

ANNUAL REPORT 2015

**B&B**  
ITALIA





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Milano, 2002.  
Antonio Citterio, Patricia Viel

B&B ITALIA Store  
Madison Avenue, New York, 2016.  
Antonio Citterio, Patricia Viel

## The firm, the vision, the journey

# A VERY ITALIAN STORY

B&B Italia is an Italian firm, an international leader in the creation of designer furnishings for the home, work and leisure. It was founded in 1966 by two visionary entrepreneurs, Piero Ambrogio Busnelli and Cesare Cassina in the very heart of the Brianza district near Milan, with a long and proud history of high quality craftsmanship, hard work and a readiness to compete.

From the outset the business had its own distinctive approach: rational, industrialized run with a pure managerial approach, unlike the small family firms typical of the sector. Confirmation of that approach came in 1972 when the architects Renzo Piano and Richard Rogers were commissioned to design an iconic building for its Novedrate headquarter. B&B Italia quickly established a reputation for open-minded curiosity and a thoroughly forward-looking approach to the culture of design.

**B&B ITALIA**  
Grande Papilio, 2009.  
Design Naoto Fukasawa



B&B products have contributed hugely to the history of Italian design. That history is an exciting one, truly adventurous at times, and has seen the establishment of that unique combination of taste, technology and inventiveness which underpins the whole *Made in Italy* phenomenon. In its half-century of selling to the world's principal markets, the firm's successive furniture collections have amply demonstrated its capacity to represent contemporary culture and respond promptly to changes in the way of living. B&B Italia has become synonymous with products born "contemporary" but

characterized by a timeless elegance and high quality: products born under the sign of an unmistakable identity, standard-bearers of modernity and a fusion of technical prowess and creativity, of innovative tension and industrial capability.

Research is a key element of the company's growth; it has its own R&D Centre which acts as a veritable workshop of projects, encounters and experiments. Many of the big names in international design have worked with B&B Italia, cross-fertilizing ideas and putting their signature to design projects.

→ *B&B Italia products have contributed hugely to the history of Italian design. That history is an exciting one, truly adventurous at times, and has seen the establishment of that unique combination of taste, technology and inventiveness which underpins the whole Made in Italy phenomenon.*

**B&B ITALIA**  
Beverly, 2014. Design Antonio Citterio



Every project is unique; each has its history and its physiology, but a "fil rouge" runs through them all. For every single one is, in essence, a paean to the founding values of B&B Italia's personality: ingenuity, a sense of wonder, and insistence on the utmost quality of manufacture.

Early in the millennium the second generation began to take on more and more of the running of the business. Three brothers, Giorgio, Giancarlo and Emanuele, found themselves tackling newly turbulent markets and competing in new situations. In 2003 the family brought on board a private equity partner, Opera. Here again B&B was leading the way, as the first Italian firm to decide on funding its expansion by recourse to an institutional investor.

In 2011 the family bought back the company and, over the following years, started to consider new strategic partnerships to further support the growth. In 2015 Brompton Design Holdings, an investment subsidiary of Investin-

dustrial, acquired a majority stake of B&B Italia; the new set-up, with Giorgio Busnelli as CEO, was designed to preserve the continuity of a unique corporate history and it marked a new phase for the firm and its brands.

The prestige achieved in international markets by the two brands (B&B Italia and Maxalto), together with the management's awareness that their firm carries the banner of Italian excellence in its field, led the firm to join the Altgamma Foundation, which brings together the market's most prestigious brands and acts as ambassador for Italian culture and management style throughout the world.

**A road studded with objectives achieved**

DESIGN AND  
TECHNOLOGY LOOK  
EACH OTHER IN THE EYE

1960/70

**1966**  
C&B (stands for Cassina and Busnelli) was founded in Novedrate. Their first product is the *Coronado* sofa by Afra and Tobia Scarpa, made using a revolutionary technology: injection moulding.

**1969**  
Launch of Gaetano Pesce's *Up* range of armchairs/sculptures, bought vacuum-packed and then, through the magic of freon imprisoned in polyurethane, expanding once brought home into its proper shape.

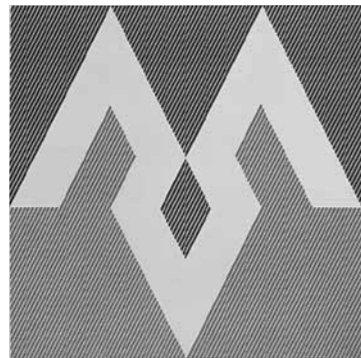


1970/80

**1972**  
Mario Bellini designs *Le Bambole*, an upholstery system using soft shapes quite unlike traditional seating: no more structures with separate cushions, but single, organic forms. The idea takes off instantly – not least thanks to Oliviero Toscani's provocative advertisements.

**1973**  
Piero Ambrogio Busnelli takes a controlling stake in the firm, which becomes B&B Italia. With his son Giorgio Busnelli the second generation joins the business.

**1975**  
At Novedrate B&B Italia takes over the craft chair-maker Maspero and at the suggestion of Afra and Tobia Scarpa re-names it "Maxalto".



1980/90

**1984**  
The *Sisamo* wardrobe by Studio Kairos wins the ADI Compasso d'Oro, Italian design's most prestigious award; B&B Italia is established as a leading innovator in bedroom fittings, too.

**1987**  
B&B Italia changes the rules of the game in upholstered furniture, putting a modular system of sofa components on the market for the first time, and making the sofa the natural place to lounge. Antonio Citterio's *Sity* system wins another Compasso d'Oro.



1990/00

**1993**  
After nearly two decades of collections by Afra and Tobia Scarpa, Antonio Citterio becomes Maxalto's head designer – a position he still holds today, with an aesthetic signature that can best be described as "contemporary classic".

**1995**  
All the walls and fittings of the *Costa Classica* are designed by Pier Luigi Cerri. Heading the project is Emanuele Busnelli, the third brother. He joins Giancarlo, the second-born, at the head of the Contract Division set up in 1976.



**1998**  
B&B Italia puts on a provocative installation designed by Pier Luigi Cerri at the International Furniture Salon of Milan: instead of showing the product, it showcases the technology involved, displaying the various stages of manufacture.

2000/10

**2002**  
Inauguration of the R&D Centre in a new three-storey building named after the founder. B&B Italia's activity involves ever more strategic experimentation, feedback and research.

**2003**  
The private equity fund Opera acquires a majority stake. The founder stays with the firm, with a brief to maintain its innovative edge and constant evolution.

**2007**  
*Canasta*, the first outdoor collection designed by Patricia Urquiola for B&B Italia, is presented at the Paris Salon Maison et Objet. Projects such as this one breathe life into a lucrative market.



2010/**2015**

**2015**  
Apple chooses B&B sofas for its new Cupertino headquarters designed by Norman Foster, the biggest building in the world; the production lines are now on three-shift working to cope with the order.



Brompton Design Holdings, an investment subsidiary of Investindustrial, acquires a majority stake to support B&B Italia in achieving new ambitious targets.

above  
PIERO AMBROGIO BUSNELLI,  
the founder

## The role of research

# INNOVATION MEANS NOT BEING AFRAID TO MAKE MISTAKES

B&B Italia invests over 3% of its turnover in research. Thanks to a constant contribution of human and financial capital, the R&D Centre is ceaselessly busy incubating new ideas, experimenting and making selections on many fronts: product design, technical innovation in materials and production, process improvement and sustainability, evolution of corporate identity and the crafting of new ways to relate to customers. Curiosity and open-mindedness are the watchwords here: no place for preconceptions or instant solutions.

In its dialogue with the designers, the R&D Centre stimulates, interprets and guides their creative energies towards conceiving innovative products and making them a reality. For their part, the designers get to draw on the company's know-how and at the same time find a ready reception for new ideas and room to give free rein to their self-expression. That is how the unique aesthetic sensibility is nurtured which then underpins B&B Italia's astonishing career: a gallery of products, all highly individual yet all clearly belonging to the same brand.

→ Here is the roll-call of designers who have made B&B Italia great: Afra and Tobia Scarpa, Marco Zanuso, Vico Magistretti, Mario Bellini, Gaetano Pesce, Antonio Citterio, Patricia Urquiola, Naoto Fukasawa, Zaha Hadid, Jeffrey Bennett, Paolo Piva, Studio Kairos, Vincent Van Duysen, Barber&Osgerby... and there are more.



**B&B ITALIA**  
Tobi-Ishi, 2013. Design Edward Barber  
and Jay Osgerby

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The R&D Centre doesn't concern itself only with products. The graphics & advertising office works there; in the same way PR and communication, and the architects responsible for interior design. As well as the development labs themselves the Centre houses training classrooms, the mould storage, the

historic archive, the studios and the showrooms.

For B&B Italia, design is an aspect that cannot be divorced from the firm's industrial and technological vocation. Technology is in fact the principal means of achieving two aims: on the one hand, to solve production problems by experimenting with new materials and new levels of efficiency; and on the other, to provide value to the end customer in the form of quality and ease of use. That is why the firm's history has been full of technical breakthroughs ever since the very first one – the use of cold-formed polyurethane moulded foam technology.

**MAXALTO**  
Febo, 2015. Design Antonio Citterio



Then making products in fibre-glass preimpregnated with synthetic resins (in collaboration with Bayer), and using Dacron in upholstery (in collaboration with Du Pont Nemours); and finally B&B Italia has become a byword for inventiveness, with steel-structured sofas guaranteed for ten years and mechanisms newly conceived and developed by the R&D Centre.

B&B Italia's hallmark, then, has always been the integration of creative freedom and advanced technology to the fullest possible extent. The brand's reputation has also been built by winning many prizes and awards. Four times B&B Italia has been awarded the Compasso d'Oro, Italian design's most coveted prize, instituted by

the Association for Industrial Design (ADI). When B&B Italia won this award in 1989 the judging panel said it was for "the firm's tireless efforts to marry the values of scientific and technical research with those essential to the product's functional and expressive qualities." The message was heard; the market got it. That same year the firm launched an assertive advertising campaign ironically acknowledging its leading position: the simple words, in colour on a black background, "To be or not to be? B&B."

## B&B Italia and Maxalto

# TWO COMPLEMENTARY BRANDS

**B&B ITALIA**  
*Moon System, 2007. Design Zaha Hadid*

Giving voice to the contemporary outlook and representing its culture, aspirations, and influence on people: that is the mission of the two brands – B&B Italia and Maxalto – under which the firm tackles international markets. These collections are the result of its collaboration with outstanding names in international design to make unique products in a harmonious blend of functionality, advanced research, creativity and technology.

For B&B Italia 2015 was, as the vintners say, “a good year”. Antonio Citterio designed his *Michel* sofas, modular islands for the living room, and his *Charlotte* chairs. Patricia Urquiola’s *Husk* seats and armchairs express a new sensitivity to ecological and sustainability concerns, while the *Papilio Shell* series of chairs by Naoto Fukasawa give a very personal vision of the 20<sup>th</sup> century. The *Oskar* tables designed by Vincent Van Duysen play with fascinating materials. The *Butterfly* sofas, again by Patricia Urquiola, seem to be engaged in dialogue with its original forerunners, Mario Bellini’s *Bambole*.



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The year was no less busy on the marketing and communication front. The “Design Portrait” campaign, which had first showcased the Antonio Citterio sofas, continued with the Patricia Urquiola’s *Bend-Sofa* and *Tuffy-Time* chairs, both of them best sellers. In March the preview of the Outdoor catalogue at the firm’s HQ was attended by more than 300 major customers, dealers and journalists.

The biggest effort went into preparations for the half-centenary activities planned for the following year, 2016. The most important of these include a book, *The Long Life of Design in Italy: B&B Italia 50 Years and Beyond*, published by Skira; the film *B&B Italia: Poetry in the Shape. When Design meets Industry*, made for Sky Art and previewed at the Milan Design Film Festival; and the institutional press campaign and installation at the Milan Triennale entitled *B&B Italia/The Perfect Density*.

For the firm, these 50<sup>th</sup> Anniversary celebrations are not just an opportunity for advertising and PR aimed at the outside world: they also express the corporate pride justified by a long and unrivalled history. B&B Italia is a firm that is in the spotlight all year, every year: its selections are eagerly awaited and lose little time in becoming the inspiration for its competitors and others. Today, as yesterday, its innovations get people talking and thinking: that is its role, as a firm which guides the evolution of its industry. Which is why B&B Italia recently issued a press release to say “Thank you” not only to its partners, customers and staff but also to its imitators: imitations come from the leading position of B&B Italia. It tells us we must be doing something right; and almost always it stimulates us to do even better.

Since it first began in 1975, Maxalto has been a byword for research into the highest quality materials, especially wood. Initially run by Afra and Tobia Scarpa, it inherited their thorough grounding in the potential qualities of wood and the craft traditions of Italian woodworking and instrument-making. Since 1993 its collections have been co-ordinated by Antonio Citterio, who looks to French design of the interwar years, reinventing it and bringing it up to date. Today Maxalto offers a full range of fittings for the living room and bedroom, widely appreciated for its choice materials and detailing finesse – in the latest velvet-upholstered sofa *Solatium*, for instance, or the *Febo* chairs, armchairs and chaise longue hinting at aristocratic forebears.

In 2015, to celebrate its 40<sup>th</sup> Anniversary, Maxalto also brought out a book lavishly illustrating the materials used in its various collections.

**MAXALTO**  
*Alcor, 2014. Design Antonio Citterio*



## Home Division and Contract Division

# THE DIRECT ROUTE GETS THERE FIRST

Work time, home time. Time for meeting and dealing with others; and time for quiet, for our loved ones. These two worlds call for different solutions; which is why B&B Italia is organized on two divisions: Home and Contract.

The Home Division manages all the core business activities, which revolves around the conception, industrial production and sale of design furniture for high end apartments. B&B Italia sees the home as a *domestic landscape*, an integrated but by no means neutral space in which the furniture and fittings interact to influence the mood of those living there. It is not full of stuff and every piece is surrounded by the necessary amount of vital space. In return, every sofa, seat, table or other piece of furniture will have a strong personality of its own; it will be an element of density in that space.

The dynamism and inventiveness that pervade the firm have given rise to the idea of exploring new market segments. In 2007 B&B Italia reinvented furniture for outdoor with its B&B Italia Outdoor collection, which offered a more nuanced version than usual of the distinction between the outdoor and indoor worlds. The designers Patricia Urquiola, Jean-Marie Massaud and Antonio Citterio created some outstanding pieces, shaking up the sector's habits of thought, and once again confirming B&B Italia's vocation to open up new avenues. Seats, armchairs, sofas, chaises-longues, tables and accessories combine to create an evocative, unexpected outdoor landscape worthy of a stage set.

**B&B ITALIA Project**  
Metropolitan '14, 2014.  
Design Jeffrey Bennett



The history of the Contract Division features international prestige projects which have truly catapulted the firm into the busiest and most competitive sectors of the market. In the hotel world, for instance, it is carrying out projects for Bulgari Hotels in London and Milan, for the Cafe Royal and ME Hotel in London, for the Conservatorium Hotel in Amsterdam, the Mandarin Oriental Hotel in Barcelona, the W Hotel in St. Petersburg and the W Resort on Vieques, Puerto Rico.



The Contract Division has traditionally done business in four areas: Hospitality (hotels, residences, club houses, and restaurants), Marine (cruise liners and motor yachts), Retail (stores, boutiques, and showrooms), and Corporate (banks, offices, theatres, congress centres, museums, and airports). To be able to operate in these areas, the Division developed an operating model allowing seamless integration of the four components of the work flow: design, production, project management and logistics.



For over thirty years the Division has been doing business with architects, designers and investors. To all of them it offers its own knowledge: an understanding of design trends, an engineering approach, a capacity for financial management as well as the ability to tackle big orders and deliver on time.

**B&B ITALIA Contract**  
Aman Canal Grande Venezia, 2013.  
Design Denniston  
Mandarin Oriental Milano, 2015.  
Design Antonio Citterio, Patricia Viel

The experience accumulated in this Division has also borne fruit in the B&B Italia Project product line, which offers the market a range of ergonomic furniture for hotel, offices, restaurants and public places.

A few figures will give an idea of the Division's operational capabilities: 1,213 sales premises fitted out across the world for the luxury goods and fashion trade; 32,535 fully fitted cruise ship cabins, 950 containers of material delivered annually; a staff of 60 including 43 designers; a work flowchart structured in 10 steps.

The more noteworthy projects of 2015 include the new offices for Paul Hastings in New York, retail premises for Bentley and Rolex World worldwide; the supply of furniture and fittings for the Bulgari Resort and Marina Village complex in Dubai; the supply of hotel room furniture for the Schloss Elmau Hotel; and the start of a big project for the W Hotel in Tel Aviv (architect John Pawson).

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## International footprint

# DO YOU SPEAK MY LANGUAGE?



**B&B ITALIA Store**  
Madison Avenue, New York, 2016.  
Antonio Citterio, Patricia Viel

Exports accounted for 78% of the firm's sales in 2015, channelled through 800 approved dealers in 79 countries. The firm's most important markets, in order of total sales, are the United States, Italy, Germany, the UK and France. The Middle East and Far East markets are growing most remarkably, and in this part of the world Greater China leads the way, a performance destined to become even stronger in 2016 with the opening of a mono-brand store in Shanghai.

B&B Italia benefits from an extensive distribution network built up over the years, with reliable partners capable of keeping up with the firm in its drive for change; absolute professionalism is required of any dealer wishing to partner with B&B Italia. The firm, with its high-level product quality, has developed a policy of thorough and painstaking after-sales support. That policy is also implemented by providing proper training for its dealers' staff: in 2013 B&B Italia trained 355 people at its own headquarters, and since then the numbers have grown to 374 in 2014 and 417 in 2015.

→ *The distribution network is also a strong one: the map shows seven flagship stores (in Milan, London, Monaco, Paris and Washington DC, as well as two in New York), and 40 mono-brand stores. Six new B&B Italia/Maxalto mono-brand stores opened in 2015, in Doha, Tokyo, Manila, Ho Chi Minh City, Houston and Sun Valley.*



**B&B ITALIA Store**  
Tel Aviv, 2011. Pitsou Kedem

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Today it is a fine thing to recall where this long journey started. It began with the first flagship store on New York's 5<sup>th</sup> Avenue, opened back in 1976; and there it continues today, with the significant investment in the new Madison Avenue flagship store in 2015. The building has almost 900 square metres of space on two floors, 550m<sup>2</sup> of that devoted to B&B Italia and Maxalto exhibitions. The project has been supervised by Antonio Citterio, and inauguration is scheduled before the end of 2016.

The sales network is always supported; B&B Italia traditionally has a significant presence at trade fairs, and in 2015 exhibited at two important industry events – the IMM in Cologne and the ICFF in New York – as well as three Design Weeks: Milan's *Fuori Salone*, D'Days (Designer's Days) in Paris, and the London Design Festival.

