +13.1% sales increase reported for Germany.

**The Industrial Margin**, equal to 33.0% of total net sales (as compared to 38.0% in 2010), worsened as the result of the following factors:

- lower sales, inflationary pressures on raw material and labor markets and an unfavorable trend in currency crosses have all affected the overall Group performance in 2011;
- Then, the complex activity of relocation and consolidation of the existing Chinese operations within the new 88k sqm plant, that has generated further extra costs.

**The incidence of Selling expenses on net sales** improved, passing from 17.2% in 2010 to 16.4% in 2011, notwithstanding the reduction in sales.

**The incidence of General and Administrative expenses on net sales** worsened by 1.5%, passing from 20.7% in 2010 to 22.2% in 2011.

The Company reported a negative **EBITDA** in 2011 of €8.3 million, as compared to a positive EBITDA of €23.8 million for full year 2010.

For 2011, **EBIT** margin was negative at €27.3 million, versus a positive margin of €0.4 million in 2010.

The Group reported for 2011 a **consolidated net loss** of €19.6 million, despite the positive contribution of extraordinary items.

#### **Fourth Quarter 2011 Consolidated Net Results.**

**Total Net Sales** totaled €129.6 million, down by 1.8% with respect to the same quarter of 2010.

Upholstery Net Sales amounted to €114.6 million, decreasing by 1.0% with respect to the last quarter of 2010, but improving if compared with sales trend in the first nine months of 2011 with particular reference to sales from the Americas.

The breakdown of upholstery net sales by geographic region was the following: Europe (ex-Italy) 43.2%; Americas 33.3%, Italy 10.0%, and the Rest of the World 13.5%.

**The Industrial Margin** was equal to €43.1 million, or 33.3% of the quarter's total net sales, worsening as compared to prior year's fourth quarter, mainly due to the increase in raw material prices and a different product mix, characterized by higher sales within the lower-price segments.

**EBITDA** was negative at €6.3 million from a positive EBITDA of €5.5 million reported for the same quarter in 2010.

The Group reported a negative **EBIT** of €10.3 million versus a positive EBIT of €0.2 million for the same comparable quarter of 2010.

The Group reported for the fourth quarter of 2011 a **consolidated net loss** of €15.9 million as compared to a consolidated net loss of €1.4 million for the fourth quarter of 2010.

### **Consolidated Balance Sheet**

**Group's Net Financial Position** as of December 31 2011, remained positive at €55.4 million, improving with respect to the Net financial position at €45.6 million of the previous year-end, mainly because of the refund from the local Chinese authorities following the plant relocation. Such improvement in liquidity was partially absorbed by the operating loss as well as capital expenditures and working capital.

Pasquale Natuzzi, Chairman and CEO of Natuzzi S.p.A., thus commented: *"In 2011 we faced a difficult economic situation, characterized by the Sovereign debt crisis in Europe and the consequent decline in consumer confidence. The historical presence of the Group in such market has caused a sales reduction, even if the Group market shares, distribution network, and customer portfolio remained substantially stable. On the top of that, we also experienced during the course of the year, an increase in raw material prices and cost of labor, as well as unfavorable trends in currency markets, together with the negative effects deriving from the Chinese plants relocation. The decrease in sales in Europe and North America was partially offset by an encouraging sales performance in the BRIC region of about +64% on yearly basis. The Group presence in this area is now well established, with offices, plants and qualified distribution network. In particular, the "made-in-Italy" Natuzzi branded products are sold through 32 Natuzzi Stores in China, 5 in India and 7 in Russia.*

*In 2011, according to an independent and international survey ("World Luxury Tracking") the Natuzzi brand was ranked as the best-known global brand in the furniture industry by a sample of 8,800 luxury consumers from seven Countries (Italy, France, Germany, Spain, UK, USA and Japan). That is an important result that encourages us to carry on with the work of rationalizing our brand portfolio, and qualifying the Group's distribution network, so to let us differentiate from competitors by leveraging on brand values and product innovation.*

*There are many challenges in front of us, among which, the continuous search for greater efficiencies of production assets as well as a more integrated management of services to reduce general costs and to let the Company be closer to the market and final consumer".*

