

INTEK GROUP

INTERIM REPORT ON OPERATIONS AT 30 SEPTEMBER 2014 (THIRD QUARTER 2014)

Meeting of the Board of Directors
of 13 November 2014

Intek Group SpA
Registered Office and Administrative Offices:
20121 Milan - Foro Buonaparte, 44
Share capital 314,225,009.80 euros fully paid-in
Tax Identification and Milan
Company Register No. 00931330583
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Corporate Governance and Control Entities

Board of Directors (term of office ends with the approval of the 2014 financial statements)

Chairman	Vincenzo Manes ^B
Deputy Chairperson	Diva Moriani ^B
	Salvatore Bragantini ^E
	Mario d'Urso ^{A,C,D}
	Marcello Gallo
	Giuseppe Lignana ^{A,C,D}
	James Macdonald
	Alberto Pirelli ^{A,C}
	Luca Ricciardi ^{A,D}
	Franco Spalla ^A

A. Independent Director

B. Executive Director

C. Member of the Compensation Committee (*Alberto Pirelli, Chairman*)

D. Member of the Control and Risk Committee (*Mario d'Urso, Chairman*)

E. Elected by the Shareholders' Meeting on 11 June 2014

Board of Statutory Auditors (term of office ends with the approval of the 2014 financial statements)

Chairman	Marco Lombardi
Statutory Auditors	Francesca Marchetti
	Alberto Villani

Alternates	Lorenzo Boni
	Andrea Zonca

<u>Corporate Accounting Documents Officer</u>	Giuseppe Mazza
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<u>Independent Auditors</u>	KPMG SpA
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<u>Common Representative of Savings Shareholders</u>	Pietro Greco
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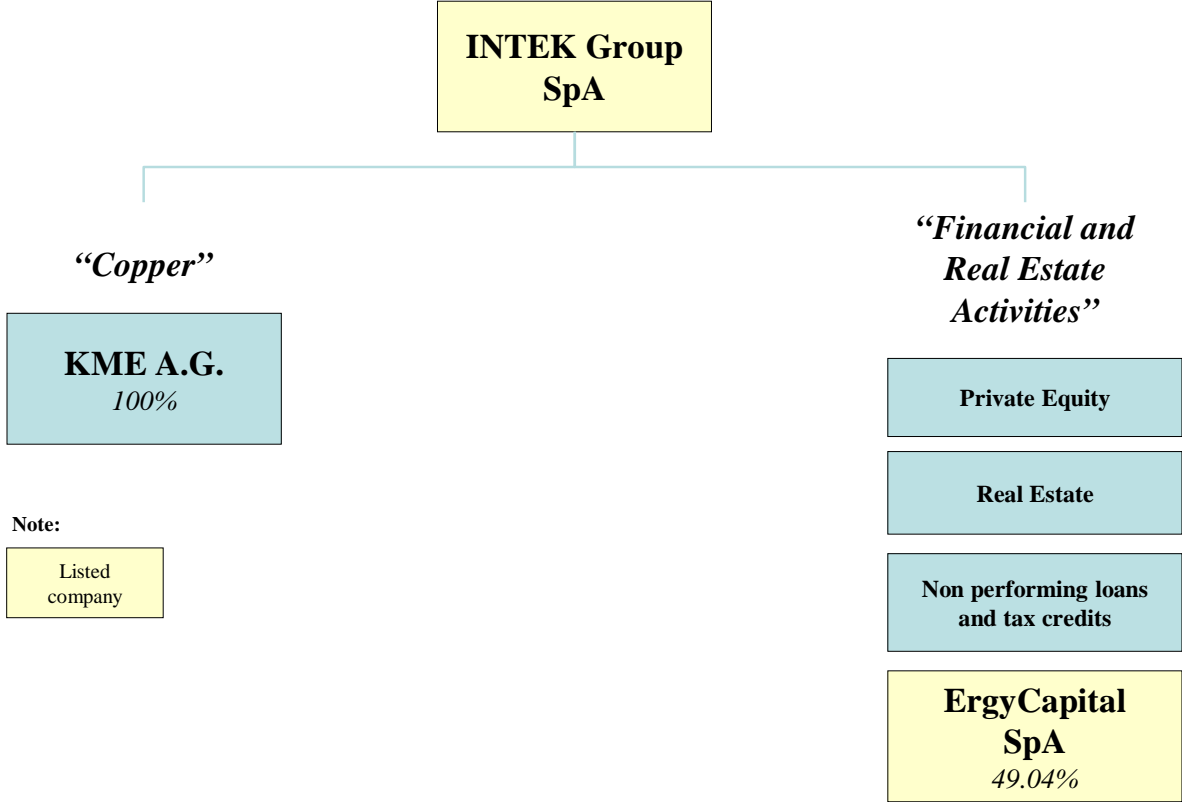
<u>Common Representative of the Holders of "2012/2017 Intek Group SpA Bonds"</u>	Marco Crispo
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<u>Common Representative of the Holders of "2012 – 2017 Intek Group SpA Participatory Debt Financial Instruments"</u>	Rossano Bortolotti
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Interim Report on Operations for the Third Quarter of 2014