## Production capability

# A SMART AND CONSTANTLY-EVOLVING MACHINE

B&B Italia's production facilities consist of four manufacturing establishments and storage warehouses. In order of importance, these are the Novedrate HQ (about 25,000m<sup>2</sup>) which houses the head office, upholstered furniture production, the R&D Centre and the showroom; the Misinto site, which produces the Maxalto goods and systems, covers some 22,500m<sup>2</sup>; the storage facilities at Carugo (8,000m<sup>2</sup>, for raw materials, semi-finished goods and outdoor products requiring assembly) and Arosio (5,500m<sup>2</sup>, for raw materials, semi-finished goods and finished products).

The technological core of the firm's manufacturing is the cold-formed polyurethane foam production line at the Novedrate site, with two computer-controlled robotic heads that can change the polyurethane's formulation in real time to measure out its main characteristics: density and resilience. This section of the line is constantly being modernized, but it is not the only place where investments are being made to keep efficiency at a maximum and ensure all the production infrastructure is up to date: major capital resources were devoted in 2015 to moulds for new products, the expansion of the production lines, and improvements in the working environment with particular attention to temperature, and lighting.



**B&B ITALIA**  
Upholstered furniture production, Novedrate



**MAXALTO**  
Production unit, Misinto

→ Major capital resources were devoted in 2015 to moulds for new products, the expansion of the production lines, and improvements in the working environment with particular attention to temperature, and lighting.

Technological updating goes hand in hand with constant attention to the procedures allowing to constantly achieve high-product quality. In 1997 B&B Italia secured corporate quality certification under UNI EN ISO 9001:2008 for all its manufacturing facilities. The main purpose of its internal Quality System is to apply, review and consolidate the set of rules established by the firm to ensure customer satisfaction. That certification was renewed in 2011.

Even more important, perhaps, is the firm's commitment to meeting all statutory and regulatory requirements and standards applying in its export destinations; those requirements and standards are adopted as the firm's own. B&B Italia products meet US laws and regulations, and in particular those of California, which are regarded as the strictest.

An essential part of B&B Italia's approach to quality is the selection of materials to be used: the foam mixtures inside furniture, fabrics, hide and leathers, wood, marble, metals and thermoplastic materials.

B&B Italia has gained significant experience and great expertise in searching out the right natural and synthetic weaves and yarns, many of which are made exclusively for us. Before they can be selected for use in our products, fabrics must be subjected to a whole series of quality tests to check their tensile strength, tendency to pill, stability under light, and resistance to wear and tear, cuts and rubbing. Whenever appropriate, B&B Italia uses Sanforized fabrics for their softness to the touch, and stain-resistant treatments.

Another of B&B Italia's distinctive characteristics is the use of innovative materials such as Cristalplant®, a new-generation thermoplastic solid surface material produced only in Italy. Composed of aluminium trihydrate and acrylic resin, it can be mould-cast and offers outstanding wear qualities, shock-resistance, UV stability, and tolerance of sudden temperature changes, as well as being pleasantly gentle to the touch and easy to clean. It is 100% recyclable and stains, burn marks or scuffs can be made as good as new.

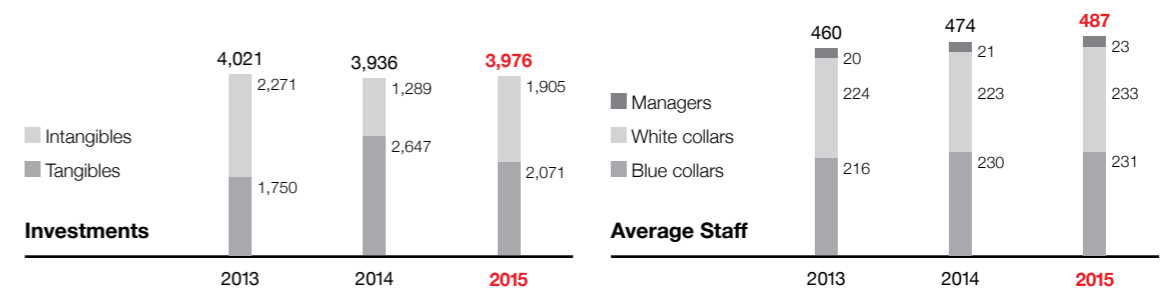
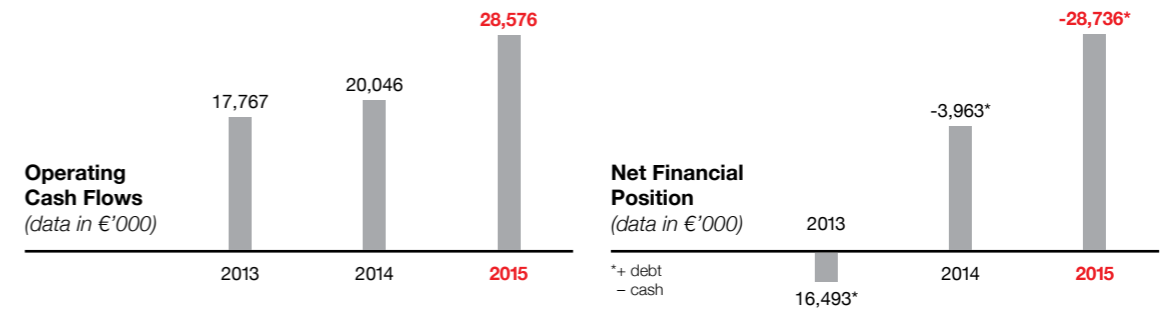
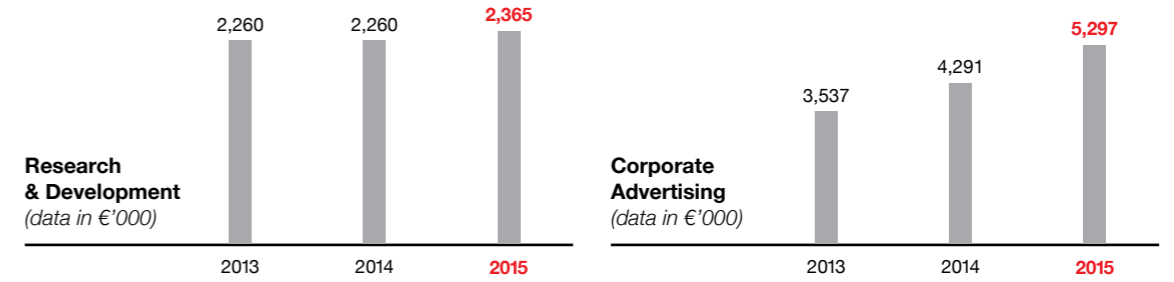
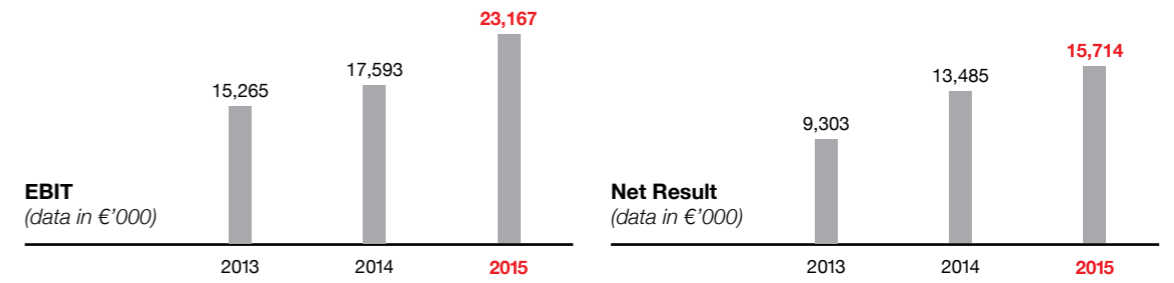
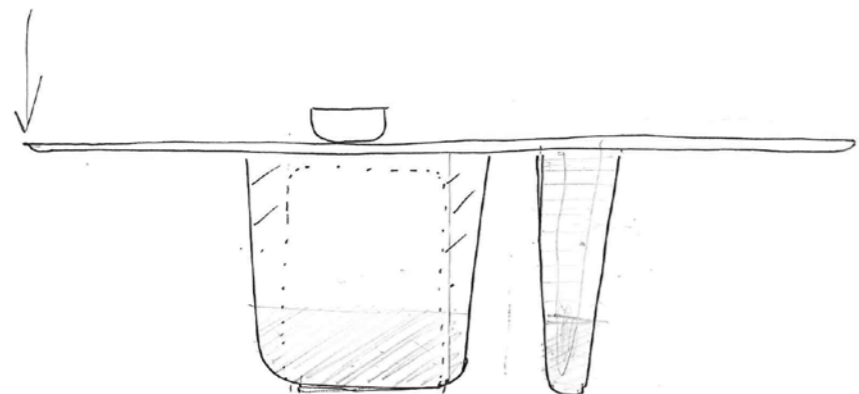
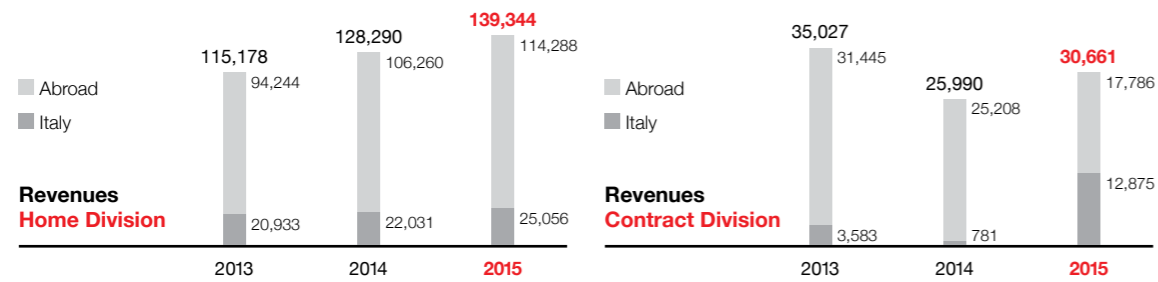
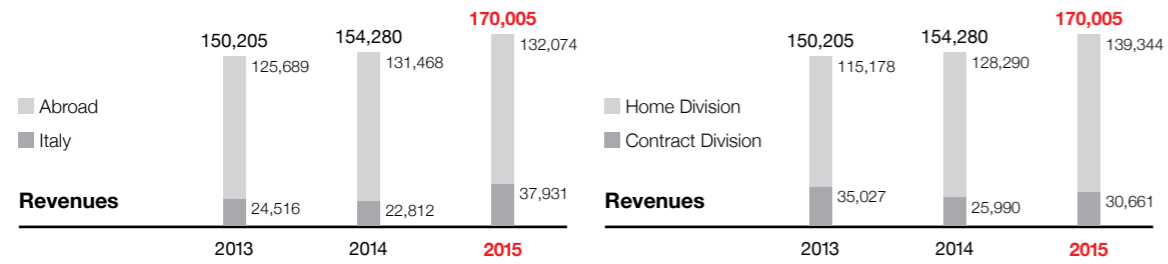
The systems production at the Misinto facility started in 2011. This new factory uses the most advanced technology available in processes and resources, from modern edge-banding machines for panel-cutting to the painting robot and the assembly lines. The expansion, begun in 2014, was completed the following year and has made another 2,200m<sup>2</sup> available to the various production operations housed there.

# CONSOLIDATED FINANCIAL STATEMENTS

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### 2015 financial informations at a glance

# FINANCIAL HIGHLIGHTS



**“***You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.***”**

**Richard Buckminster Fuller**



B&B Italia was founded in 1966 as a result of the entrepreneurial vision of my father, Piero Ambrogio Busnelli. We have been working side by side for many, many years and today the company still reflects the pioneering spirit my father had imagined: a company with a strong commitment in research and innovation with the ability to attract the leading names in international design and architecture, to realize and make real their ideas and dreams.

It makes me extremely proud to see that one man's intuition and vision has produced in almost fifty years a global leading company in contemporary design furniture known for its authentic collection of iconic pieces enriching the history of Italian design. The B&B Italia collection is based on a unique mix of creativity, innovation and industrial know-how, which have strongly contributed to building the company's solid international reputation for innovation in the world of interior design.

From the start, we have been acting as ambassadors of a new industrial design culture, spreading our heritage and philosophy worldwide. Today, more than ever, we are conscious that our past is the key to our future.

Brompton Design Holdings, the investment subsidiary of Investindustrial, has become a shareholder in a firm which has taken decisive steps in recent years, as shown by the key figures from the Financial Statement (turnover, operating margin, profit), all growing. The growth in capital spending on investments and in staff numbers tell the same story: the firm is determined to remain one of the industry's leading contestants.

Hence the decision to join Investindustrial and its ambitious project to gather all the best expressions of 'Made in Italy' in the design industry, to pursue long-term strategies of internationalisation and industrial development. Investindustrial provides support at various levels for the company's organic growth, and encourages acquisitions of brands which are a good match in terms of similar quality and market positioning, as a driver to accelerate the development of B&B Italia worldwide in future.

Our enthusiasm remains as strong as ever, and will be our guiding light and inspiration in the years to come.

We intend to do our utmost to ensure the B&B Italia group has a successful future, and we move forward with a strong determination to develop the best strategies for expanding our business and consolidating our leading position in world markets for high-end design.

On the principle that the future starts today, we are ready right now to welcome whatever challenges may come our way.

**Giorgio Busnelli**  
Chairman

**B&B ITALIA Headquarters**  
Novedrate, 1973.  
Piano & Rogers

## Directors' Report

Dear Shareholders,

We submit for your approval the consolidated financial statements as at and for the year ended 31 December 2015, which show a net profit for the year of €15,714 thousand pertaining to the group, a significant increase over the previous year (€13,485 thousand).

The key figures and changes on the previous year are set out below.

### Significant events

2015 was a crucial year for the group as it was marked by the entry of Investindustrial investment fund into its shareholding structure. The new shareholder, one of Europe's leading investors, is expected to assist the group in achieving increasingly ambitious objectives.

The success obtained during the last Salone del Mobile (Milan furniture trade fair) and Cologne IMM Fair with eye-catching stands, together with the expansion of its qualified presence on the market, further strengthened the group. Mention should be made of a number of strategic store openings in Manila, Shenzhen, Ho Chi Minh City, Tokyo, Sun Valley and, through a joint venture, in Doha.

Specifically, with reference to B&B's direct presence on the market, progress was made on the new location in Madison Avenue, New York, while the entire investment in the Munich-based company which manages the B&B flagship store was acquired in December.

Lastly, work to expand the Misinto production facility was completed and this facility is now ready to support further product development.

### Market performance

The most significant factor is the growth of high-end products thanks to the steady recovery of almost all export markets. Russia and South America were seriously penalised and the Asian market is struggling to express its potential in the furniture sector, which has not yet devised a genuine market penetration strategy.

The group posted positive results at year end thanks to the excellent performance of both brands which grew more than 10% on the previous year, in particular padded sofas.

All markets, except for Russia, Turkey and the Far East, managed to reach the established targets and the positive currency performance also contributed significantly to the achievement of company results.

The Contract Division completed an important long-term Hospitality contract in Italy and delivered a number of contracts with satisfactory profitability, while strengthening certain important relationships with corporate customers.

### Research and development

Keeping true to its origins while being open to new stimulus, once again B&B Italia presented a number of new and truly genuine projects.

The Michel Club and Michel Effe seating systems by Antonio Citterio, the former aimed at satisfying more traditional yet contemporary tastes and the latter with a more essential design, add an important chapter to a story started back in 2012 with the first modular system of the Michel series.

The Oskar table by Vincent van Duysen is part of the more architectural tradition of furnishing designs: while looking at the experience of the masters, it proposes a piece which is able to establish a dialogue, using its distinctive vocabulary, with the space in which it is fitted.

However, in 2015, B&B Italia focused large research and development investments in chairs. Three new chairs which offer different solutions: Charlotte by Antonio Citterio is a tribute to lightness and comes in two versions, with or without armrests; Papilio Shell by Naoto Fukasawa, whose name reminds us of a previous family of successful seats signed by the Japanese designer, is extremely versatile and, as such, may be used in many diverse situations; and, lastly, Husk by Patricia Urquiola proposes, in addition to the successful version with die cast legs already included in the catalogue, new variations which extend their use and modify the way they are perceived.

B&B Italia's 2015 vision attaches great importance to outdoor design. Butterfly by Patricia Urquiola is the first textile seating system to be introduced into B&B Italia's Outdoor collection. Fat-Sofa Outdoor, again by Patricia Urquiola, features the rounded, soft and sinuous shapes of the Fat-Sofa seating system which, in its outdoor version, is characterised by a backrest with a new interlacing design. Lastly, the continuous focus on the Mirto collection by Antonio Citterio, a new contemporary classic in outdoor furniture which involved the group in extensive research activities, is now enriched by a wide range of accessories in different types and sizes.

### Investments

The group invested €3,976 thousand in equipment to make new products as well as to complete the new Misinto production facility and to maintain its factories.

With respect to the retail business, the group started the project to restructure the new location in Madison Avenue, New York, which involved an outlay of €1,268 thousand during the year.

### Financial instruments and risk management

The group carefully identifies, manages and monitors the main risks in order to protect its operations. In this respect, it monitors significant risks, in particular:

- *Credit risk*, arising from a counterparty's potential non-compliance with its commercial obligations. The group carefully evaluates its customers and vets them closely. The first evaluation takes place during the initial negotiating stage with the customer, when its equity and financial solvency are checked as well as its credit standing. On this basis, the group assigns the customer a maximum credit limit and/or requests guarantees. The group's sales managers are directly involved in credit management. As the group is subject to pronounced concentration in its exposure to large domestic and international customers with respect to its Contract Division, it usually requests significant advances on the related contracts. The group does not have any doubtful receivables that are not adequately provided for in the provision for bad debts.
- *Liquidity risk*, which arises when the group is unable to meet its payment commitments due to difficulties in obtaining funds on the market or freeing assets in a short period of time to ensure it can continue to operate. The group continuously monitors its liquidity requirements and any excess and manages this risk so as to minimise its impact on profit or loss. It checks that its credit facilities are adequate to meet its requirements in excess of its ability to self-finance its activities through use of working capital and investment plans.
- *Operational risk*, which mainly relates to fluctuations in raw materials prices and productivity. The risk of price increases is offset by the timely renegotiation of supply contracts by the purchases office and, where possible, their inclusion in the sales prices. The group pays close attention to compliance with environmental and safety legislation. On 28 January 2010, the board of directors of B&B S.p.A. approved the new organisational, management and control model relating to accident prevention and health and safety regulations in the work place. The

model has been updated to reflect changes in the relevant legislation. With respect to the finalisation of the organisational model pursuant to Legislative decree no. 231/01, in recent months, the group completed the risk mapping activities and began preparing protocols. The new model will soon be available for approval by the board of directors.