#### **About Natuzzi**

Founded in 1959 by Pasquale Natuzzi, Natuzzi S.p.A. designs and manufactures a broad collection of residential upholstered furniture. With consolidated revenues of EUR 486.4 million in 2011. Natuzzi is Italy's largest furniture manufacturer. Natuzzi Group exports its innovative high-quality sofas and armchairs to 130 markets on five continents under two brands, Natuzzi and Italsofa. Cutting-edge design, superior Italian craftsmanship and advanced, vertically integrated manufacturing operations underpin the Company's market leadership. Natuzzi S.p.A. has been listed on the New York Stock Exchange since May 1993. The Company is ISO 9001 and 14001

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

Unaudited Consolidated Profit & Loss for the quarter ended on December 31, 2011 on the basis of Italian GAAP  
(expressed in millions Euro except for share data)

	Three months ended on		Change %	Percent of Sales	
	Dec 31, 2011	Dec 31, 2010		Dec 31, 2011	Dec 31, 2010
Upholstery net sales	114.6	115.8	-1.0%	88.4%	87.7%
Other sales	15.0	16.2	-7.4%	11.6%	12.3%
<b>Total Net Sales</b>	<b>129.6</b>	<b>132.0</b>	<b>-1.8%</b>	<b>100.0%</b>	<b>100.0%</b>
Consumption (*)	(58.4)	(53.2)	9.8%	-45.1%	-40.3%
Labor	(20.2)	(19.0)	6.3%	-15.6%	-14.4%
Industrial Costs	(7.9)	(8.5)	-7.1%	-6.1%	-6.4%
of which Depreciation, Amortization	(2.0)	(2.6)	-23.1%	-1.5%	-2.0%
<b>Cost of Sales</b>	<b>(86.5)</b>	<b>(80.7)</b>	<b>7.2%</b>	<b>-66.7%</b>	<b>-61.1%</b>
<b>Industrial Margin</b>	<b>43.1</b>	<b>51.3</b>	<b>-16.0%</b>	<b>33.3%</b>	<b>38.9%</b>
<b>Selling Expenses</b>	<b>(24.1)</b>	<b>(25.8)</b>			
Transportation	(12.8)	(13.3)		9.9%	10.1%
Commissions	(2.8)	(2.9)		2.2%	2.2%
Advertising	(8.5)	(9.6)		6.6%	7.3%
<b>Other Selling and G&amp;A</b>	<b>(29.3)</b>	<b>(25.3)</b>		22.6%	19.2%
of which Depreciation, Amortization	(2.0)	(2.7)		1.5%	
<b>EBITDA</b>	<b>(6.3)</b>	<b>5.5</b>		<b>-4.9%</b>	<b>4.2%</b>
<b>EBIT</b>	<b>(10.3)</b>	<b>0.2</b>		<b>-7.9%</b>	<b>0.2%</b>
Interest Income/(Costs), Net	(0.2)	(0.1)			
Foreign Exchange, Net	1.6	0.6			
Other Income/(Cost), Net	0.7	(1.3)			
<b>Earning before Income Taxes</b>	<b>(8.2)</b>	<b>(0.6)</b>		<b>-6.3%</b>	<b>-0.5%</b>
Current taxes	(7.9)	(0.8)		-6.1%	-0.6%
<b>Net result</b>	<b>(16.1)</b>	<b>(1.4)</b>		<b>-12.4%</b>	<b>-1.1%</b>
Minority interest	0.2	0.0			
<b>Net Group Result</b>	<b>(15.9)</b>	<b>(1.4)</b>		<b>-12.3%</b>	<b>-1.0%</b>
<b>Net Group Result per Share</b>	<b>(0.29)</b>	<b>(0.02)</b>			

Key Figures in U.S. dollars (millions)	Three months ended on		Change %	Percent of Sales	
	Dec 31, 2011	Dec 31, 2010		Dec 31, 2011	Dec 31, 2010
<b>Total Net Sales</b>	<b>174.6</b>	<b>177.9</b>	<b>-1.8%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Industrial Profit</b>	<b>58.1</b>	<b>69.1</b>	<b>-16.0%</b>	<b>33.3%</b>	<b>38.9%</b>
<b>EBIT</b>	<b>(13.9)</b>	<b>0.3</b>	<b>-5250.0%</b>	<b>-7.9%</b>	<b>0.2%</b>
<b>Net Group Result</b>	<b>(21.4)</b>	<b>(1.8)</b>	<b>-1060.6%</b>	<b>-12.3%</b>	<b>-1.0%</b>
<b>Net Group Result per Share</b>	<b>(0.4)</b>	<b>(0.0)</b>			
<b>Average exchange rate (U.S.\$ per €)</b>	<b>1.3476</b>				