The chart below provides an overview of the Group’s corporate structure, showing the investment sectors, following the merger by absorption of Intek SpA into KME Group SpA (which upon the merger changed its name to Intek Group SpA), with the organizations of both companies and the businesses they operate grouped under a single parent holding company.

Overview of the Group’s Corporate Structure



The **Investment Sectors** of Intek Group SpA (hereinafter “Intek Group” or the “Company”) are: its traditional “**Copper**” Sector, which includes the production and distribution of copper and copper-alloy semifinished products, is headed by the German subsidiary KME A.G. and continues to represent the Group’s core industrial business; the “**Financial and Real Estate Activities**” Sector, which includes the private equity activities, carried out mainly through the I2 Capital Partners closed investment fund, the collection of receivables and the management of real estate. Following the divestment of the interest held in Cobra A.T. SpA (“**Cobra**”) this past August, this Sector includes the investment in ErgyCapital SpA, an investment company with shares listed on the MTA (online securities market) of Borsa Italiana engaged in the areas of renewable-source energy production and energy conservation. In the 2013 financial statements and earlier presentations, the results of ErgyCapital and Cobra were aggregated in the advanced services sector.

In its current configuration, Intek Group constitutes a holding company with diversified interests, whose activity is focused on managing the assets and equity investments in its portfolio, driven by a dynamic entrepreneurial approach focused on cash flow generation and on increasing the value of its investment over time, pursuing, if appropriate, divestments that are functional to its growth strategies.

Intek Group SpA, the Group's Parent Company

The structure adopted by the Company following the abovementioned merger transaction, as a holding company with diversified investments, will cause the Parent Company's separate financial statements to provide an increasingly effective presentation of the new entity's equity, financial position and operating performance.

Intek Group carries out investments with medium/long-term horizons, combining its entrepreneurial approach with a solid financial position, with the aim of redefining a flexible portfolio with shorter investment cycles and faster cash generation.

The maximization of value of the managed assets is pursued by clearly defining the business strategies, monitoring the activities of the subsidiaries, identifying agreements and/or partnership opportunities, realizing the value of specific assets and executing extraordinary transactions for subsidiaries.

Consistent with this approach, the Company divested the interest it held in Cobra AT by accepting the voluntary tender offer launched by Vodafone for all Cobra shares. This transaction enabled the Group to collect, in exchange for tendering all of the 49,891,560 Cobra common shares it held, equal to 51.402% of Cobra's share capital, a total consideration of 74.3 million euros (computed based on the Offer price of 1.49 euros per share). In the third quarter it also collected a receivable of 1.5 million euros owed by Cobra. By completing this transaction, the Group recognized at the consolidated level a gross gain of 34.1 million euros, based on the carrying amounts at June 30, 2014.