- *Financial risk*, arising from fluctuations between the Euro and other currency rates and in interest rates, which can negatively affect net equity and cash flows. Together with top management, the financial department sets guidelines for management of these risks and ensures that they are properly applied. The group agrees hedging contracts with solvent counterparties to hedge currency risk. It has entered into currency forward sales to hedge currency risk, whereas it did not hedge interest rate risks, given the favourable performance of interest rates and its limited bank loans and borrowings.

Trends in the main productivity and profitability ratios are regularly monitored in order to promptly take the most suitable corrective actions.

## Results

The group's main results are set out below with comparative 2014 figures. They have been reclassified to better show the contribution of the different business segments (mainly operating and financial).

This section also shows the key financial statements indicators, in order to present changes in the group's performance compared to the previous year.

## Financial performance

€'000	2015	2014
Revenue from the sale of goods (A1)	170,005	154,280
Other revenue and internal work capitalised (A2+A3+A4+A5)	-4,552	6,164
<b>TOTAL PRODUCTION REVENUES</b>	<b>165,453</b>	<b>160,444</b>
External operating costs (purchases + services) (B6+B7+B8+B11)	-103,622	-112,815
<b>ADDED VALUE</b>	<b>61,831</b>	<b>47,629</b>
Personnel expenses (B9)	-28,606	-27,318
<b>GROSS OPERATING PROFIT</b>	<b>33,225</b>	<b>20,311</b>
Amortisation, depreciation, write-downs and provisions (B10 + B12)	-8,408	-6,030
Other operating costs (B14)	-1,500	-1,437
<b>OPERATING PROFIT</b>	<b>23,317</b>	<b>12,844</b>
Net financial income/charges and adjustments to financial assets (C15+C16-C17-C17bis+D18-D19)	151	1,311
Net extraordinary income (E20-E21)	3	4,875
<b>PRE-TAX PROFIT</b>	<b>23,471</b>	<b>19,030</b>
Income taxes (22)	-7,757	-5,545
<b>NET PROFIT FOR THE YEAR (23)</b>	<b>15,714</b>	<b>13,485</b>

During the year, revenues from the sale of goods, approximately 78% of which is generated on foreign markets, were higher than in 2014, thanks to the greater contribution of the Home Division and the completion of two large long-term Hospitality contracts of the Contract Division.

Gross operating profit, of €33,225 thousand, rose sharply on 2014 (€20,311 thousand) due to the greater contribution of both divisions and improved profitability of the new contracts in portfolio.

Amortisation and depreciation and Other provisions increased to €8,408 thousand from €6,030 thousand in 2014. This increase is mainly due to the write-down of the industrial building located in Ascoli Piceno in order to adjust its carrying amount to its estimated realisable value.

Accordingly, the operating profit amounts to €23,317 thousand compared to €12,844 thousand for 2014.

The pre-tax profit of €23,471 thousand is considerably larger than that for the previous year (€19,030 thousand), due to the very small impact of financial charges and extraordinary items.

The net profit for the year amounts to €15,714 thousand compared to €13,485 thousand for 2014.

## Financial position

€'000	31/12/2015	31/12/2014
<b>FIXED ASSETS</b>		
Intangible fixed assets (BI)	4,998	5,383
Tangible fixed assets (BII)	30,795	32,062
Financial fixed assets (BIII - BIII2)	55	175
	<b>35,848</b>	<b>37,620</b>
<b>CURRENT ASSETS</b>		
Assets held for sale (VI)	4,000	
Inventory (CI)	31,694	38,257
Unavailable current assets (A/CII/CIII/D/V)	37,238	45,856
Available current assets (CIV)	28,747	10,384
	101,679	94,497
<b>NET INVESTED CAPITAL</b>	<b>137,527</b>	<b>132,117</b>
<b>NET EQUITY</b>	<b>67,203</b>	<b>51,376</b>
<b>NON-CURRENT LIABILITIES (due after one year)</b>		
- Financial*	0	7
- Trade*	5,086	6,243
	<b>5,086</b>	<b>6,243</b>
<b>CURRENT LIABILITIES (due within one year)</b>		
- Financial*	11	6,414
- Trade*	65,227	68,078
	<b>65,238</b>	<b>74,492</b>
<b>SOURCES OF FINANCING</b>	<b>137,527</b>	<b>132,117</b>

\* Reference should be made to the tables in the notes to the financial statements for a breakdown between the trading and financial parts of the following liability captions C), B) and DI/D2/D3/D4/D5/D8/D9/D10/D11/D14. Non-current liabilities include captions B) and C) of the liabilities.

Net invested capital increased significantly despite the amortisation/depreciation of the various asset captions, the decrease in inventory for completed contracts and unavailable current assets, due to the marked improvement in profitability which materialised in an € 18,363 increase in available current assets on the previous year end.

The group's net financial position improved from €3,963 thousand at the end of 2014 to €28,736 at 31 December 2015.

All the key financial statements indicators show that the group is performing positively, both in terms of results of operations and financial position.

€'000	2015	2014
<b>PRODUCTION REVENUES</b>	<b>165,453</b>	<b>160,444</b>
(change on previous year)	3%	16%
ROS (Operating profit/Revenue)	14%	8%
ROI (Operating profit/Net invested working capital)	17%	10%
<b>DEBT/EQUITY (Financial liabilities/Net equity)</b>	<b>0.00</b>	<b>0.12</b>
<b>LIQUIDITY RATIO (Current assets - Inventory/Current liabilities)</b>	<b>1.07</b>	<b>0.83</b>

**Human resources**

At year end, there were 487 employees (474 at 31 December 2014) with no significant changes compared to the previous year end. The changes for the year are entirely attributable to the parent.

	Opening balance	New hires	Dismissals retirement and resignations	Closing balance
Managers	21	2		23
White collars	223	25	15	233
Other	15	14	13	16
Blue collars	215			215
<b>TOTAL</b>	<b>474</b>	<b>41</b>	<b>28</b>	<b>487</b>

**Related party transactions**

Transactions undertaken with associates and companies controlled by the latter during the year took place on an arm's length basis. The relevant sections of the notes to the consolidated financial statements give greater information about the intragroup receivables, payables, revenues and costs.

**Corporate Governance**

The parent is managed by a board of directors, appointed on 22 September 2015, with seven members.

The term of office of the current board expires with the approval of the financial statements at 31 December 2017.

The board of directors has the widest powers for the parent's ordinary and extraordinary management. Therefore, it can undertake any activities deemed suitable to implement and attain the parent's business object, excluding only those activities reserved exclusively to shareholders by law.

The chairman of the board of directors is the parent's legal representative and may sign documents on its behalf.

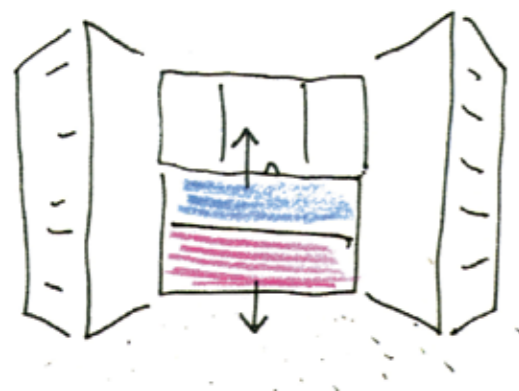
**Board of statutory auditors**

The parent's by-laws establish that the board of statutory auditors shall be composed of three standing and two alternate auditors.

The statutory auditors in office at the reporting date were appointed on 22 September 2015 and are in office until approval of the financial statements at 31 December 2017.

**Legally-required audit**

As per the shareholders' resolution of 29 April 2013, the parent has engaged KPMG S.p.A. as its independent auditors pursuant to article 14.1/2 of Legislative decree no. 39 of 27 January 2010 with a term of engagement that expires with the approval of the financial statements at 31 December 2015.

**Subsequent events and outlook**

The period around the Milan Salone del Mobile is always very busy and expectations about the new products are rife as we await positive feedback from our customers and the press. In particular, this year the group will celebrate its fiftieth anniversary with a series of events and advertising activities aimed at emphasizing its strong heritage and steady visionary drive towards the future with the aim of spreading the culture of design all over the world.

The group will continue to develop the B&B and Maxalto product lines, while extending the Outdoor collection and refocusing the Project Collection.

Commercial activities will be aimed at maintaining market shares, concentrating in particular on the USA and Far East also through specific channel assessments and the group's direct presence.

With respect to direct stores, the new location in Madison Avenue should open in June. During the same period, one of the group's retailers will acquire the Fond de Commerce of the B&B store in Paris which will therefore be managed directly and through which the group will have a prestigious showcase in this important area.

The technology underlying the success of the group's products will be further reinforced through an important investment in the cutting department of the Novedrate factory, which should be fully operative in September.

On 10 February 2016, the board of directors approved the merger of parent into Durini 14 S.p.A. at the same time of GEB S.r.l..

The merger is aimed at simplifying and streamlining the group's structure in order to facilitate corporate governance and coordination activities, as well as to achieve cost savings and improve operating efficiency by eliminating duplications in the tasks of the board of directors and supervisory bodies. From a legal viewpoint, the merger will be completed pursuant to article 2501-bis of the Italian Civil Code (Merger with the acquisition of debt) as, following the merger, the assets of Durini 14 will be pledged as generic security and used as source of repayment of the outstanding loan. This transaction is slated for completion around July 2016.

Novedrate, 22 April 2016

ON BEHALF OF THE BOARD OF DIRECTORS

The Chairman  
**Giorgio Busnelli**

(signed on the original)

## Consolidated profit and loss account

€'000	2015	2014	Change 2015 - 2014
<b>A) PRODUCTION REVENUES</b>	<b>165,453</b>	<b>160,444</b>	<b>5,009</b>
1. Turnover from sales and services	170,005	154,280	15,725
2. Change in work in progress, semi-finished products and finished goods	1,429	197	1,232
3. Change in contract work in progress	-8,633	4,550	-13,183
4. Internal work capitalised			
5. Other revenues and income	2,652	1,417	1,235
<b>B) PRODUCTION COST</b>	<b>-142,136</b>	<b>-147,600</b>	<b>5,464</b>
6. Raw materials, consumables, supplies and goods	-53,310	-50,349	-2,961
7. Services	-45,521	-58,880	13,359
8. Use of third party assets	-5,767	-5,405	-362
9. Personnel expenses	-28,606	-27,318	-1,288
a) wages and salaries	-20,829	-20,014	-815
b) social security contributions	-6,116	-5,782	-334
c) employees' leaving entitlement	-1,180	-1,135	-45
d) pension and similar costs			
e) other costs	-481	-387	-94
10. Amortisation, depreciation and write-downs	-8,221	-5,760	-2,461
a) amortisation of intangible fixed assets	-2,393	-2,242	-151
b) depreciation of tangible fixed assets	-3,334	-3,033	-301
c) other write-downs of fixed assets	-2,163		
d) write-downs of current receivables and liquid funds	-331	-485	154
11. Change in raw materials, consumables, supplies and goods	976	1,819	-843
12. Provisions for risks	-187	-270	83
14. Other operating costs	-1,500	-1,437	-63
<b>Operating profit</b>	<b>23,317</b>	<b>12,844</b>	<b>10,473</b>
<b>C) NET FINANCIAL INCOME</b>	<b>250</b>	<b>1,437</b>	<b>-1,187</b>
15. Income from investments			
16. Other financial income:	56	43	13
a) from financial receivables classified as fixed assets			
c) from securities classified as current assets which are not equity investments			
d) other income	56	43	13
17. Interest and other financial charges	194	1,394	-1,200
17.4 Other	-43	-473	430
17bis. Net exchange rate gains	237	1,867	-1,630
<b>D) ADJUSTMENTS TO FINANCIAL ASSETS</b>	<b>-99</b>	<b>-126</b>	<b>27</b>
18. Write-backs			
a) investments			
19. Write-downs	-99	-126	27
a) investments	-99	-126	27
<b>E) NET EXTRAORDINARY INCOME</b>	<b>3</b>	<b>4,875</b>	<b>-4,872</b>
20. Income	488	5,399	-4,911
21. Expense	-485	-524	39
<b>PRE-TAX PROFIT</b>	<b>23,471</b>	<b>19,030</b>	<b>4,441</b>
22. Income taxes	-7,757	-5,545	-2,212
Current taxes	-7,495	-4,935	-2,560
Deferred taxes	-262	-610	348
<b>NET PROFIT FOR THE YEAR</b>	<b>15,714</b>	<b>13,485</b>	<b>2,229</b>
<b>NET PROFIT (LOSS) FOR THE YEAR PERTAINING TO MINORITY INTERESTS</b>			
<b>23. NET PROFIT FOR THE YEAR PERTAINING TO THE GROUP</b>	<b>15,714</b>	<b>13,485</b>	<b>2,229</b>

## Consolidated balance sheet

€'000	31/12/15	31/12/14	Change Dec. 2015 - Dec. 2014
<b>A) SHARE CAPITAL PROCEEDS TO BE RECEIVED</b>			
<b>B) FIXED ASSETS, with separate mention of those held under finance lease</b>	<b>35,848</b>	<b>37,620</b>	<b>-1,772</b>
<b>I. INTANGIBLE FIXED ASSETS</b>	<b>4,998</b>	<b>5,383</b>	<b>-385</b>
1. Start-up and capital costs		3	-3
2. Research, development and advertising costs			
3. Industrial patents and intellectual property rights	2,867	2,514	353
4. Concessions, licences, trademarks and similar rights	75	58	17
5. Goodwill			
6. Assets under development and payments on account	995	1,433	-438
7. Other	1,061	1,375	-314
<b>II. TANGIBLE FIXED ASSETS</b>	<b>30,795</b>	<b>32,062</b>	<b>-1,267</b>
1. Land and buildings	27,273	27,257	16
2. Plant and machinery	2,065	2,659	-594
3. Industrial and commercial equipment	990	1,031	-41
4. Other assets	453	516	-63
5. Assets under construction and payments on account	14	599	-585
<b>III. FINANCIAL FIXED ASSETS</b>	<b>55</b>	<b>175</b>	<b>-120</b>
1. Investments	52	99	-47
b) subsidiaries			
b) associates	52		52
c) other		99	-99
2. Financial receivables	3	76	-73
4. Own shares			
<b>C) CURRENT ASSETS</b>	<b>99,557</b>	<b>93,461</b>	<b>6,096</b>
<b>I. INVENTORY</b>	<b>31,694</b>	<b>38,257</b>	<b>-6,563</b>
1. Raw materials, consumables and supplies	13,442	12,467	975
2. Work in progress and semi-finished products	3,432	3,020	412
3. Contract work in progress	7,698	16,331	-8,633
4. Finished goods	6,764	5,674	1,090
5. Payments on account	358	765	-407
<b>II. RECEIVABLES</b>	<b>35,116</b>	<b>38,657</b>	<b>-3,541</b>
1. Trade receivables	21,798	24,082	-2,284
* due within one year	21,798	24,082	-2,284
2. From subsidiaries			
* due within one year			
3. From associates	877	995	-118
* due within one year	877	995	-118
4-bis) Tax receivables	6,652	7,690	-1,038
* due within one year	5,575	6,613	-1,038
* due after one year	1,077	1,077	-
4-ter. Deferred tax assets	4,931	4,870	61
* due within one year	4,931	4,870	61
* due after one year			
5. From others	858	1,020	-162
* due within one year	457	620	-163
* due after one year	401	400	1



## Consolidated balance sheet

€'000	31/12/15	31/12/14	Change Dec. 2015 - Dec. 2014
<b>III. CURRENT FINANCIAL ASSETS</b>			
1. Investments in subsidiaries			
6. Other securities			
<b>IV. LIQUID FUNDS</b>	<b>28,747</b>	<b>10,384</b>	<b>18,363</b>
1. Bank and postal accounts	28,719	10,354	18,365
2. Cheques on hand			
3. Cash-in-hand and cash equivalents	28	30	-2
V. ASSETS HELD FOR SALE	4,000	6,163	-2,163
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>2,122</b>	<b>1,036</b>	<b>1,086</b>
<b>TOTAL ASSETS</b>	<b>137,527</b>	<b>132,117</b>	<b>5,410</b>



## Consolidated balance sheet

€'000	31/12/15	31/12/14	Change Dec. 2015 - Dec. 2014
<b>A) NET EQUITY</b>	<b>67,203</b>	<b>51,376</b>	<b>15,827</b>
I. SHARE CAPITAL	12,006	12,006	
II. SHARE PREMIUM RESERVE	24,640	24,640	
III. REVALUATION RESERVE	15,172	15,172	
IV. LEGAL RESERVE	2,401	2,401	
V. RESERVE FOR OWN SHARES IN PORTFOLIO			
VII. OTHER RESERVES	-4,659	-4,772	113
VIII. RETAINED EARNINGS (LOSSES CARRIED FORWARD)	1,929	-11,556	13,485
IX. NET PROFIT FOR THE YEAR	15,714	13,485	2,229
<b>TOTAL NET EQUITY PERTAINING TO THE GROUP</b>	<b>67,203</b>	<b>51,376</b>	<b>15,827</b>
SHARE CAPITAL AND RESERVES OF MINORITY INTERESTS			
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>	<b>1,952</b>	<b>2,884</b>	<b>-932</b>
1. Pension and similar provisions	1,262	1,323	-61
2. Tax provision, including deferred tax liabilities	120	182	-62
3. Other provisions	570	1,379	-809
<b>C) EMPLOYEES' LEAVING ENTITLEMENT</b>	<b>3,134</b>	<b>3,359</b>	<b>-225</b>
<b>D) PAYABLES</b>	<b>63,580</b>	<b>73,293</b>	<b>-9,713</b>
1. Bonds			
* due after one year			
3. Shareholder loans			
* due within one year			
* due after one year			
4. Bank loans and borrowings		6,348	-6,348
* due within one year		6,348	-6,348
* due after one year			
5. Loans and borrowings from other financial backers	11	73	-62
* due within one year	11	66	-55
* due after one year		7	-7
6. Payments on account	23,078	24,762	-1,684
* due within one year	23,078	24,762	-1,684
7. Trade payables	31,746	33,424	-1,678
* due within one year	31,746	33,424	-1,678
9. Payables to subsidiaries			
* due within one year			
10. Payables to associates			
* due within one year			
12. Tax payables	3,945	1,967	1,978
* due within one year	3,945	1,967	1,978
* due after one year			
13. Social security charges payable	1,933	1,844	89
* due within one year	1,933	1,844	89
14. Other payables	2,867	4,875	-2,008
* due within one year	2,867	4,875	-2,008
* due after one year			
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>1,658</b>	<b>1,206</b>	<b>452</b>
<b>TOTAL LIABILITIES</b>	<b>137,527</b>	<b>132,117</b>	<b>5,410</b>
<b>MEMORANDUM AND CONTINGENCY ACCOUNTS</b>	<b>5,115</b>	<b>15,117</b>	<b>-10,002</b>

## Introduction

The consolidated financial statements at 31 December 2015 have been prepared to give a true and fair view of the B&B Italia Group's financial position and results of operations.