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

**UPHOLSTERY NET SALES BREAKDOWN**

	Geographic breakdown										
	Net sales million euro						Net sales seats				
	three months ended on						three months ended on				
	Dec 31, 2011		Dec 31, 2010		Change %	Dec 31, 2011		Dec 31, 2010		Change %	
<b>Americas</b>	<b>38.2</b>	<b>33.3%</b>	<b>36.8</b>	<b>31.8%</b>	<b>3.8%</b>	<b>200,090</b>	<b>41.8%</b>	<b>207,270</b>	<b>41.6%</b>	<b>-3.5%</b>	
<i>Natuzzi</i>	4.1	3.6%	3.5	3.0%	17.1%	10,449	2.2%	9,378	1.9%	11.4%	
All brands (*)	34.1	29.8%	33.3	28.8%	2.4%	189,641	39.7%	197,892	39.7%	-4.2%	
<b>Europe</b>	<b>49.5</b>	<b>43.2%</b>	<b>50.0</b>	<b>43.2%</b>	<b>-1.0%</b>	<b>181,444</b>	<b>37.9%</b>	<b>186,413</b>	<b>37.4%</b>	<b>-2.7%</b>	
<i>Natuzzi</i>	23.8	20.8%	26.2	22.6%	-9.2%	51,606	10.8%	64,441	12.9%	-19.9%	
All brands (*)	25.7	22.4%	23.8	20.6%	8.0%	129,838	27.2%	121,973	24.5%	6.4%	
<b>Italy (Natuzzi)</b>	<b>11.4</b>	<b>10.0%</b>	<b>13.1</b>	<b>11.3%</b>	<b>-13.0%</b>	<b>37,347</b>	<b>7.8%</b>	<b>44,441</b>	<b>8.9%</b>	<b>-16.0%</b>	
<b>Rest of the world</b>	<b>15.5</b>	<b>13.5%</b>	<b>15.9</b>	<b>13.7%</b>	<b>-2.5%</b>	<b>59,324</b>	<b>12.4%</b>	<b>60,555</b>	<b>12.1%</b>	<b>-2.0%</b>	
<i>Natuzzi</i>	8.2	7.2%	8.3	7.2%	-1.2%	19,492	4.1%	19,359	8.9%	0.7%	
All brands (*)	7.3	6.4%	7.6	6.6%	-3.9%	39,832	8.3%	41,196	8.3%	-3.3%	
<b>Total</b>	<b>114.6</b>	<b>100.0%</b>	<b>115.8</b>	<b>100.0%</b>	<b>-1.0%</b>	<b>478,205</b>	<b>100.0%</b>	<b>498,679</b>	<b>100.0%</b>	<b>-4.1%</b>	

	Brands breakdown										
	Net sales million euro						Net sales seats				
	three months ended on						three months ended on				
	Dec 31, 2011		Dec 31, 2010		Change %	Dec 31, 2011		Dec 31, 2010		Change %	
<b>Natuzzi</b>	<b>47.5</b>	<b>41.4%</b>	<b>51.1</b>	<b>44.1%</b>	<b>-7.0%</b>	<b>118,894</b>	<b>24.9%</b>	<b>137,619</b>	<b>27.6%</b>	<b>-13.6%</b>	
All brands (*)	67.1	58.6%	64.7	55.9%	3.7%	359,312	75.1%	361,060	72.4%	-0.5%	
<b>Total</b>	<b>114.6</b>	<b>100.0%</b>	<b>115.8</b>	<b>100.0%</b>	<b>-1.0%</b>	<b>478,205</b>	<b>100.0%</b>	<b>498,679</b>	<b>100.0%</b>	<b>-4.1%</b>	

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

## Natuzzi S.p.A. and Subsidiaries

Unaudited Consolidated Profit & Loss for the year ended on December 31, 2011 on the basis of Italian GAAP  
(expressed in millions Euro except for share data)

	Twelve months ended on		Change %	Percent of Sales	
	Dec 31, 2011	Dec 31, 2010		Dec 31, 2011	Dec 31, 2010
Upholstery net sales	425.3	460.5	-7.6%	87.4%	88.8%
Other sales	61.1	58.1	5.2%	12.6%	11.2%
<b>Total Net Sales</b>	<b>486.4</b>	<b>518.6</b>	<b>-6.2%</b>	<b>100.0%</b>	<b>100.0%</b>
Consumption (*)	(215.5)	(213.6)	0.9%	-44.3%	-41.2%
Labor	(79.2)	(77.5)	2.2%	-16.3%	-14.9%
Industrial Costs	(31.4)	(30.4)	3.3%	-6.5%	-5.9%
of which Depreciation, Amortization	(9.5)	(11.5)	-17.4%	-2.0%	-2.2%
<b>Cost of Sales</b>	<b>(326.1)</b>	<b>(321.5)</b>	<b>1.4%</b>	<b>-67.0%</b>	<b>-62.0%</b>
<b>Industrial Margin</b>	<b>160.3</b>	<b>197.1</b>	<b>-18.7%</b>	<b>33.0%</b>	<b>38.0%</b>
<b>Selling Expenses</b>	<b>(79.8)</b>	<b>(89.2)</b>		<b>-16.4%</b>	<b>-17.2%</b>
Transportation	(46.4)	(50.7)		9.5%	9.8%
Commissions	(9.1)	(10.4)		1.9%	2.1%
Advertising	(24.3)	(28.1)		5.0%	5.4%
<b>Other Selling and G&amp;A</b>	<b>(107.8)</b>	<b>(107.5)</b>		22.2%	20.7%
of which Depreciation, Amortization	(9.5)	(11.9)		2.0%	
<b>EBITDA</b>	<b>(8.3)</b>	<b>23.8</b>		<b>-1.7%</b>	<b>4.6%</b>
<b>EBIT</b>	<b>(27.3)</b>	<b>0.4</b>		<b>-5.6%</b>	<b>0.1%</b>
Interest Income/(Costs), Net	(0.5)	(1.0)			
Foreign Exchange, Net	0.5	1.1			
Other Income/(Cost), Net	17.3	(4.5)			
<b>Earning before Income Taxes</b>	<b>(10.0)</b>	<b>(4.0)</b>		<b>-2.1%</b>	<b>-0.8%</b>
Current taxes	(8.9)	(7.0)		-1.8%	-1.3%
<b>Net result</b>	<b>(18.9)</b>	<b>(11.0)</b>		<b>-3.9%</b>	<b>-2.1%</b>
Minority interest	(0.7)	0.0			
<b>Net Group Result</b>	<b>(19.6)</b>	<b>(11.0)</b>		<b>-4.0%</b>	<b>-2.1%</b>
<b>Net Group Result per Share</b>	<b>(0.36)</b>	<b>(0.20)</b>			

Key Figures in U.S. dollars (millions)	Twelve months ended on		Change %	Percent of Sales	
	Dec 31, 2011	Dec 31, 2010		Dec 31, 2011	Dec 31, 2010
<b>Total Net Sales</b>	<b>677.3</b>	722.2	<b>-6.2%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Industrial Profit</b>	<b>223.2</b>	274.5	<b>-18.7%</b>	<b>33.0%</b>	<b>38.0%</b>
<b>EBIT</b>	<b>(38.0)</b>	0.6	<b>-6925.0%</b>	<b>-5.6%</b>	<b>0.1%</b>
<b>Net Group Result</b>	<b>(27.3)</b>	(15.3)	<b>-78.2%</b>	<b>-4.0%</b>	<b>-2.1%</b>
<b>Net Group Result per Share</b>	<b>(0.5)</b>	(0.3)			
<b>Average exchange rate (U.S.\$ per €)</b>	<b>1.3925</b>				