## Format and content of the consolidated financial statements

The group is a leading manufacturer and distributor, in Italy and abroad, of sofas and armchairs and interior decor, as well as contract supplier.

Reference should be made to the directors' report for information on the nature of the group's business, transactions with associates and related parties, subsequent events, outlook and risk management.

The consolidated financial statements of the B&B Italia Group at 31 December 2015 have been drawn up by the directors of the parent, B&B Italia S.p.A., pursuant to Legislative decree no. 127 of 9 April 1991, implementing the VII directive of the Council of the European Community, integrated by and interpreted in the context of the reporting standards promulgated by the Italian Accounting Standard Setter (OIC).

The consolidated financial statements, comprising a balance sheet, a profit and loss account and these notes, have been prepared based on the financial statements of the consolidated subsidiaries. Such financial statements have been restated in order to align them with the group accounting policies set out below. The balance sheet and profit and loss account include corresponding 2014 figures for each caption, which have been reclassified where necessary if not comparable. The related circumstances for these reclassifications are described in the notes.

The group has prepared a cash flow statement (annex 2) to provide more information about its financial position. This schedule shows increases and decreases in liquid funds during the year and has been prepared using the indirect method and the layout required by OIC 10 with comparative prior year figures.

Amounts are expressed in thousands of Euros.

## Consolidation scope

The 2015 consolidated financial statements of the B&B Italia Group include the financial statements of the parent, B&B Italia S.p.A., and the subsidiaries B&B Italia USA Inc., B&B Italia London Ltd, B&B Italia Muenchen GmbH, B&B Italia Asia Pacific Limited, B&B Italia Contract France Sas and B&B Italia Project Contract S.r.l.. The reporting date for all companies in the consolidation scope is 31 December.

The financial statements of all companies in the consolidation scope are approved by their respective boards of directors.

A list of the consolidated companies is given below:

Name	Registered Office	Share/Quota Capital	% of Ownership	Carrying Amount*
<b>Parent</b>				
B&B Italia S.p.A.	Milan	€ 12,006	-	-
<b>Subsidiary</b>				
B&B Italia USA Inc.	New York	US\$ 10	100%	7
B&B Italia Muenchen GmbH	Munich	€ 150	100%	-2,102
B&B London Ltd	London	£ 500	100%	-1,452
B&B Italia Asia Pacific Limited	Hong Kong	HK\$ 1	100%	2
B&B Italia Contract France Sas	Paris	€ 30	100%	30
B&B Italy Contract Project S.r.l.	Milan	€ 10	100%	12

\* Net of write-downs and write-backs recognised in the parent's separate financial statements

## Consolidation criteria and accounting policies

### Consolidation criteria

Minority interests, other non-significant investments in investees with a business object differing from that of the group and investments held to be non-strategic or of a short-term nature are excluded from the consolidation scope.

Consolidated balance sheet figures, as well as consolidated income and expenses, reflect the amounts stated in the financial statements of the consolidated companies adjusted, where necessary, to align them with the following consolidation criteria:

The assets and liabilities of consolidated companies are recognised on a line-by-line basis, eliminating the carrying amount of consolidated investments against the related portion of net equity. Under the line-by-line consolidation method, the carrying amount of investments is eliminated against the related net equity of subsidiaries. Any residual amount, if negative, is recognised in a consolidation reserve. If positive, it is recognised under goodwill arising on consolidation and amortised proportionately to the expected related profitability of each company.

If such difference does not correspond to an actual greater value of the investment and is due to losses carried forward by the company, it is deducted from the "Other reserves" in consolidated net equity.

With respect to the elimination of consolidated investments, where possible, the portion of net equity pertaining to minority interests is stated under the balance sheet caption "Share capital and reserves of minority interests".

The portion of net profit/loss for the year pertaining to minority interests is also shown under "Net profit/loss for the year pertaining to minority interests".

Receivables and payables, income and expenses arising from transactions among consolidated companies are eliminated.

Where possible, the closing inventory balance is net of profits from the sale of group goods still held by consolidated companies at year end and not yet realised with third parties.

Gains or losses arising on the sale of operating assets among consolidated companies are eliminated. The related depreciation plan is also restated.

Ordinary and extraordinary intragroup transactions are written off, eliminating the related benefits.

Dividends received from investees, recognised in the profit and loss account of the parent, are eliminated under consolidation together with the related tax benefits.

The balance sheet captions of the foreign investees prepared in foreign currency are translated into Euros using the exchange rate ruling on 31 December 2015. For profit and loss account captions, the average exchange rate of the year is applied. In particular:

Exchange Rates	31/12/2015	31/12/2014	Average 2015	2014
US\$	1.09	1.21	1.11	1.33
£	0.73	0.78	0.73	0.81
HK\$	8.43	9.42	8.6	10.3

Translation differences are recognised in the specific net equity reserve "Translation reserve".

Deferred taxes are recognised on consolidation adjustments.

## Accounting policies

The accounting policies used are substantially the same as those adopted for the preparation of the separate financial statements of the parent, B&B Italia S.p.A..

The financial statements captions have been measured in accordance with the general principles of prudence and accruals on a going-concern basis and considering the economic function of each asset and liability item.

Under the prudence principle, the group measures the individual assets and liabilities separately, in order to avoid offsetting losses that should be recognised against unrealised profits that should not be recognised. Specifically, the group recognises profits only if realised before the reporting date, whereas it considers risks and losses on an accruals basis, even when they become known after the reporting date.

In accordance with accruals-based accounting, the group recognises the effects of transactions in the year to which the transaction relates rather than that in which the related collections and payments occur.

The accounting policies have not changed substantially from the previous year.

No exceptional events took place during the year, which would have led the group to depart from the accounting policies, as permitted by article 2423.4 of the Italian Civil Code, in order to give a true and fair view of its financial positions and results of operations. Moreover, the group did not make any revaluations under specific laws.

The preparation of financial statements requires making estimates that affect the carrying amount of assets and liabilities and the related disclosures. Actual results may differ. Estimates are revised regularly and the effect of any changes, if not related to errors, are recognised in the profit and loss account when they become necessary and appropriate, if they affect just one year, and also in the following years, if they affect both the current and following years.

The above basis of preparation and accounting policies adopted and described below are those ruling at the reporting date and do not take account of the changes in legislation introduced by Legislative decree no. 139/2015, which will apply in the consolidated financial statements at 31 December 2016.

In particular, the accounting policies adopted are set out below.

## Intangible fixed assets

Intangible fixed assets are stated at acquisition or production cost. They include all direct or indirect costs which can be reasonably allocated thereto, net of accumulated amortisation.

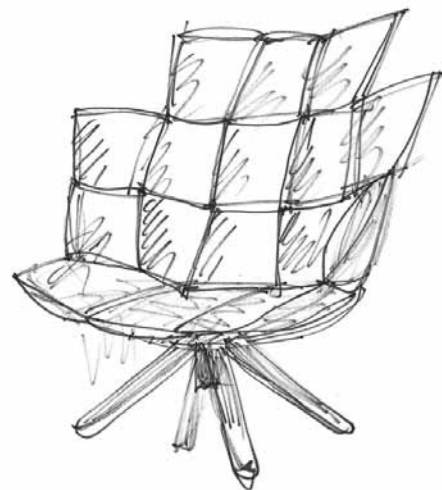
Intangible fixed assets are amortised on a straight-line basis to reflect their residual income-generating potential.

The amortisation criteria and/or rates applied have not varied from the previous year.

More precisely, intangible fixed assets are amortised over five years, except for "goodwill" and "goodwill arising on consolidation" which are amortised over ten years from the recognition date considering the expected related profitability.

Software is amortised on the basis of its useful life from three to five years. The board of statutory auditors gave its approval for recognising figures, where required.

Assets under development are stated at cost and include direct and indirect costs, for the part that can be reasonably allocated to the asset.



## Tangible fixed assets

Tangible fixed assets are stated at acquisition or production cost, include directly related charges and are increased for monetary revaluations in accordance with Laws no. 576 of 2 December 1975, no. 72 of 19 March 1983, no. 413 of 30 December 1991 and no. 342 of 21 November 2000. Moreover, they are adjusted to reflect accumulated depreciation.

If the asset is impaired, it is written down accordingly and reinstated to its original value if the reasons for the impairment no longer exist in future years.

At 31 December 2008, "buildings used for operating purposes" were re-valued at historical cost to align the carrying amounts with their estimated market value pursuant to Law decree no. 185 of 29 November 2008 converted into Law no. 2 of 28 January 2009.

Depreciation is charged to the profit and loss account and calculated on a straight-line basis applying rates which reflect the assets' estimated residual useful life. For assets purchased during the year, the rate is reduced to 50% on a pro-rata basis.

The depreciation rates applied to the main groupings of assets are set out below:

Buildings	3%
Light constructions	10%
Machinery	12%
Equipment	25%
Mobile radio system	20%
Vehicles	20%
Furniture and fittings	12%
Electronic office equipment	20%

The depreciation criteria applied have not varied from the previous year. Ordinary maintenance and repair costs are charged to the profit and loss account in the year in which they are incurred. Extraordinary maintenance costs increasing the value of assets are capitalised.

Assets under construction are stated at cost and include direct and indirect costs, for the part that can be reasonably allocated to the asset.

Assets under finance lease are classified under tangible fixed assets. Depreciation and financial charges are recognised on an accruals basis and calculated in accordance with the Italian accounting principle for the preparation of consolidated financial statements (OIC 17) and IAS 17.

## Write-downs for impairment losses on tangible and intangible fixed assets

Pursuant to OIC 9, if, at the reporting date, there are indications of impairment losses on tangible and intangible fixed assets, the recoverable amount of such assets is estimated.

If the recoverable amount, being the higher of value in use and fair value less costs to sell, is lower than the corresponding carrying amount, the assets are written down.

Value in use is calculated considering the present value of the future cash flows expected to be generated by the use of the asset, as per the most recently approved business plans by the board of directors.

Future cash flows are estimated for the asset in its current condition. Therefore, they do not include estimated future cash inflows or outflows that are expected to arise from a future restructuring to which the group is not yet committed or improving or enhancing the asset's performance. Fair value is determined based on the price agreed in a binding sales agreement in an orderly transaction, or as market price on an active market. If there is no binding sales agreement or active market, fair value is determined on the basis of the best available information such to reflect

the amount the group could obtain, at the reporting date, from the sale of the asset in an orderly transaction between knowledgeable and willing parties. In determining this amount, an entity considers the outcome of recent transactions for similar assets within the same industry.

Costs of disposal are subtracted from fair value in the calculation of the recoverable amount.

The write-down is not maintained in subsequent years if the reasons therefor cease to exist. The write-down is reversed up to the amount the asset would have had if the write-down had never taken place, that is, net of the amortisation/depreciation that would have been recognised in the absence of the write-down.

#### Financial fixed assets

Investments in associates are measured using the equity method.

Investments in other companies are stated at acquisition or subscription cost, increased for any ancillary costs and written down in the case of impairment.

#### Receivables

Receivables are recognised under fixed or current assets depending on their intended use in relation to the group's ordinary activities that generate them. Accordingly, financial receivables are recognised under financial fixed assets, whereas trade receivables are recognised under current assets, regardless of their due date.

#### Inventory

Inventory, made up of replaceable items, is valued at acquisition cost calculated using the average cost method in compliance with article 2426 of the Italian Civil Code.

Semi-finished products, work in progress and finished goods are measured at the lower of production cost (being the sum of costs for raw materials, direct labour costs of the year, direct and indirect industrial costs and the depreciation of operating assets) and their estimated realisable value based on market trends.

Contract work in progress, made up of some Contract Division contracts, are measured on a percentage of completion basis whereby contract costs, revenues and profits or losses are recognised in line with the percentage of completion of the contract, calculated using the cost-to-cost method.

This method reflects the best estimate of work performed at the reporting date. The underlying assumptions are updated regularly. Any resulting profits or losses are recognised in the profit and loss account when the update is made.

Contract revenues include all contractual consideration, approved variations to work, price escalation clauses, claims and incentives to the extent they can be measured reliably.

Contract costs include all costs directly attributable to the contract, to the contract work in general and attributable thereto, as well as any other costs that may be specifically charged to the customers under the contract terms. They also include pre-operating costs, i.e., those costs incurred in the initial stage of the contract before the commissioned work begins, post-operating costs, i.e., those incurred after the closure of the contract, and costs for any services to be carried out after the completion of the contract.

When the group is unable to estimate the outcome of a contract reliably, its carrying amount is calculated on the basis of the costs incurred, if their recovery is reasonably certain, without recognising any profit.

Contract work in progress is stated net of any accumulated write-downs and/or losses to complete. Conversely, advances and payments on account are financial items that do not contribute to revenues and are al-

ways recognised as liabilities as they are not received for work that has already been carried out.

When the total estimated costs of an individual contract are likely to exceed total estimated revenues, the probable loss to complete the contract is recognised as a decrease in contract work in progress when it is forecast, based on an objective and reasonable assessment of the existing circumstances and regardless of the contract's stage of completion. If the loss exceeds the carrying amount of contract work in progress, the excess is accrued in a provision for risks and charges.

#### Receivables and payables

Receivables are stated at their estimated realisable value, using the specific provision for bad debts, while payables are stated at nominal amount.

Receivables and payables in foreign currency are stated at year-end rates. Any resulting differences from the related carrying amount, increase/decrease the individual asset or liability captions and are recognised as financial income or charges.

Any exchange rate gain is accrued in a specific net equity reserve which becomes distributable when the related gain is realised.

Receivables are duly adjusted through the provision for bad debts, as indicated in the relevant note, and are determined based on an analysis of the debtors' creditworthiness, considering any bankruptcy proceedings underway and expected future losses. The group also makes a general write-down based on the average effect of the bad debts on turnover.

#### Liquid funds

Liquid funds are made up of amounts held in bank current accounts and on hand at year end. They are stated at nominal amount which coincides with their realisable value.

Liquid funds in foreign currency are translated at the closing rates.

#### Assets held for sale

Tangible fixed assets held for sale have been reclassified to this caption in accordance with OIC 16. Such assets are measured at the lower of cost, net of related accumulated depreciation, and the estimated realisable value. They are no longer depreciated.

#### Prepayments and accrued income, accrued expenses and deferred income

Accrued income and expense are respectively portions of income and expenses pertaining to the year but that will be collected/paid in subsequent years.

Prepayments and deferred income are respectively portions of expenses and income collected/paid during the year but pertaining to one or more subsequent years.

Accordingly, these captions comprise only portions of expense and income relating to two or more years, whose amount varies on a time or economic accruals basis.

At each year end, the group analyses the conditions underlying their initial recognition and makes any necessary adjustments. Specifically, the balance of accrued income varies not only over time, but also based on its expected realisable value, whereas that of prepayments is based on the existence of future economic benefits matching the deferred costs.

#### Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount or due date is unknown at the reporting date. Specifically, provisions for risks relate to specific liabilities whose occurrence is probable and amount estimated, while provisions for charges relate to specific liabilities, whose occurrence is certain and amount or due date estimated, that arise from obligations already taken on at the reporting date but which will be paid in subsequent years. Accruals to provisions for risks and charges are recognised in the profit

and loss account section to which the transaction relates, privileging the classification of costs by nature.

The amount of the accruals to the provisions is based on the best estimate of costs, including the legal expenses, at each reporting date and is not discounted. If the measurement of the accruals gives a range of values, the accrual represents the best possible estimate between the upper and lower thresholds of the range.

The provisions are subsequently used directly and solely for those costs and liabilities for which they were originally set up. If they are not sufficient or are redundant, the shortfall or surplus is recognised in the profit and loss account in line with the original accrual.

In particular, the provision for agents' termination indemnity is calculated in accordance with the regulations set out in national labour contracts.

#### Employees' leaving entitlement

The Italian employees' leaving entitlement (TFR) is the benefit to which employees are entitled in any case of termination of employment pursuant to article 2120 of the Italian Civil Code and considering the changes in legislation introduced by Law no. 296 of 27 December 2006. The overall accrued benefit considers any type of continuous remuneration and is net of any payments on account and partial advances paid by virtue of national or individual labour contracts or internal agreements which are not required to be repaid. The related liability is the amount that the group would have paid had all employees left at the reporting date. The amount due to employees who had already left the group at the reporting date but that will be paid in the following year are reclassified to payables.

#### Payables

Payables are recognised at their nominal amount.

#### Memorandum and contingency accounts

These are mainly made up of commitments for lease payments, sureties, bank guarantees and exchange rate hedging instruments.

The memorandum and contingency accounts show the group's guarantees and commitments, third party assets with the group and group assets with third parties. They do not include items that have already been recognised in the balance sheet, profit and loss account and/or notes, such as group assets with third parties.

Guarantees are included in the memorandum and contingency accounts at their value or, if this has not been calculated, using the best estimate of the risk taken on given the situation at that time. Commitments are recognised at their nominal amount, while unquantifiable commitments are commented on in the notes to the financial statements. Third party assets with the group are presented at their nominal amount, market value or the value obtained from the existing documentation, depending on the type of asset.

#### Revenue recognition

Revenues, net of any returns, discounts, allowances, premiums and directly related taxes, are recorded upon the delivery or shipment of goods or the performance of services.

Revenues generated by long-term contracts are recognised upon completion of the contract and measured on a percentage of completion basis.

#### Foreign currency transactions, assets and liabilities

Assets and liabilities generated by foreign currency transactions are initially recognised in Euros, applying the transaction-date spot rate between the Euro and foreign currency to the foreign currency amount.

Foreign currency items are translated at the spot exchange rates ruling at year end, and the related gains and losses are taken to the profit and loss account.

Non-monetary foreign currency assets and liabilities are maintained in the balance sheet at the exchange rate ruling at their date of purchase; consequently, the exchange rate gains and losses are not recognised separately.

Any net gain deriving from the exchange rate adjustment of the foreign currency monetary items forms part of the net profit or loss for the year; on the approval of the financial statements and consequent allocation of the net profit or loss for the year, any amount not used to cover any loss for the year is recognised in a specific reserve.

#### Income taxes

Current income taxes for the year are calculated on the basis of a realistic forecast of the taxable profit under the relevant tax legislation and applying the enacted tax rates at the reporting date.

The related tax payable is stated at its nominal amount in the balance sheet, net of payments on account, withholding taxes and tax receivables which may be offset and have been not claimed for reimbursement. A tax asset is recognised for payments on account, withholdings and receivables exceeding the taxes payable.

Deferred tax assets and liabilities are calculated on the accumulated amount of all temporary differences between the carrying amounts of assets and liabilities and their tax base.

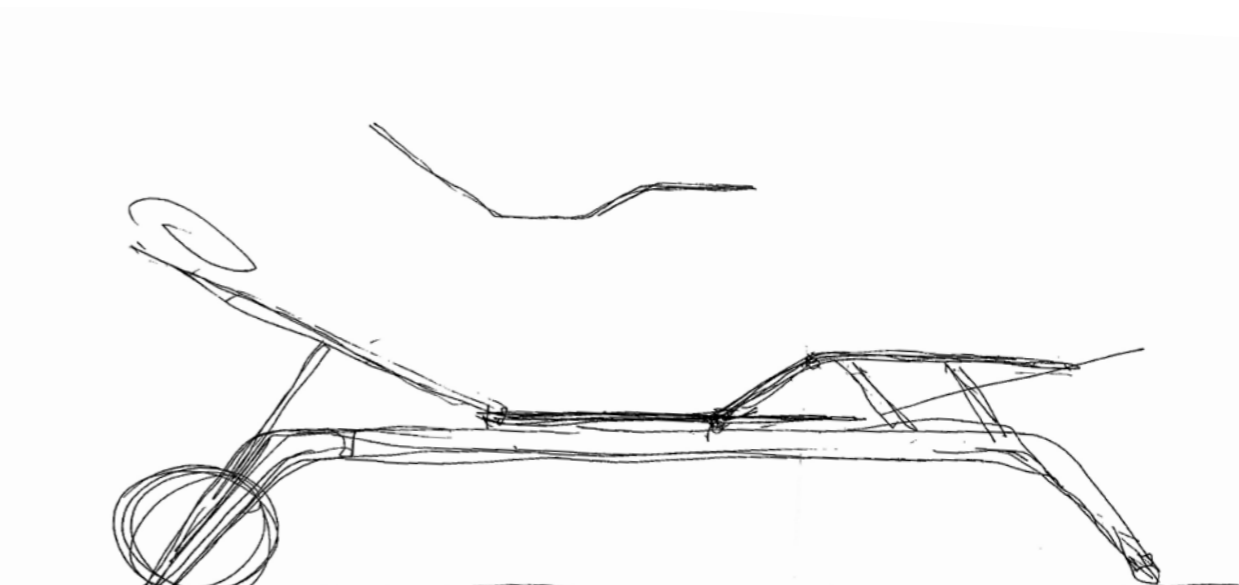
Deferred taxes related to transactions that directly affect net equity are not recognised in the profit and loss account but are initially recognised in the provisions for risks and charges by reducing the matching net equity caption.

Deferred tax assets and liabilities are recognised when the temporary differences arise and are calculated at the tax rates that will be applicable in the year in which the temporary differences reverse, if they have already been established at the reporting date, otherwise at the enacted tax rates at the reporting date.

Deferred tax assets on deductible temporary differences and on the benefit connected with the carry forward tax losses are recognised and maintained only when their future recoverability is reasonably certain, through the availability of future taxable profits against which the deferred tax assets may be used or the availability of sufficient taxable temporary differences to recover them in the years in which they reverse.

Deferred tax assets not recognised or impaired in prior years as the requirements for their recognition were not met are recognised or reinstated in the year in which the relevant requirements are met.

The notes present a schedule of the temporary differences which led to the recognition of deferred tax assets and liabilities, specifying the rate applied, changes over the previous year, amounts taken to the profit and loss account or equity, captions excluded from the calculation, the amount of deferred tax assets recognised on net losses for the current or previous years and the amount of taxes not yet recognised.



## Notes to the main asset captions

Changes in intangible fixed assets with respect to the previous year end are as follows:

### B I) Intangible fixed assets

€'000	31/12/15	31/12/14	Change
Start-up and capital costs	-	3	-3
Industrial patents and intellectual property rights	2,867	2,514	353
Concessions, licences, trademarks and similar rights	75	58	17
Other	1,061	1,375	-314
Assets under development	995	1,433	-438
<b>Total</b>	<b>4,998</b>	<b>5,383</b>	<b>-385</b>

The changes are analysed as follows:

€'000	
Increases	1,905
Decreases	-2
Amortisation	-2,371
Translation differences	83
<b>Total</b>	<b>-385</b>

The main increases of the parent relate to:

“Industrial patents and intellectual property rights” and “Assets under development” following the capitalisation of costs for the integration/completion of the ERP system.

Assets under development at 31 December 2015 relate to the cost of implementing the third part of the new ERP system for the Contract Division, which should be rolled out in 2016.

The increases related to “Other” mainly consist of leasehold improvements.

The main increases of the subsidiary B&B Italia USA Inc., amounting to €1,268 thousand, relate to costs for restructuring work in progress on the new show room.

### B II) Tangible fixed assets

Tangible fixed assets underwent the following changes:

€'000	31/12/15	31/12/14	Change
Land and buildings	27,273	27,257	16
Plant and machinery	2,065	2,659	-594
Industrial and commercial equipment	990	1,031	-41
Other assets	453	516	-63
Assets under construction and payments on account	14	599	-585
<b>Total</b>	<b>30,795</b>	<b>32,062</b>	<b>-1,267</b>

The changes are analysed as follows:

€'000	
Increases	2,071
Decreases	23
Depreciation	-3,356
Translation differences	-5
<b>Total</b>	<b>-1,267</b>

The main increases relate the costs capitalised by the parent to complete the extension of the Misinto production facility and to purchase moulds for manufacturing new products as well as machinery and equipment.

## B III) Financial fixed assets

Investments in associates and other companies totalled €52 thousand at year end (31 December 2014: €99 thousand).

### Investments

They relate to investments in associates and can be analysed as follows:

€'000	%	31/12/2014	Increases	(Write-downs) Write-backs	31/12/2015
<b>Investments:</b>					
<b>Associates</b>					
SMB Sarl - Paris	46	-	-	-	-
B&B Italy Middle East Design and Furniture LLC	49	-	52	-	52
<b>Total</b>		<b>-</b>	<b>52</b>		<b>52</b>
<b>Provision for risks - associates</b>					
SMB Sarl - Paris		-115	-	115	-
<b>Total associates</b>		<b>-115</b>	<b>-</b>	<b>115</b>	<b>-</b>
<b>Other</b>					
Emme Esse S.p.A. - Rome		31	-	-31	-
Associazione Altagama - Milan		16	-	-16	-
Golf Tolcinasco S.r.l. - Pieve Emanuele		49	-	-49	-
Associazione Indicam - Milan		1	-	-1	-
Team ZERO		2	-	-2	-
<b>Total other</b>		<b>99</b>	<b>-</b>	<b>-99</b>	<b>-</b>
<b>Total</b>		<b>99</b>	<b>52</b>	<b>16</b>	<b>-</b>

The associate B&B Italy Middle East Furniture and Design LLC was set up in early 2015 in order to develop the Contract Division's business locally.

Reference should be made to the section on “Net extraordinary income” of the profit and loss account for information on the investment in the associate SMB Sarl.

Pursuant to article 10 of Law no. 72 of 19 March 1983 and article 2427 of the Italian Civil Code, it is noted that no economic or monetary revaluations were carried out on the parent's investments held at 31 December 2015. Furthermore, no companies or entities are owned through trustees and/or nominees.

Investments in associates:

Registered Office	Share/Quota Capital in foreign Currency		Net Deficit	Net Loss for the year	Ownership %	
<b>€'000</b>						
<b>Associates</b>						
SMB Sarl - Paris	€	50,000	31/12/14*	-249	-275	46
B&B Italy Middle East Design and Furniture LLC - Doha	Qar	200,000	31/12/15**	-439	-489	49
<b>Total</b>						

\* Most recently approved financial statements at 31 December 2014

\*\* Draft financial statements at 31 December 2015

### Financial receivables

Financial receivables amount to €3 thousand (31 December 2014: €76 thousand).

**Current assets**

Inventory includes raw materials, semi-finished products, finished goods and payments on account.

**C I) Inventory**

€'000	31/12/15	31/12/14	Change
Raw materials, consumables and supplies	13,442	12,467	975
Work in progress and semi-finished products	3,432	3,020	412
Contract work in progress	7,698	16,331	-8,633
Finished goods	6,764	5,674	1,090
Payments on account	358	765	-407
<b>Total</b>	<b>31,694</b>	<b>38,257</b>	<b>-6,563</b>

The most significant change relates to the completion of a Hospitality contract by the parent.

At 31 December 2015, the provision for the write-down of inventory amounted to €4,163 thousand (31 December 2014: €4,296 thousand), of which €1,480 thousand for raw materials, €372 thousand for semi-finished products and €2,311 thousand for finished goods. Changes in the provision are as follows:

€'000	
<b>Opening balance</b>	<b>4,296</b>
Decreases	-2,033
Increases	1,894
Translation differences	6
<b>Closing balance</b>	<b>4,163</b>

The most significant decrease of €1,666 thousand relates to the disposal of raw materials and semi-finished products due to the phase-out of production at the Ascoli Piceno site.

**C II) Receivables**

Trade receivables due within one year are related to:

**Trade receivables**

€'000	31/12/15	31/12/14
Customers	21,732	22,698
Bills in portfolio	3,255	4,388
<b>Gross receivables</b>	<b>24,987</b>	<b>27,086</b>
Provision for bad debts	-3,198	-3,004
<b>Net receivables</b>	<b>21,789</b>	<b>24,082</b>

The nominal amount of such receivables has been written down to their expected realisable value through recognition of a specific provision for bad debts.

There is no concentration of significant receivables with one or few customers, with the exception of some Contract Division customers which traditionally have accounted for a significant amount of receivables.

The provision for bad debts is broken down as follows:

€'000	
<b>Opening balance</b>	<b>3,004</b>
Increases	331
Decreases	-140
Translation differences	3
<b>Closing balance</b>	<b>3,198</b>

**From associates**

This caption amounts to €877 thousand (31 December 2014: €995 thousand) and consists of receivables due from SMB Sarl - Paris of €541 thousand. Such receivables relate to transactions carried out on an arm's length basis.

Reference should be made to the section on "Net extraordinary income" of the profit and loss account for information on the receivable due from the associate SMB Sarl.

The €337 thousand receivable due from B&B Italy Middle East Furniture and Design LLC relates to a loan granted to this associate at market rates due within one year.

**Tax receivables**

They comprise:

€'000	31/12/15	31/12/14	Change
<b>Tax receivables</b>			
VAT receivables	2,225	3,105	-880
IRES receivables		1,224	-1,224
IRAP receivables	43	186	-143
Other	3,307	2,098	1,209
<b>Total due within one year</b>	<b>5,575</b>	<b>6,613</b>	<b>-1,038</b>
IRES receivables claimed for reimbursement	1,077	1,077	
<b>Total due after one year</b>	<b>1,077</b>	<b>1,077</b>	

"VAT receivables" mainly relate to the different proportion of the parent's sales to its purchases in 2015. They are expected to be fully settled in 2016.

The caption "Other" includes the IRES and IRAP receivables recognised by the parent after it provisionally paid the amounts set out in the tax assessment reports for 2003 to 2010, pending the relevant court decision.

Reference should be made to the note to provisions for risks and charges.

Tax receivables due after one year relate to receivables recognised by the parent following its claim for an IRES reimbursement given the non-deduction of IRAP (regional tax on productive activities) on personnel expenses for 2007 to 2011. The claim was filed on 12 March 2013. This amount is classified as due after one year as it should be collected in future years.

**Deferred tax assets**

These amount to €4,931 thousand (31 December 2014: €4,870 thousand) and mainly consist of the difference between the amortisation of trademarks and goodwill reinstated after allocation of goodwill, the taxed provision for bad debts, the provision for sundry risks, the provision for the write-down of inventory and the tax effect on consolidation entries. These receivables are deemed to be recoverable based on the group's profit-making prospects. Reference should be made to annex 3 for further information on temporary differences generating deferred tax assets and liabilities.

**From others**

The balance of this caption can be broken down as follows:

€'000	31/12/15	31/12/14
<b>Due within one year</b>		
Advances to suppliers	324	431
Social security institutions	39	42
Other minor	94	147
<b>Total</b>	<b>457</b>	<b>620</b>
<b>Due after one year</b>		
Guarantee deposits	401	400
<b>Total</b>	<b>401</b>	<b>400</b>

Guarantee deposits mainly relate to rental deposits.

**C IV) Liquid funds**

This caption is made up of bank current account credit balances and cash-in-hand, made up as follows:

€'000	31/12/15	31/12/14
Cash-in-hand	28	30
Bank current accounts	28,719	10,354
<b>Total</b>	<b>28,747</b>	<b>10,384</b>

Liquid funds include a term current account of €6,000 thousand securing a loan granted to the parent, which should be repaid in 2016.

Reference should be made to the cash flow statement (annex 2) for changes during the year.

**V) Assets held for sale**

"Assets held for sale" of €4,000 thousand comprise buildings and land and the related generic plant of the parent's Ascoli site, currently unused, after its decision to sell them.

The building was written down by €2,163 thousand during the year in order to adjust its carrying amount to its estimated realisable value.

**D) Prepayments and accrued income**

Prepayments and accrued income amount to €2,122 thousand (31 December 2014: €1,036 thousand) and mainly refer to:

- accrued income of €127 thousand (31 December 2014: €20 thousand), related to costs for services;
- prepayments totalling €1,997 thousand (31 December 2014: €1,015 thousand) mainly related to lease payments, rent and maintenance, exhibitions as well as advanced costs relating to the subsidiary B&B USA Inc.

**Notes to the main liability captions****A) Net equity**

The parent's share capital of €12,006 thousand, fully subscribed and paid up at year end, is divided into 1,053,864 shares without a nominal amount.

The reconciliation of net equity and the net profit for the year of the parent with the related consolidated figures is shown in annex 1.

Changes in net equity are shown in annex 4.

**B) Provisions for risks and charges**

Provisions for risks and charges are made up as follows:

€'000	31/12/15	31/12/14	Change
Pension and similar provisions	1,262	1,323	-61
Deferred tax liabilities	120	182	-62
Other provisions	570	1,379	-809
<b>Total</b>	<b>1,952</b>	<b>2,884</b>	<b>-932</b>

Pension and similar provisions consist of the agents' termination indemnity amounting to €1,262 thousand. Based on the relevant national agency agreements, this provision covers the contractual fees of indirect sales agents for the whole year. During the year, accruals of €100 thousand were made thereto, while €160 thousand was used.

Deferred tax liabilities of €120 thousand include the net value of deferred tax liabilities of the parent and €93 thousand in deferred tax liabilities deriving from the consolidation adjustments.

Other provisions, amounting to €570 thousand (31 December 2014: €1,379 thousand), consist of:

- the provision for sundry risks of €570 thousand (31 December 2014: €541 thousand). €187 thousand was accrued to this provision in relation to pending lawsuits, while €158 thousand was used following the settlement of others.

Moreover, €115 thousand was released for the portion relating to the associate SBM Sarl following its sale in early 2016. Reference should be made to the section on net extraordinary income of the profit and loss account for further information.

The decrease in the provision for currency hedges is related to the termination of the relevant contracts hedging foreign currency receivables, in place at 31 December 2014 but not at 31 December 2015, by the parent.

Following a general tax assessment relating to 2009, the tax authorities notified the parent of findings with respect to the LBO performed in 2003, based on the alleged non-recharging of costs for financial services that the parent presumably provided to the foreign shareholder in the period from 2003 to 2010. In December 2015, the parent received the tax assessment reports for 2010.

The parent has analysed the reports with the assistance of its advisors and believes it has sound justification supporting the proper treatment it and its directors applied. Accordingly, the amount of the contingent liability has not been disclosed because it does not reflect the actual situation and the risk is considered only possible pursuant to OIC 31. No specific provision for risks has been accrued in this respect.



**C) Employees' leaving entitlement**

Employees' leaving entitlement has been calculated in compliance with applicable laws and contractual obligations for the parent. The payable includes all accruals (Law no. 297/82) made for employees with the parent at year end.

Changes in this caption are as follows:

€'000	31/12/15	31/12/14
<b>Opening balance</b>	<b>3,359</b>	<b>3,565</b>
Increases	1,180	1,135
Decreases	-1,405	-1,341
<b>Closing balance</b>	<b>3,134</b>	<b>3,359</b>

The closing balance is adequate to cover the amount required by contractual obligations and relevant legislation. Decreases include the amount transferred to the Treasury fund of the Italian Social security institution (INPS) and additional sector pension funds of €1,140 thousand, following the changes introduced by the law during the first half of 2007 (the "Pension reform").

**D) Payables**

This caption is made up as follows:

**Bank loans and borrowings**

€'000	31/12/15	31/12/14	Change
Due within one year	-	6,348	-6,348
<b>Total</b>	<b>-</b>	<b>6,348</b>	<b>-6,348</b>

On 12 February 2015, the parent repaid the residual amount of the outstanding loan at 31 December 2014.

**Loans and borrowings from other financial backers**

This caption amounts to €11 thousand (31 December 2014: €73 thousand) and mainly comprises the principal for lease instalments, following the parent's recognition of assets under finance lease in accordance with IFRS.

**Payments on account**

The €23,078 thousand balance (31 December 2014: €24,762 thousand), mainly refers to payments on account received from customers for work in progress and contracts in the backlog at year end. The decrease is mainly due to the completion of the Hospitality contract.

**Trade payables**

*Trade payables due within one year* amount to €31,746 thousand (31 December 2014: €33,424 thousand). This caption comprises payables to suppliers of goods and services to agents.

**Tax payables**

Tax payables within one year comprise:

€'000	31/12/15	31/12/14	Change
IRPEF payables on wages, salaries and self-employed fees	851	779	72
Indirect tax payables	366	925	-559
Direct tax payables	2,728	260	2,468
Other	-	3	-3
<b>Total due within one year</b>	<b>3,945</b>	<b>1,967</b>	<b>1,978</b>

**Social security charges payable**

The year-end balance of €1,933 thousand (31 December 2014: €1,844 thousand) refers to sums payable to social security institutions at the reporting date, subsequently paid in January and February 2016, as provided for by current laws. Furthermore, this caption includes accruals for untaken holidays and the additional month's salaries for employees. It also includes additional and sector pension funds to be paid in January 2016 by the parent.

**Other payables**

The decrease in "Other payables" relates to the parent's payable to shareholders for dividends of €2,200 thousand, which were distributed in January 2015.

€'000	31/12/15	31/12/14	Change
Employees	2,247	2,136	111
Agents and trade associations	383	360	23
Other payables	237	2,379	-2,142
<b>Total</b>	<b>2,867</b>	<b>4,875</b>	<b>-2,008</b>

**D) Accrued expenses and deferred income**

These were recognised in line with technical/accounting regulations and on an accruals basis; they consist of outlays pertaining to the year (accrued expenses) and revenue pertaining to future years (deferred income). In particular, accrued expenses of €453 thousand (31 December 2014: €454 thousand) mainly relate to costs for services pertaining to the year for the subsidiaries B&B Italia USA Inc. and B&B London Ltd..

Deferred income of €1,208 thousand (31 December 2014: €752 thousand) mainly relates to supplies and services to be provided in future years both by the parent and the subsidiary B&B USA Inc..