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

**UPHOLSTERY NET SALES BREAKDOWN**

	Geographic breakdown									
	Net sales million euro			Net sales seats						
	twelve months ended on			twelve months ended on						
	Dec 31, 2011	Dec 31, 2010	Change %	Dec 31, 2011	Dec 31, 2010	Change %				
<b>Americas</b>	<b>143.5</b>	<b>33.7%</b>	<b>164.2</b>	<b>35.7%</b>	<b>-12.6%</b>	<b>776,171</b>	<b>43.4%</b>	<b>886,471</b>	<b>45.4%</b>	<b>-12.4%</b>
<i>Natuzzi</i>	16.2	3.8%	15.5	3.4%	4.5%	45,777	2.6%	40,112	2.1%	14.1%
All brands (*)	127.3	29.9%	148.7	32.3%	-14.4%	730,394	40.9%	846,359	43.3%	-13.7%
<b>Europe</b>	<b>174.2</b>	<b>41.0%</b>	<b>186.4</b>	<b>40.5%</b>	<b>-6.5%</b>	<b>634,062</b>	<b>35.5%</b>	<b>685,124</b>	<b>35.1%</b>	<b>-7.5%</b>
<i>Natuzzi</i>	85.8	20.2%	94.7	20.6%	-9.4%	185,254	10.4%	214,855	11.0%	-13.8%
All brands (*)	88.4	20.8%	91.7	19.9%	-3.6%	448,808	25.1%	470,269	24.1%	-4.6%
<b>Italy (Natuzzi)</b>	<b>46.1</b>	<b>10.8%</b>	<b>51.7</b>	<b>11.2%</b>	<b>-10.8%</b>	<b>146,729</b>	<b>8.2%</b>	<b>162,328</b>	<b>8.3%</b>	<b>-9.6%</b>
<b>Rest of the world</b>	<b>61.5</b>	<b>14.5%</b>	<b>58.2</b>	<b>12.6%</b>	<b>5.7%</b>	<b>230,858</b>	<b>12.9%</b>	<b>220,670</b>	<b>11.3%</b>	<b>4.6%</b>
<i>Natuzzi</i>	33.3	7.8%	31.6	6.9%	5.4%	78,787	4.4%	73,050	8.3%	7.9%
All brands (*)	28.2	6.6%	26.6	5.8%	6.0%	152,071	8.5%	147,620	7.6%	3.0%
<b>Total</b>	<b>425.3</b>	<b>100.0%</b>	<b>460.5</b>	<b>100.0%</b>	<b>-7.6%</b>	<b>1,787,819</b>	<b>100.0%</b>	<b>1,954,592</b>	<b>100.0%</b>	<b>-8.5%</b>

  

	Brands breakdown									
	Net sales million euro			Net sales seats						
	twelve months ended on			twelve months ended on						
	Dec 31, 2011	Dec 31, 2010	Change %	Dec 31, 2011	Dec 31, 2010	Change %				
<b>Natuzzi</b>	<b>181.4</b>	<b>42.7%</b>	<b>193.5</b>	<b>42.0%</b>	<b>-6.3%</b>	<b>456,547</b>	<b>25.5%</b>	<b>490,345</b>	<b>25.1%</b>	<b>-6.9%</b>
All brands (*)	243.9	57.3%	267.0	58.0%	-8.7%	1,331,273	74.5%	1,464,248	74.9%	-9.1%
<b>Total</b>	<b>425.3</b>	<b>100.0%</b>	<b>460.5</b>	<b>100.0%</b>	<b>-7.6%</b>	<b>1,787,819</b>	<b>100.0%</b>	<b>1,954,592</b>	<b>100.0%</b>	<b>-8.5%</b>

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

## Natuzzi S.p.A. and Subsidiaries

Unaudited Consolidated Balance Sheets at December 31, 2011 on the basis of Italian GAAP

(Expressed in millions of euro)