**Memorandum and contingency accounts**

Memorandum and contingency accounts and commitments amount to €5,115 thousand (31 December 2014: €15,117 thousand) and are analysed as follows:

€'000	31/12/15	31/12/14
<b>Guarantees, sureties and endorsements</b>		
Sureties given to third parties	4,474	7,791
<b>Commitments</b>		
Third party assets under operating lease		18
Rented third party assets	418	687
Currency risk hedging instruments		6,429
Third party assets held at group warehouses	223	192
<b>Total</b>	<b>5,115</b>	<b>15,117</b>

"Sureties given to third parties" amount to €4,474 thousand and mainly refer to sureties given to customers for Hospitality contracts of €3,422 thousand.

The decrease in "Currency risk hedging instruments" is due to the termination of the relevant contracts hedging foreign currency receivables, in place at 31 December 2014, by the parent.

## Notes to the main profit and loss account captions

Production revenues are broken down as follows:

### A) Production revenues

#### Turnover from sales and services

€'000	2015	2014
Turnover from sales and services	170,005	154,280
Change in work in progress, semi-finished products and finished goods	1,429	197
Change in contract work in progress	-8,633	4,550
Other revenues and income	2,652	1,417
<b>Total</b>	<b>165,453</b>	<b>160,444</b>

Reference should be made to the directors' report for key information on sales revenues.

Sales of goods are shown net of discounts, allowances and premiums.

The decrease in "Contract work in progress" is due to the completion of a Hospitality contract by the parent in 2015.

Other revenues and income relate to sundry revenues such as lease income, recharges to customers and suppliers for sundry expenses, gains and prior year items.

### B) Production cost

#### Raw materials, consumables, supplies and goods

Raw materials, consumables, supplies and goods refer to the supplies of materials and other assets purchased for operating purposes.

They are made up as follows:

€'000	2015	2014
Raw materials and supplies	39,978	38,012
Consumables	1,182	767
Goods	12,150	11,570
<b>Total</b>	<b>53,310</b>	<b>50,349</b>

The increase is entirely related to the larger purchases made by the group in 2015.

### Services

Services received from third parties are analysed as follows:

€'000	2015	2014
Production services	18,791	29,131
Commercial services	19,321	22,331
Administrative services	6,782	6,846
Other services	627	572
<b>Total</b>	<b>45,521</b>	<b>58,880</b>

The decrease in services is mainly related to the completion of a Hospitality contract by the parent.

*Administrative services* relate to, among other things, fees paid to directors of €2,464 thousand (2014: €2,763 thousand) and statutory auditors of €116 thousand (2014: €65 thousand).

The fees due to the independent auditors, KPMG S.p.A., and KPMG network member companies total €104 thousand, including €102 thousand for the legally-required audit of the annual statutory and consolidated financial statements and €2 thousand for other services.

### Workforce

The workforce of the B&B Italia Group for the year broken down by category is shown in the following table:

	2015	2014
Managers	23	21
White collars and junior management	233	223
Blue collars and other	231	230
<b>Total</b>	<b>487</b>	<b>474</b>

### Amortisation, depreciation and write-downs

Amortisation and depreciation for the year amount to €5,727 thousand.

### Other write-downs of fixed assets

"Other write-downs of fixed assets", amounting to €2,163 thousand, relate to the parent's write-down of the building held for sale located in Ascoli Piceno in order to adjust its carrying amount to its estimated realisable value.

### C) Net financial income

This caption amounts to €56 thousand (2014: €43 thousand) and is mainly made up of interest income on the parent's bank current accounts and on trade receivables of €30 thousand (2014: €31 thousand).

#### Other financial income

### Interest and other financial charges

"Interest and other financial charges - Other" amounts to €43 thousand (2014: €473 thousand). It consists of interest expense on medium/long-term loans of €12 thousand and sundry interest and commissions totalling €31 thousand.

### Net exchange rate gains

Net exchange rate gains amount to €237 thousand (2014: €1,867 thousand), reflecting the positive trend in exchange rates and related hedges agreed in the year. They also include unrealised exchange rate gains and losses of €409 thousand and €71 thousand, respectively, on the adjustment to closing rates.

### D) Adjustments to financial assets

"Adjustments to financial assets" of €99 thousand (2014: €126 thousand) relate to the write-down of investments in other companies.

### E) Net extraordinary income

#### Income

Other extraordinary income amounts to €488 thousand (2014: €5,399 thousand) and mainly relate to extraordinary prior year income.

The decrease on 2014 is mainly attributable to the fact that, in the previous year, the group had earned a significant gain on the sale of 25% of the investment in the associate MOOOI BV.

#### Expense

Extraordinary expense amounts to €485 thousand (2014: €524 thousand) and mainly refers to the parent's prior year expense and the write-down of receivables due from the associate SMB Sarl of €480 thousand, net of the release of the provision for risks on investments recognised in previous years of €115 thousand. These amounts reflect the conditions underlying the sale of the investment which will take place in 2016.

**Income taxes**

Income taxes total €7,757 thousand (2014: €5,545 thousand), broken down as follows:

€'000	31/12/15	31/12/14	Change
Current taxes	7,495	4,935	2,560
Change in deferred tax liabilities	-62	-54	-8
Change in deferred tax assets	324	664	-340
<b>Total</b>	<b>7,757</b>	<b>5,545</b>	<b>2,212</b>

Current taxes relate to the parent's IRAP and IRES accruals of €926 thousand and €5,236 thousand, respectively, while the residual amount relates to taxation on profit for the year of the subsidiaries B&B Italia USA Inc. and B&B Asia Pacific Limited.

IRES taxable base calculation	Taxable base	Taxation	%
€'000			
Pre-tax profit as per the consolidated financial statements	23,471		
Pre-tax profit of the subsidiaries	3,153		
Pre-tax profit of the parent	20,318		
Theoretical tax charge (27.5%)		5,587	27.5%
Previous year temporary differences	-6,360	-1,749	
Temporary differences deductible in subsequent years	5,563	1,530	
Permanent differences	-484	-133	
<b>Taxable base of the parent</b>	<b>19,037</b>		
<b>Income taxes</b>		<b>5,235</b>	
<b>Cumulative effect of foreign different tax rates</b>			
<b>Current taxes</b>		<b>5,235</b>	
<b>Reconciliation between the tax charge shown in the parent's financial statements and the theoretical tax charge (IRAP)</b>			
Operating profit for IRAP purposes	20,193		
Theoretical tax charge		788	
Costs not relevant for IRAP purposes	3,541		
IRAP taxable base	23,734		
<b>Taxable base</b>		<b>926</b>	
<b>Effective IRAP rate</b>			<b>3.90%</b>

**Net profit for the year**

The group posted a net profit for the year of €15,714 thousand.

Novedrate, 22 April 2016

ON BEHALF OF THE BOARD OF DIRECTORS

The Chairman  
**Giorgio Busnelli**

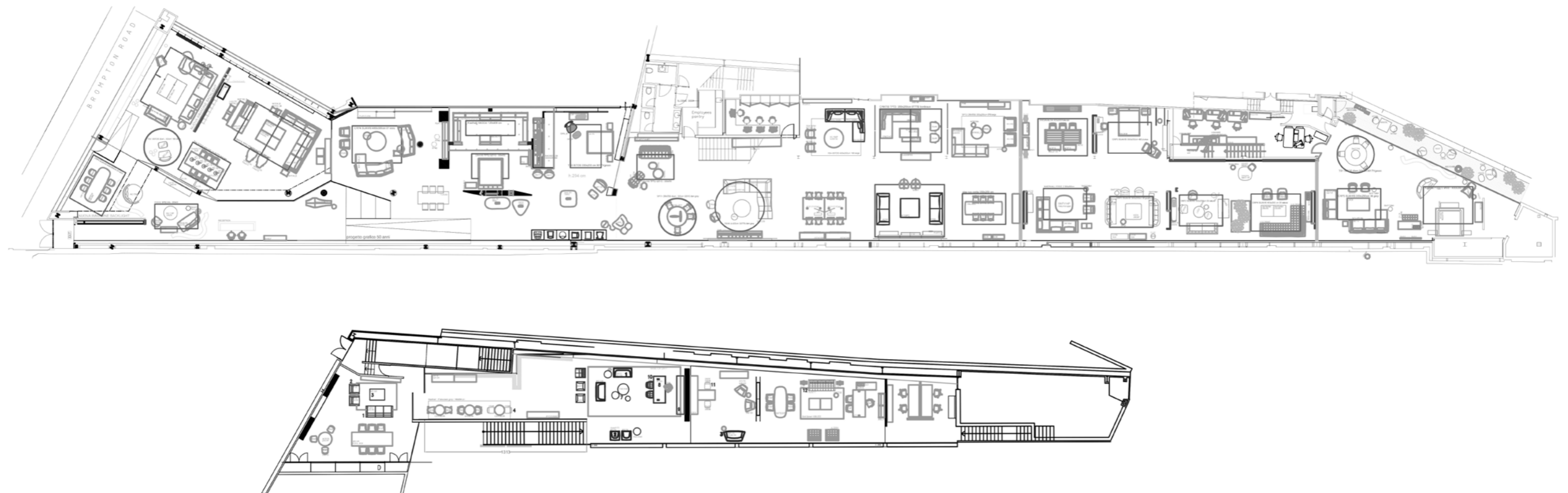
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ANNEX

Annex 1

**Reconciliation of the parent's net equity and net profit for the year and consolidated net equity and consolidated net profit for the year**

€'000	NE 31/12/15	Other changes in NE	Net Profit for 2015	NE 31/12/14	Net Profit for 2014
Net equity and net profit for the year as per the parent's financial statements	62.567		13.749	48.818	13.288
Elimination of the carrying amount of consolidated investments:					
Difference between the carrying amount of the investments and the relevant portion of the subsidiaries' net equity	4.483		2.343	2.143	276
Goodwill arising on consolidation					
Elimination of profits/losses generated by intragroup transactions:					
Elimination of intragroup profits on closing inventory	(970)		(254)	(716)	(26)
Translation reserve	858	252		742	
Effect of measuring companies under the equity method					-40
Restatement of leases under IAS 17	265		(124)	389	(93)
<b>Consolidated net equity and net profit for the year</b>	<b>67.203</b>	<b>252</b>	<b>15.714</b>	<b>51.376</b>	<b>13.405</b>



## Annex 2

**Cash flow statement showing changes in financial position  
in terms of liquidity for the years ended 31 december 2015 and 2014  
of the B&B Italia Group**

€'000	2015	2014
<b>A. Cash flows from operating activities (indirect method)</b>		
<b>Net profit for the year</b>	<b>15.714</b>	<b>13.485</b>
Income taxes (current and deferred)	7.757	5.545
Interest expense	13	430
(Dividends)		
(Gains)/losses on the sale of assets		(4.687)
<b>1. Profit for the year before income taxes, interest, dividends and gains/losses on the sale of assets</b>	<b>23.484</b>	<b>14.773</b>
<i>Adjustments for non-monetary items that do not affect net working capital:</i>		
Amortisation of intangible fixed assets	2.371	2.242
Depreciation of tangible fixed assets	3.356	3.033
Accruals to provisions	1.480	2.231
Accruals to provisions for write-downs of investments	99	126
Other adjustments for non-monetary items	2.163	
<b>2. Cash flows before changes in net working capital</b>	<b>9.469</b>	<b>7.632</b>
Decrease (increase) in inventory	6.563	(5.373)
Decrease (increase) in trade receivables and receivables from group companies	2.402	(1.232)
Decrease (increase) in tax receivables - excluding direct taxes -	1.071	(1.335)
Decrease (increase) in receivables from others	162	396
Decrease (increase) in prepayments and accrued income	(1.088)	178
Increase (decrease) in trade payables and payables to group companies	(1.678)	6.283
Increase (decrease) in payments on account from customers	(1.684)	3.629
Increase (decrease) in tax payables - excluding direct taxes	(625)	64
Increase (decrease) in social security charges payable	89	(196)
Increase (decrease) in other payables	(2.008)	2.429
Increase (decrease) in accrued expenses and deferred income	455	942
Other changes in net working capital		(13)
<b>3. Cash flows after changes in net working capital</b>	<b>3.659</b>	<b>5.772</b>
<i>Other adjustments</i>		
Interest collected/paid	(13)	(428)
(Income taxes paid)	(5.386)	(5.882)
Dividends collected		
(Utilisation of provisions)	(2.637)	(1.821)



€'000	2015	2014
<b>4. Cash flows after other adjustments</b>	<b>(8.036)</b>	<b>(8.131)</b>
<b>Cash flows from operating activities (A)</b>	<b>28.576</b>	<b>20.046</b>
<b>B. Cash flows from investing activities</b>		
<i>Tangible fixed assets</i>		
(Investments)	(2.094)	(2.634)
Disinvestments		11
<i>Intangible fixed assets</i>		
(Investments)	(1.905)	(1.289)
Disinvestments	2	2
<i>Financial fixed assets</i>		
(Investments)	(52)	(16)
Disinvestments		6.240
<i>Current financial assets</i>		
(Investments)	73	
Disinvestments		
Other changes due to translation of foreign currency items	(76)	(81)
<i>Acquisition or sale of subsidiaries or business units net of liquid funds</i>		
<b>Cash flows from (used in) investing activities (B)</b>	<b>(4.052)</b>	<b>2.233</b>
<i>Third party funds</i>		
Decrease in short-term bank loans and borrowings	(448)	(2.170)
Decrease in short-term loans and borrowings from other financial backers	(62)	(163)
New loans		
Repayment of loans	(5.900)	(20.700)
<i>Own funds</i>		
Cancellation of own shares in portfolio		11.360
Cancellation of reserve for own shares in portfolio		(11.360)
Distribution of dividends not yet paid at 31 December 2014?		(2.200)
Capital increase against payment		
Sale (repurchase) of own shares		
Dividends (and interim dividends) paid		
Other changes in net equity	249	377
<b>Cash flows used in financing activities (C)</b>	<b>(6.161)</b>	<b>(24.856)</b>
<b>Increase (decrease) in liquid funds (A+B+C)</b>	<b>18.363</b>	<b>(2.577)</b>
<b>OPENING LIQUID FUNDS</b>	<b>10.384</b>	<b>12.961</b>
<b>CLOSING LIQUID FUNDS</b>	<b>28.747</b>	<b>10.384</b>
<b>INCREASE (DECREASE) IN LIQUIDITY</b>	<b>18.363</b>	<b>(2.577)</b>

## Annex 3

## Deferred tax assets and liabilities and related effects

	December 2015							December 2014						
	Temporary differences	IRES rate	IRES taxation	Temporary differences	IRAP rate	IRAP taxation	Total taxation	Temporary differences	IRES rate	IRES taxation	Temporary differences	IRAP rate	IRAP taxation	Total taxation
<b>Deferred tax assets</b>														
		24,0%			3,90%				27,5%			3,90%		
Provision for bad debts	3.391		814				814	2.751		757				757
Provision for the write-down of inventory	3.813		915				915	4.013		1.104	1.379		54	1.157
Provisions for risks and charges	810		194	810		32	226	1.396		384	405		16	400
Amortisation of goodwill	266		64	266		10	74	2.732		751	2.732		107	858
Agents' termination indemnity	993		238	1.229		48	286	1.050		289	1.249		49	337
Write-down of a building held for sale	2.163		519				519							
Other taxable items	2.093		502				502	811		223				223
Deferred tax assets of subsidiaries							1.196							812
Deferred tax assets resulting from consolidation entries							398							326
	<b>13.529</b>		<b>3.247</b>	<b>2.305</b>		<b>90</b>	<b>4.931</b>	<b>12.753</b>		<b>3.507</b>	<b>5.765</b>		<b>225</b>	<b>4.870</b>
<b>Deferred tax liabilities</b>														
Gains on sale of fixed assets		24,0%			3,90%				27,5%			3,90%		
Amortisation of patents								11		3				3
Year-end translation adjustments	66		16				16							
Leased assets as per IAS 17							104							179
	<b>66</b>		<b>16</b>				<b>120</b>	<b>11</b>		<b>3</b>				<b>182</b>

## Annex 4

## Changes in net equity pertaining to the group for the year ended 31 December 2015

	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Translation reserve	Other reserves	Retained earnings/ (losses carried forward)	Net profit for the year	Total
<b>Net equity pertaining to the group at 31/12/2013</b>	<b>12.006</b>	<b>24.640</b>	<b>15.172</b>	<b>2.401</b>	<b>362</b>	<b>5.849</b>	<b>-18.659</b>	<b>9.303</b>	<b>51.074</b>
Allocation of 2013 net profit							7.103	-7.103	0
Reserve for own shares in portfolio						-11.360			-11.360
Distribution of dividends								-2.200	-2.200
Change in translation reserve					380				380
Rounding						-3			-3
Net profit for the year								13.485	13.485
<b>Net equity pertaining to the group at 31/12/2014</b>	<b>12.006</b>	<b>24.640</b>	<b>15.172</b>	<b>2.401</b>	<b>742</b>	<b>-5.514</b>	<b>-11.556</b>	<b>13.485</b>	<b>51.376</b>
Allocation of 2014 net profit							13.485	-13.485	0
Change in translation reserve					116				116
Rounding						-3			-3
Net profit for the year								15.714	15.714
<b>Net equity pertaining to the group at 31/12/2015</b>	<b>12.006</b>	<b>24.640</b>	<b>15.172</b>	<b>2.401</b>	<b>858</b>	<b>-5.517</b>	<b>1.929</b>	<b>15.714</b>	<b>67.203</b>

# AUDITOR'S REPORT



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Antonio Citterio, Patricia Viel*



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(Translation from the Italian original which remains the definitive version)

## Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of  
B&B Italia S.p.A.

### Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the B&B Italia Group (the "group"), which comprise the balance sheet as at 31 December 2015, the profit and loss account for the year then ended and notes thereto.

### Directors' responsibility for the consolidated financial statements

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation.

### Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Società per azioni  
Capitale sociale  
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20124 Milano MI ITALIA



B&B Italia S.p.A.  
Independent auditors' report  
31 December 2015

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2015 and of its financial performance for the year then ended in accordance with the Italian regulations governing their preparation.

### Report on other legal and regulatory requirements

#### Opinion on the consistency of the directors' report with the consolidated financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report, which is the responsibility of the parent's directors, with the consolidated financial statements. In our opinion, the directors' report is consistent with the consolidated financial statements of B&B S.p.A. as at and for the year ended 31 December 2015.

Como, 28 April 2016

KPMG S.p.A.

(signed on the original)

Umberto Scaccabarozzi  
Director of Audit



**KPMG S.p.A.**  
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## Relazione della società di revisione indipendente ai sensi dell'art. 14 del D.Lgs. 27 gennaio 2010, n. 39

Agli Azionisti della  
B&B Italia S.p.A.

### Relazione sul bilancio consolidato

Abbiamo svolto la revisione contabile dell'allegato bilancio consolidato del Gruppo B&B Italia, costituito dallo stato patrimoniale al 31 dicembre 2015, dal conto economico per l'esercizio chiuso a tale data e dalla nota integrativa.

### Responsabilità degli amministratori per il bilancio consolidato

Gli amministratori della B&B Italia S.p.A. sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione.

### Responsabilità della società di revisione

E' nostra la responsabilità di esprimere un giudizio sul bilancio consolidato sulla base della revisione contabile. Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia) elaborati ai sensi dell'art. 11, comma 3, del D.Lgs. 39/10. Tali principi richiedono il rispetto di principi etici, nonché la pianificazione e lo svolgimento della revisione contabile al fine di acquisire una ragionevole sicurezza che il bilancio consolidato non contenga errori significativi.

La revisione contabile comporta lo svolgimento di procedure volte ad acquisire elementi probativi a supporto degli importi e delle informazioni contenuti nel bilancio consolidato. Le procedure scelte dipendono dal giudizio professionale del revisore, inclusa la valutazione dei rischi di errori significativi nel bilancio consolidato dovuti a frodi o a comportamenti o eventi non intenzionali. Nell'effettuare tali valutazioni del rischio, il revisore considera il controllo interno relativo alla redazione del bilancio consolidato dell'impresa che fornisca una rappresentazione veritiera e corretta al fine di definire procedure di revisione appropriate alle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno dell'impresa. La revisione contabile comprende altresì la valutazione dell'appropriatezza dei principi contabili adottati, della ragionevolezza delle stime contabili effettuate dagli amministratori, nonché la valutazione della presentazione del bilancio consolidato nel suo complesso.

Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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**Gruppo B&B Italia**  
Relazione della società di revisione  
31 dicembre 2015

### Giudizio

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo B&B Italia al 31 dicembre 2015 e del risultato economico per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

### Relazione su altre disposizioni di legge e regolamentari

#### Giudizio sulla coerenza della relazione sulla gestione con il bilancio consolidato

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere, come richiesto dalle norme di legge, un giudizio sulla coerenza della relazione sulla gestione, la cui responsabilità compete agli amministratori della B&B Italia S.p.A., con il bilancio consolidato del Gruppo B&B Italia al 31 dicembre 2015. A nostro giudizio la relazione sulla gestione è coerente con il bilancio consolidato del Gruppo B&B Italia al 31 dicembre 2015.

Como, 28 aprile 2016

KPMG S.p.A.

  
Umberto Scaccabarozzi  
Socio



# CORPORATE SOCIAL RESPONSIBILITY REPORT

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## Commitment to Sustainability

# THE WORLD CHANGES IN LITTLE STEPS, LITTLE?

*"Things that stand the test of time"* has been the payoff of B&B Italia's advertising for over forty years: today, as yesterday, it perfectly encapsulates the corporate philosophy: products that are flawless in terms of functionality, materials, quality of construction, usability and design; products made to last. When sustainability and concern for the environment are given their due, a long product lifecycle must be the first object of any manufacturing firm, since a short lifecycle means greater energy use and higher CO<sub>2</sub> emissions at the recycling and disposal stages.

Quality at B&B Italia means many things: one is an exceptionally long product life. It means fostering sustainable development in a natural way, one in which all of us can and should co-operate. If products last real savings can be made in terms of materials, energy and pollution.

All B&B Italia upholstered furniture carries a ten-year guarantee on the structure. In 1966, moulded foam polyurethane technology revolutionized the industrial production of such furniture and significantly lengthened the products' lifetime compared with existing industry standards. That solution, allied to the selection of high quality materials, guarantees B&B Italia customers a long-lived product.

Another factor of fundamental importance for the long service life of B&B Italia products is the collaboration with the world's best designers. Timeless design means that the product will endure – not only in quality and function, but also aesthetically.

As for the environmental impact of manufacturing, B&B Italia is committed to operating at all times in an ecologically correct way by improving its production facilities and using only sustainable materials and processes.

Keeping our production lines free from toxic elements has always been a priority. Over the decades we have made efforts to minimize the hazards arising from the presence of toxic substances in glues, a very serious concern in our industry. We have moved likewise from traditional solvent-based paints to water-based ones – and indeed used water-based paints from the start whenever possible, as in the new plant at Misinto. The last line using solvents at the Misinto site was completely converted in September 2015.

In 2015 a number of steps were taken to minimize energy consumption. At the Misinto facility we re-commissioned the biomass boiler which burns offcuts of wood, and LED lighting has been installed in all the new sections.

We switched to a sensor controlled high efficiency lighting system and we installed a permanent consumption monitoring system.

Additionally, we conducted an energy survey at Novedrate and Misinto, for the period 2012 – 2014, and found a significant drop in consumption (from 434 to 368 TOE - electrical - and from 589 to 433 TOE - thermal). The figures are particularly encouraging considering that production went up over the three years.

## Corporate Ethics

# WITHOUT RESPONSIBILITY THERE CAN BE NO DESIGN FOR THE FUTURE

B&B Italia interprets the concept of ethics not just as a set of rules and prescribed behaviours but as a way of living, we combine business with respect for and protection of the interests of everyone who comes into contact with the firm, and with conserving and safeguarding environmental resources. The aim is to promote the wider spread of ethical behaviour by ensuring that the firm's own fundamental values are clearly spelled out and in mind of everyone always.

That is the basis on which, in 2013, B&B Italia included a Code of Ethics in its complete Model of Organization voluntarily adopted in accordance with the Corporate Governance Act (Legislative Order 231/2001). From its very origins B&B Italia's activities have been formed by the ethical principles of legality, transparency, fair practice, correct behaviour, impartiality, good faith and due appreciation of the staff and these principles have contributed to our success. The Code clearly and unambiguously sets out the essential values of our corporate identity. Those values are referred to throughout the running of the business; indeed they really form part of our conception of quality, of "doing our best" in the widest sense.

Compliance with the code is mandatory not only for the firm's senior management and staff, but is also expressly required of all outside parties interacting with the firm or operating on its behalf.

It becomes easier to adopt an ethical stance if the corporate ecosystem promotes a general sharing of objectives and a culture of personal respect, encouragement of talent and individual development. That is the case of B&B Italia. The watchword common to the firm's organizational structure, styles of behaviour and interpersonal relationships is "responsibility". B&B Italia aims to foster such responsibility in its dealings with the outside world as well, whenever its activities impinge on others and anywhere it enters into any form of social exchange.

In terms of corporate social responsibility B&B Italia is active in three areas: health, charity and environment. In 2015 B&B Italia supported Health charities such as Primo Aiuto and Il Mantello Association, helped the Paolo Belli leukaemia treatment association to establish the Matteo Riboldi study bursary for young haematologists, and contributed to the Holidays Project of the Italian Multiple Sclerosis Association in Como.

In the area of Charity, the firm has donated design items for auction in aid of Love Design (to support the Italian Cancer Research Association AIRC) and Charity Stars (promoted by Oxfam Italia and The Circle Italia).

In the Environment area it has once again helped the Italian Environment Fund FAI as a Corporate Golden Donor. FAI is the biggest Italian NGO working to protect and promote the country's artistic, wildlife and landscape heritage.

The Misinto facility is sited within a protected environmental area, the Parco delle Groane. Ensuring that a well-developed industrial undertaking can coexist with the wooded reservations of the Brianza district is, of course, no simple matter; but that coexistence has over the years given B&B Italia a particular sensibility for everything involved in protecting farmland and woodland. The decline in bee populations is a very serious problem whose impact on wildlife and on farming and food production is not yet fully appreciated.

B&B Italia is engaged in an environmental protection project in collaboration with two bee-keepers. A total of 4000m<sup>2</sup>, part of it within the Misinto production site and part in a wooded area belonging to the firm, has been leased to the bee-keepers so that they can re-establish the bee population.



## Product, design, people, environment, community

# DO THE RIGHT THING, AND DO IT NOW

There's always a first time. The pages below are B&B Italia's first Social Report and features initiatives, campaigns and projects which the firm has undertaken as part of its relationship with its various stakeholders.

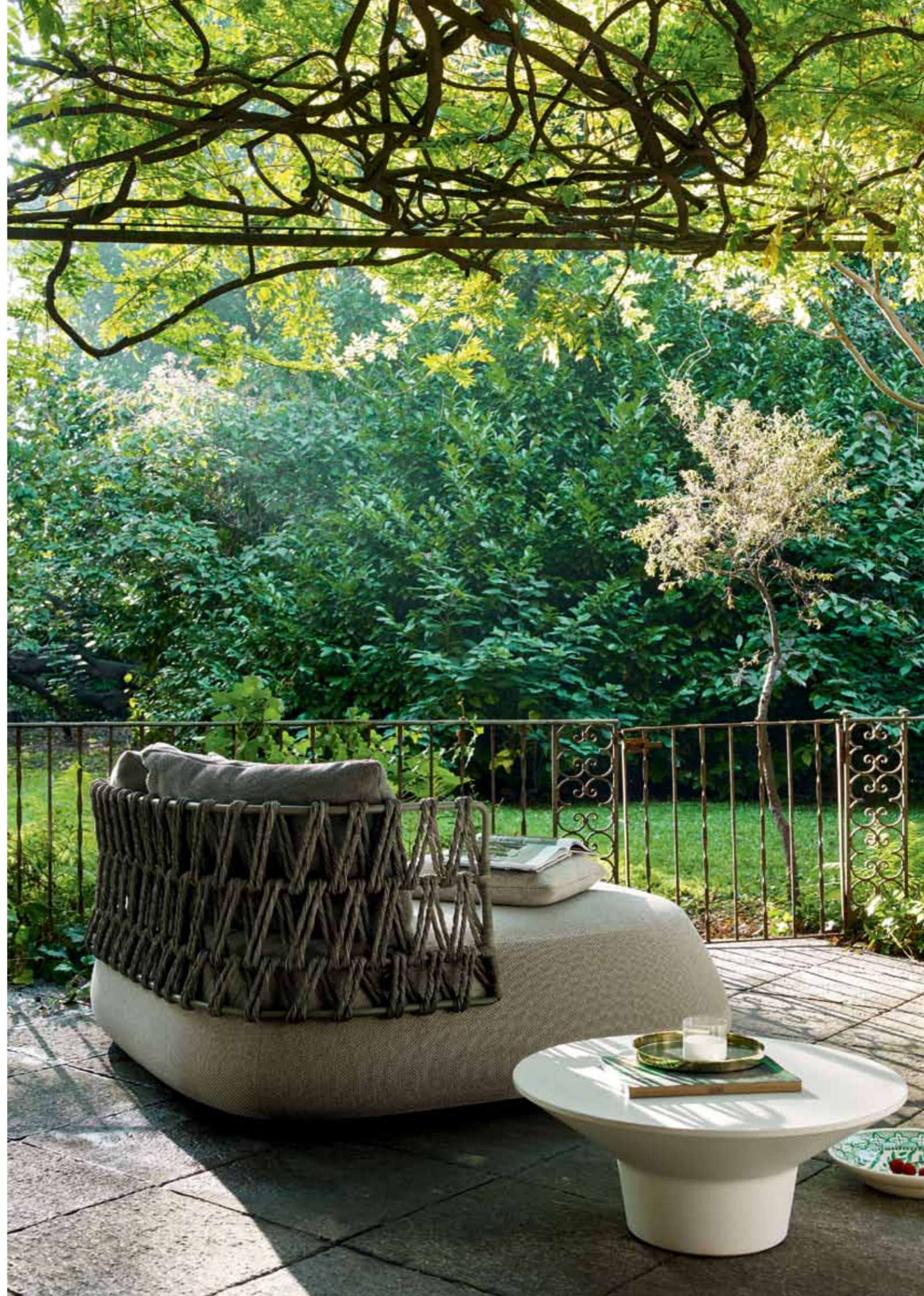
Its central theme is the responsibility which, as a business, we feel we should own whether in dealing with our communities or externally or on the projects currently under way.

Our sense of responsibility is reflected in two lines of action which will be readily apparent to anyone who looks through these pages. First, there is our determination to be the very best in our industry, and to uphold the consumer's right to everything the firm has promised them: what matters here are our efforts to keep technical processes and raw materials fully up to date in terms of technology and regulatory compliance.

Secondly, the pressure to achieve that pre-eminence coexists with the attitude of respect which the firm shows towards all those with whom it has dealings of any kind or scale during its everyday activities – first among them its employees, its partners, its shareholders and its home territory as the place where so many communities and families live their lives, with all their attendant histories, individual and collective. Indeed, B&B Italia has always cultivated a very close relationship with its surrounding area, the district of Brianza.

→ *Our quest for innovation, research and excellence provides the foundation for all B&B Italia's endeavours, and from the outset these have been allied with our commitment to the fundamental values of civil society: respect for the environment, and observance of ethical principles. Our determination to pursue these objectives is expressed both in our corporate culture and in the way we relate to institutions and to our partners along the whole chain of production.*

B&B ITALIA Outdoor  
Fat-Sofa Outdoor, 2015.  
Design Patricia Urquiola



**Corporate Code of Ethics**

Obedience to the law, transparency, loyalty, fairness, impartiality, good faith and the development of human resources are the ethical values and principles that have guided B&B Italia since the company was first established, and have over the years made it a leading manufacturer of designer furniture for the home as well as a leading contract furnisher.

These essential principles inspire the company's Code of Ethics, which clearly and unequivocally sets out the values of B&B Italia and recognizes – as essential traits of its identity and corporate culture and the guiding lights of its business dealings and activities – those features which bear witness to B&B Italia's vocation for excellence as a company steadily focused on ensuring the very highest quality.

As part of their several functions and responsibilities, the company's directors, senior managers, employees, freelance workers and auditors must themselves comply with the Code's general principles and must ensure that others comply with them likewise. Compliance with the Code of Ethics is also explicitly required of all outside parties which have dealings with the company and/or act on its behalf for any reason, and anyone undertaking actions related to the company.

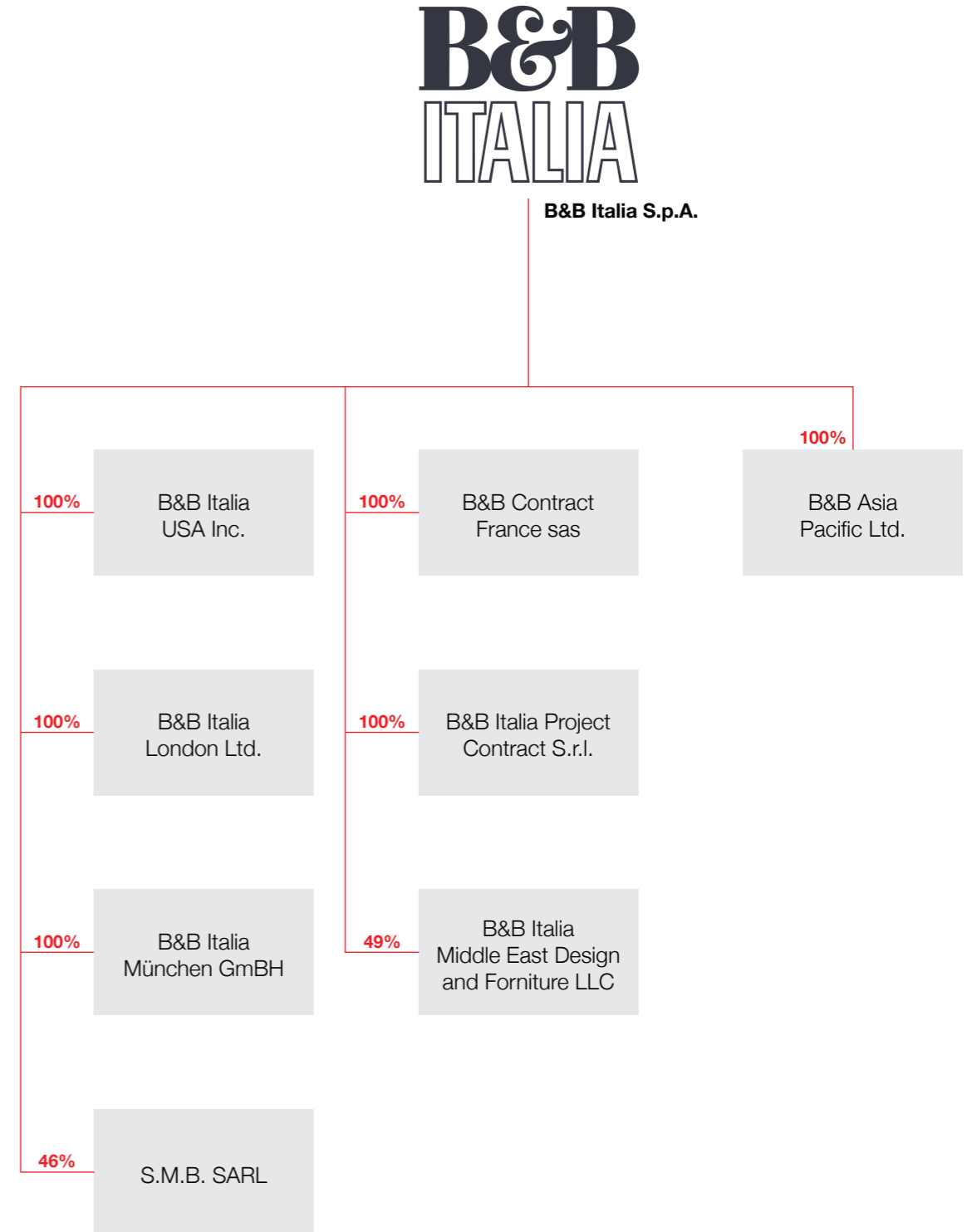
The organizational model voluntarily adopted by B&B Italia in July 2013 under the Corporate Governance Act (Legislative Order 231/01 is based on these concepts).

**Governance and ethics**

**Company boards and officers**

<b>Board of Directors</b>	<i>President and CEO</i>	Giorgio Busnelli
	<i>Directors</i>	Antonio Citterio Gabriele Del Torchio Alessandro Fogo Rolando Gorla Roberto Maestroni Dante Razzano
<b>Board of Auditors</b>	<i>Chair</i>	Mara Vanzetta
	<i>Titular members</i>	Maurizio Maffei Giovanni Tedeschi
	<i>Alternate members</i>	Giovanna Canta Carlotta Veneziani
<b>External auditors</b>	KPMG SpA	
<b>Corporate Governance Panel</b>	<i>Chair</i>	Gabriele Faggioli
		Mario Introzzi

**B&B Group structure**



## Products and design

### Products that are valuable in time

B&B Italia is a company dedicated to sustainably improving the quality of homes, offices and public spaces through the power of design. B&B Italia's success is based on a unique blending of creativity, innovation and industrial know-how that leads to the creation of products that "are valuable in time". "Things that stand the test of time" has been the company's motto for almost forty years and fully reflects the corporate philosophy today as it has done since the beginning. Ultimately B&B Italia produces high quality products with exceptional durability, which results in reduced energy, materials and emissions.