<b>ASSETS</b>	<b>31 dec 2011</b>	<b>31 dec 2010</b>
<b>Current assets:</b>		
Cash and cash equivalents	94.0	61.1
Marketable debt securities	0.0	0.0
Trade receivables, net	92.9	95.8
Other receivables	48.7	51.7
Inventories	93.5	87.4
Unrealized foreign exchange gains	0.1	0.2
Prepaid expenses and accrued income	2.6	1.3
Deferred income taxes	0.7	1.1
<b>Total current assets</b>	<b>332.5</b>	<b>298.6</b>
<b>Non current assets:</b>		
Net property, plant and equipment	175.8	196.0
Other assets	6.8	9.3
<b>Total non current assets</b>	<b>182.6</b>	<b>205.3</b>
<b>TOTAL ASSETS</b>	<b>515.1</b>	<b>503.9</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Short-term borrowings	24.2	0.1
Current portion of long-term debt	3.7	2.6
Accounts payable-trade	66.4	64.3
Accounts payable-other	21.4	27.9
Unrealized foreign exchange losses	0.7	1.1
Income taxes	1.7	2.9
Salaries, wages and related liabilities	8.0	9.9
<b>Total current liabilities</b>	<b>126.1</b>	<b>108.8</b>
<b>Long-term liabilities:</b>		
Employees' leaving entitlement	26.7	28.4
Long-term debt	10.8	12.8
Deferred income taxes - long term	6.9	0
Deferred income for capital grants	9.8	10.4
Other liabilities	21.3	18.2
<b>Total long-term liabilities</b>	<b>75.5</b>	<b>69.8</b>
<b>Minority interest</b>	<b>3.0</b>	<b>2.1</b>
<b>Shareholders' equity:</b>		
Share capital	54.9	54.9
Reserves	12.0	12.0
Additional paid-in capital	9.3	9.3
Retained earnings	234.3	247.0
<b>Total shareholders' equity</b>	<b>310.5</b>	<b>323.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>515.1</b>	<b>503.9</b>



## Natuzzi S.p.A. and Subsidiaries

### Consolidated Statements of Cash Flows

(Expressed in million of euro)

	<u>31 dec 2011</u>	<u>31 dec 2010</u>
<b>Cash flows from operating activities:</b>		
<b>Net earnings (loss)</b>	<b>(19.6)</b>	<b>(11.1)</b>
<b><i>Adjustments to reconcile net income to net cash provided by operating activities:</i></b>		
Depreciation and amortization	18.8	23.4
Employees' leaving entitlement	-	(1.2)
Deferred income taxes	0.4	(0.4)
Minority interest	0.7	0.1
(Gain) loss on disposal of assets	(29.3)	0.6
Unrealized foreign exchange losses and gains	(0.3)	0.8
Impairment of long lived assets	14.8	-
Deferred income for capital grants	(0.5)	(0.7)
<b>Non monetary operating costs</b>	<b>4.6</b>	<b>22.6</b>
<b><i>Change in assets and liabilities:</i></b>		
Receivables, net	2.9	1.2
Inventories	(6.2)	(5.8)
Prepaid expenses and accrued income	(1.3)	0.1
Other assets	3.0	2.8
Accounts payable	2.1	(2.2)
Income taxes	(1.3)	(0.7)
Salaries, wages and related liabilities	(1.9)	(5.1)
Other liabilities	(2.1)	(0.2)
<b>Net working capital</b>	<b>(4.8)</b>	<b>(9.9)</b>
<b>Net cash provided by operating activities</b>	<b>(19.8)</b>	<b>1.6</b>
<b><i>Cash flows from investing activities:</i></b>		
Property, plant and equipment:		
<i>Additions</i>	(19.0)	(17.9)
<i>Disposals</i>	0.2	0.2
<i>Proceeds from sales</i>	46.7	
Marketable debt securities:		-
<b>Net cash used in investing activities</b>	<b>27.9</b>	<b>(17.7)</b>
<b><i>Cash flows from financing activities:</i></b>		
<b><i>Long-term debt:</i></b>		
Proceeds	1.0	9.8
Repayments	(1.9)	(1.3)
Short-term borrowings	24.1	(0.7)
Capital injection	-	-
Dividends paid to minority interests	-	-
<b>Net cash used in financing activities</b>	<b>23.2</b>	<b>7.8</b>
Effect of translation adjustments on cash	1.6	3.1
<b>Increase (decrease) in cash and cash equivalents</b>	<b>32.9</b>	<b>(5.2)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>61.1</b>	<b>66.3</b>
<b>Cash and cash equivalents, end of the year</b>	<b>94.0</b>	<b>61.1</b>