### Design and functionality that stand the test of time

Cooperation with leading international designers is the other reason why B&B Italia is able to provide lasting products, not only in qualitative and functional terms, but also from an aesthetic standpoint through "timeless" design that reaches beyond time and trends. B&B Italia continuously pursues "ecologically friendly" measures by adapting its factories and, when possible, improving its efforts to produce sustainable materials and processes. The company is sensitive to themes of eco-sustainability not only from a regulatory standpoint, but also as an avenue of research. CR&S B&B Italia tenaciously channels its efforts at discovering innovative materials and developing production processes designed to guarantee an industrial approach that increasingly respects environmental balance.



B&B ITALIA Outdoor  
Butterfly, 2015.  
Design Patricia Urquiola



left  
B&B ITALIA Outdoor  
Titikaka, 2009.  
Design Naoto Fukasawa

## People

### Staff

B&B Italia Group world-wide: staff breakdown by status					
	2013	2014	% rise	2015	%rise
Managers	20	21	5%	23	10%
Salaried workers	224	223	0%	233	4%
Operatives	216	230	6%	231	0%
<b>Total</b>	<b>460</b>	<b>474</b>	<b>3%</b>	<b>487</b>	<b>3%</b>
	(% of Group)				
<b>of which, B&amp;B Italia</b>	<b>422</b>	<b>437</b>		<b>450</b>	<b>92%</b>

Staff numbers rose by 3% a year over the three years 2013 – 2015.

There are virtually equal proportions of salaried workers and operatives, indicating a proper management of the various stages of the work sequence. The firm's management "footprint" is given by the number of managers, 23 in 2015.

92% of the staff were based in Italy in 2015: this is where production and all R&D activities take place. Staff abroad are mainly engaged in running the group's own its flagship stores. These figures are a testament to B&B Italia's commitment to its local community and its understanding of the value that this skilled and uniquely crafted labour delivers.

However rooted in its home turf it may be, this is by no means incompatible with a mentality of open-minded internationalism; that indeed is the basis of the firm's energetic drive to export, and of its the ability to serve the world's markets with its own retail outlets as well as developing competitive sales networks.

### Gender breakdown

B&B Italia staff: gender breakdown									
	2013			2014			2015		
	M	F	Total	M	F	Total	M	F	Total
Managers	13	6	19	14	6	20	15	7	22
Salaried workers	79	108	187	76	111	187	82	115	197
Operatives	177	39	216	191	39	230	195	36	231
<b>Total</b>	<b>269</b>	<b>153</b>	<b>422</b>	<b>281</b>	<b>156</b>	<b>437</b>	<b>292</b>	<b>158</b>	<b>450</b>
<b>% of Total</b>	<b>64%</b>	<b>36%</b>	<b>100%</b>	<b>64%</b>	<b>36%</b>	<b>100%</b>	<b>65%</b>	<b>35%</b>	<b>100%</b>

The mean proportion of women is constant at around 35% of all staff, or 58.4% in the case of salaried workers only. It should be noted that seven managerial posts out of 23 are held by women (30.4%). For the firm's policy of reducing gender imbalance this is a promising figure in view of the "silk ceiling" traditionally prevalent in Italian firms.

### Mean age; length of service; staff turnover

The mean age of employees is 44 years, and has remained constant over the three years. The figure is a sign that the succession of generations is proceeding as it should, meaning that the firm can garner the accumulated experience of its staff, a vital resource if it is to achieve its strategic objectives, since experienced workers are better able to understand what is being asked of them. Average length of service was constant at 12 years.

Staff turnover is defined as total new hires plus departures in the year as a percentage of the year's average number of employees. In the case of B&B Italia this parameter was 14.9% in 2015, versus 14.0% the year before and 12.1% in 2013. The increase is due to the number of hirings in both production and office positions. Departures, on the other hand, remained at the same level over the period, and were due to aging and natural wastage; so the increase in turnover is entirely to be welcomed.

It should also be pointed out that only very limited use is made of temporary employment contracts, for special cases or exceptional production peaks.

### Training

The three years 2013-2015 saw a new impetus for training. The firm has always engaged in training, which it regards as fundamentally important; but in the past it had mainly been a matter of mandatory instruction on safety at work.

169 staff underwent non mandatory training in 2015 for a total of 1,653 trainee-hours actually provided. The main subjects were the application of the Corporate Governance Act (Law 231) and the new provisions relating to its implementation, language updates, public speaking techniques, training in the new information systems and the various technical applications and design software, and updates on laws, standards, regulations and commercial practices in the various countries where the firm does business. Non-mandatory hours of training in 2013 are thought to have totalled 125.

Since 2003 B&B Italia has been working continuously with the Jean Monnet Technical & Commercial Institute at Mariano Comense, welcoming final-year language students each year on internships integrated with their college studies; they are accommodated in the functions best suited to their college course. Many of those students are now B&B Italia's staff.

## Accidents

Accidents Report 2013-2015			
	2013	2014	2015
<b>Novedrate site</b>			
Frequency index	16.51	7.34	12.76
Seriousness index	0.24	0.11	0.43
Incidence index	2.74	1.21	2.11
Number of accidents	9	4	7
<b>Misinto site</b>			
Frequency index	0.00	0.00	6.11
Seriousness index	0.00	0.00	0.43
Incidence index	0.00	0.00	1.06
Number of accidents	0	0	1
<b>Milan site</b>			
Frequency index	0.00	0.00	0.00
Seriousness index	0.00	0.00	0.00
Incidence index	0.00	0.00	0.00
Number of accidents	0	0	0
<b>Carugo site</b>			
Frequency index	48.59	0.00	84.12
Seriousness index	0.49	0.00	1.35
Incidence index	20.00	0.00	15.38
Number of accidents	1	0	2
<b>Arosio site</b>			
Frequency index	0.00	0.00	0.00
Seriousness index	0.00	0.00	0.00
Incidence index	0.00	0.00	0.00
Number of accidents	0	0	0
<b>Company total</b>			
Frequency index	14.07	5.46	13.29
Seriousness index	0.20	0.08	0.45
Incidence index	2.37	0.92	2.22
Number of accidents	10	4	10

The Frequency index is the ratio between the number of accidents (other than travel accidents) occurring in a year and total working hours in that year. The ratio is multiplied by 1,000,000 for ease of reference.

The Seriousness index is the ratio between the recorded number of employee-days lost due to accident in a year (other than those due to travel accidents) and total working hours in that year. The ratio is multiplied by 1,000 for ease of reference.

The Incidence index is the ratio between the number of accidents (other than travel accidents) in a year and the number of employees; the ratio is multiplied by 100.

Accidents Report 2013-2015			
	2013	2014	2015
<b>Novedrate site</b>			
Employee-days lost	133	59	237
Total working hours	545,092	544,846	548,533
Number of employees	329	331	332
<b>Misinto site</b>			
Employee-days lost	0	0	70
Total working hours	136,245	149,424	163,644
Number of employees	81	87	94
<b>Milan site</b>			
Employee-days lost	0	0	0
Total working hours	8,994	8,724	8,695
Number of employees	7	7	7
<b>Carugo site</b>			
Employee-days lost	10	0	32
Total working hours	20,581	22,422	23,775
Number of employees	5	9	13
<b>Arosio site</b>			
Employee-days lost	0	0	0
Total working hours	0	6,951	7,640
Number of employees	0	3	4
<b>Company total</b>			
Employee-days lost	143	59	339
Total working hours	710,912	732,366	752,286
Number of employees	422	437	450

Accident prevention has always been a focus, and over time this has resulted in a widespread safety awareness within the firm which has helped to keep the number of accidents down. Accidents have in fact been few, and not of worrying severity either in the past three years or in the current one; they occur mainly in the production departments at Novedrate and Misinto facilities.

## Environment

### Energy and water consumption

#### Measures taken or under way

<b>MISINTO</b>	Extended the Maxalto factory building 2014/2015. LED lighting.
<b>MISINTO</b>	October 2015. Re-commissioned biomass boiler (after obtaining AUA and CPI). Woodworking offcuts are stored in a 370m <sup>3</sup> silo. The boiler is used for space heating and also for technical equipment (automated paint oven; paint booth ovens). For 22 days this was the only heat source used.
<b>MISINTO</b>	Under way: ongoing replacement of spent lamps with LEDs.
<b>NOVEDRATE</b>	2014. Lighting in the production area fitted with high-efficiency lamps.
<b>NOVEDRATE</b>	2014. Software introduced to optimize the turning on/off of lights.
<b>NOVEDRATE</b>	2015. Energy diagnosis under Departmental Order 102/2014, recorded on the ENEA website.
<b>NOVEDRATE</b>	2016. Lighting in the dispatch area fitted with high-efficiency lamps.
<b>NOVEDRATE</b>	2016. R&D Centre car park lighting replaced with LEDs (the rest of the car park already has LEDs).
<b>NOVEDRATE</b>	2016. Installed fixed energy consumption monitoring system in the production areas.
<b>MISINTO, NOVEDRATE</b>	Annual call for power and gas supply tenders and assessment of the best supplier. Frequent changes of supplier.
<b>CARUGO</b>	2014. Scrapped oil-fired boiler which had poor energy efficiency not to current standards.

#### Measures scheduled for 2017

<b>MISINTO</b>	Install thermostatic area valves to regulate the temperature of the various areas.
<b>MISINTO</b>	Replace factory's manual connecting doors to reduce energy dissipation.
<b>MISINTO</b>	Evaluate installation of exhaust heat recovery from paint booths/painting robots.
<b>NOVEDRATE</b>	Double-glaze factory building's side windows with low-emissivity units.
<b>NOVEDRATE</b>	Apply UV/IR-reflective coating to factory building roof and skylights to limit overheating of the premises.
<b>NOVEDRATE</b>	Install water treatment plant; refurbish boilers.

In the last few years B&B Italia has begun a quest to rationalize and reduce energy consumption, an essential commitment to the environment for any responsible firm which operates manufacturing facilities.

### Energy consumption data

		2013	2014	2015	%rise
Electricity	kW(t)	4,223,226	4,172,408	4,343,082	3.9%
Methane	m <sup>3</sup>	1,253,067	990,792	1,137,982	12.9%
Heating oil	lt	20,000	9,000	0	

The figures for power consumption in production equipment and lighting are particularly gratifying, as they remained substantially stable over the three year period despite the increase in quantities produced, the extension of the Misinto production facility and the addition of the Arosio and Carugo sites.

Likewise, the increase in the figure for methane consumption in 2015 was due to the scrapping of the oil-fired boiler at Carugo (leased from a third party) and installation of a modern methane boiler which pollutes far less.

### Water consumption data

		2013	2014	2015	%rise
Water	m <sup>3</sup>	23,860	25,786	32,169	19.8%

The firm uses water mainly in air conditioning. The rise in consumption was at the Milan premises where the showroom is situated, and in the office and exhibition areas at Novedrate.

Water use will not only be monitored: steps will be taken to reduce usage.



B&B ITALIA  
Misinto factory

**Waste management**

Hazardous waste (kg)	2013	2014	2015
Novedrate	7,077	5,895	6,180
Misinto	21,401	27,003	38,970
Carugo			
Arosio			
Ascoli Piceno			780
	<b>28,478</b>	<b>32,898</b>	<b>45,930</b>
Non-hazardous waste (kg)	2013	2014	2015
Novedrate	318,634	266,730	321,996
Misinto	178,033	200,181	297,451
Carugo	21,850	26,630	30,640
Arosio		34,480	20,420
Ascoli Piceno			215,040
	<b>518,517</b>	<b>528,021</b>	<b>885,547</b>

In this area the company's approach is to minimize production waste and reducing noncompliance, starting with the quality of materials and continuing throughout the production cycle. Wastage of materials is carefully monitored and its causes kept under observation. Some that cannot be eliminated because of the very nature of the process – scraps of textile or leather, for instance – are subsequently sold to be used for other scopes.

Whenever part-finished goods are found to be defective at any stage in the manufacturing process they are taken apart and their various components reused. Alternatively, the product may be put up for sale but offered at a discount to the staff in the first place; only if it fails to sell will it be disposed as waste.

For optimal management of the process, wastes are separated by category and the firm has commissioned a network of trusted operators to recycle or disposal in the most proper manner.

With regard to the data for hazardous waste it should be noted that the figure given for Misinto in 2015 includes the effect of the building activities involved in extending that manufacturing facility.

In the case of non-hazardous waste there was a relative increase in 2015, mainly connected with the dismantling of production lines and dedicated machinery at the Ascoli plant and the disassembly of unusable part-finished goods left when production was discontinued in 2010. Those wastes remained to be disposed of once all materials and components that could be re-used in production had been re-used and the reassignment of production lines and machinery was complete.

In view of the main reasons indicated above and the increase in product quantities, these waste figures are not a matter for particular concern.



## Quality

### System certifications



#### UNI EN ISO:9001 Quality management systems.

This standard provides tools and instructions for firms and other organizations wanting to ensure that their products and services meet the customer's requirements at all times and that quality is constantly improved. B&B Italia has been certified since 18 December 1997 under sections EA 23-28 for the following activities: Design, production and installation of custom furniture and fittings for indoor and outdoor environments; Design, supply and installation of custom furniture, fittings and accessories under contract for the Marine, Hotel, Retail and Corporate sectors.

The certifications obtained by B&B Italia over the years are intended to make its products outstanding in terms of requirements and quality standards and so to stabilize the production process in terms of those standards and contribute to the continuous improvement of the processes. This is also good for the environment; and staff health and safety benefit as well.

### Fire resistance certifications



#### Departmental Order of 26/06/84.

Classification of fire resistance and approval of materials for fire prevention purposes (I).



#### California Technical Bulletin 117 - USA.



#### The Furniture and Furnishings (Fire) (Safety) Regulations 1988 - UK.

### Product certification



#### ANSI/UL 48 Portable electrical apparatus (Lamps).

B&B Italia certifies that its low-voltage electrical equipment is safe and complies with current applicable laws, standards and regulations.



#### Directive 2014/35/EU

on the harmonisation of the laws of the Member States relating to the making available on the market of electrical equipment designed for use within certain voltage limits.

#### Directive 2014/30/EU

on the harmonisation of the laws of the Member States relating to electromagnetic compatibility (recast).



#### UNI EN 16139.

Furniture - Strength, durability and safety requirements for chairs.

#### UNI EN 15372.

Furniture - Strength, durability and safety requirements for tables.

#### UNI EN 581.

Outdoor furniture.

#### UNI EN 16121.

Furniture – safety, strength and durability requirements for storage furniture. B&B Italia products are validated by conducting strength and durability tests on the product family's most significant or representative article, and/or the one that is most critical in terms of construction technique. The tests are carried out according to the principal methods applied in the furniture industry, in particular under the standards listed above.



Product test reports are issued by leading Italian and international test labs.



#### ANSI-BIFMA X5.1 - Chairs.

Selected products are also tested in accordance with the voluntary codes of particular markets, such as the United States.

## Community

### Initiatives in 2015

Project	Area	Partner(s)	Description
<b>Study bursaries</b>	Health/Education	The Industrial Design Association ADI, the Italian Association for Cancer Research AIRC	December: a charitable initiative in Milan to set up three three-year study bursaries for young Italians engaged in oncology research.
<b>Contribution</b>	Health	Associazione Cancro Primo Aiuto [Cancer First Aid Association]	Contribution in support of the association's activities.
<b>Santiago in Rosa</b> 5 <sup>th</sup> year	Health	Associazione Cancro Primo Aiuto	Cycling event in collaboration with the Niguarda Cà Granda Hospital Trust. The aim of the initiative was to collect money for breast cancer research.
<b>The Matteo Riboldi study bursary</b>	Health/Education	Associazione Paolo Belli	Contribution to the establishment of a study bursary for young doctors to specialize in haematology, as part of the fight against leukaemia.
<b>The Holidays Project</b>	Health	Italian Multiple Sclerosis Association (AISM), Como	Contribution to the Holidays Project (special accommodation for MS patients and their carers).
<b>Charity draw</b>	Health	<i>Il Mantello</i> association	Products donated to the association's fund-raising draw. The organization works to spread the culture of palliative care, and helps to provide support services for ongoing care and treatment at home and in hospices.
<b>Staff coverage agreement</b>	Health	Monza Analysis Centre (CAM)	Agreement signed covering the staff for medical diagnosis and treatment.
<b>Feed it!</b>	Charity	CharityStars, Feed it!, Oxfam Italia, The Circle Italia	Online auction on the CharityStars website, run by Oxfam Italia and The Circle Italia as part of the Feed it! charity project. A considerable number of design pieces were donated by the industry's biggest brands.
<b>Partnership</b>	Charity	Housing Works	Support for the biggest community of people suffering from HIV/AIDS in the United States. The association is funded by a network of second-hand shops.
<b>MDFF Milan Design Film Festival</b> 4 <sup>th</sup> year	Culture	MiCue Milano Design	Support for the event, which takes place at the Anteo cinema, Milan.
<b>MDFF Milan Design Film Festival</b>	Culture	MiCue Milano Design	Support to bring the festival to the Italian Cultural Institute, Barbican Centre, London (in collaboration with The Architecture Foundation) and to the showrooms of some Italian design firms.
<b>Corporate Programme</b> Golden Donor	Environment	Fondo Ambiente Italiano, FAI [Italian Fund for the Environment]	Programme of support in safeguarding and conserving Italy's artistic, wildlife and landscape heritage.
<b>Rebuild bee populations</b>	Environment	Local beekeepers.	Environmental protection in the Parco delle Groane. About 4,000m <sup>2</sup> of land set aside to rebuild bee populations.



## Associations

B&B Italia was an active member of the following organizations in 2015.



**The Altagama Foundation**  
www.altagama.it



**Associazione per il Disegno Industriale**  
ADI (Industrial Design Association)  
www.adi-design@org



**Unindustria Como**  
(an affiliate of the Italian industrial confederation Confindustria)  
www.unindustriacomo.it



**FederlegnoArredo**  
www.federlegnoarredo.it



**Istituto di Centromarca per la lotta alla contraffazione**  
Indicam (Centromarca Anti-Counterfeiting Institution)  
www.indicam.it



**Associazione Italiana Commercio Estero**  
AICE (Italian Foreign Trade Association)  
www.aicebiz.com



**Associazione Nazionale Commercio Laniero**  
(National Wool Trade Association)  
www.iwta.it

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following page  
B&B ITALIA Store  
London, 2001.  
Architectural design by John Pawson,  
interior design by Antonio Citterio,  
Patricia Viel



TEN  
YEARS  
IN  
LONDON  
PLEASE  
TAKE  
YOUR  
SEAT

B&B  
ITALIA

B&B  
ITALIA

TEN  
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LANDSCAPE