KME Partecipazioni, the subsidiary that held the investment in Cobra, issued a bank surety for 5.1 million euros, with a duration of three years, extendible for an additional two years under certain circumstance, to secure the indemnification obligation set forth in the framework agreement with the buyer.

The Cobra divestment comes on the heels of the agreements stipulated in the "Copper" Sector in 2013, including a joint venture in China with Golden Dragon Copper Tube Ltd and the divestment of the plumbing pipe operations cared out at a plant in Kirkby (U.K.), which enabled the Group to recognized gains totaling almost 50.0 million euros.

The financial highlights of Intek Group's statement of financial position are summarized below:

Condensed Separate Statement of Financial Position				
<i>(in thousands of euros)</i>	<i>30 September 2014</i>		<i>31 December 2013</i>	
Copper	381,703	83.93%	381,770	74.45%
Financial and Real Estate Activities				
<i>Private Equity</i>	<i>10,925</i>		<i>11,940</i>	
<i>Non-operating assets</i>	<i>19,015</i>		<i>19,943</i>	
<i>Real Estate/Other</i>	<i>24,647</i>		<i>24,659</i>	
<i>ErgyCapital/Other services</i>	<i>16,517</i>		<i>23,256</i>	
Total financial and real estate activities	71,104	15.63%	79,798	11.05%
Cobra AT	-		52,539	0.00%
Other assets/liabilities	1,983	0.44%	2,692	0.26%
Carrying amount of investments	454,790	100.00%	516,799	100.00%
<i>Participatory Debt Financial Instruments and bonds outstanding</i>	<i>(58,046)</i>		<i>(57,595)</i>	
<i>Other net financial debt owed to outsiders</i>	<i>(3,302)</i>		<i>(20,337)</i>	
Net financial debts owed to outsiders	(61,348)		(77,932)	
<i>Intercompany net financial debt</i>	<i>(22,915)</i>		<i>1,291</i>	
Reclassified net financial debt of Intek Group	(84,263)		(76,641)	
Net financial assets (debt) of KME Partecipazioni <i>(including correspondence current account with Intek Group)</i>	68,596		(4,024)	
Holding company's reclassified financial debt	(15,667)	3.44%	(80,665)	14.95%
Total shareholders' equity	439,123	96.56%	436,134	85.05%

In view of Cobra's divestment and the inclusion of ErgyCapital among the Financial and Real Estate Activities Sector, it was deemed appropriate to change the presentation format for Intek Group's financial position, in order to provide a better presentation. Before, the Advanced Services Sector was represented by the value of the investment held in KME Partecipazioni. Now, the amounts corresponding to the assets and liabilities of the investee company are used instead of this item. In the table above, the amounts at 31 December 2013 have been restated accordingly.

At 30 September 2014, the **carrying amount** of the Company's **investments** totaled 454.8 million euros, compared with 516.8 million euros at 31 December 2013. The abovementioned divestment of the interest held in Cobra is the main reason for this decrease.

Intek Group's **net financial debt**, which includes 58.0 million euros in debt securities issued in connection with the Public Exchange Offers of 2012, amounted to 84.3 million euros (76.6 million euros at 31 December 2013).

The **holding company's reclassified net financial debt** (which includes both Intek Group and KME Partecipazioni) decreased to 15.7 million euros at 30 September 2014, down from 80.7 million euros at 31 December 2013, thanks to the proceeds from the Cobra divestment. This level of indebtedness is equal to slightly more than 3% of total investments.

At 30 September 2014, **Shareholders' equity** totaled 439.1 million euros, compared with 436.1 million euros at 31 December 2013; shareholders' equity per share amounted to 1.11 euros.

The **share capital**, which totaled 314,225,009.80 euros at 30 September 2014, was comprised of 345,506,670 common shares and 50,109,818 savings shares. All shares are without par value. At 30 September 2014, Intek Group held 5,095,746 common treasury shares (equal to 1.475% of the total for this class) and 978,543 savings treasury shares (equal to 1.953% of the total for this class) for a total carrying amount of 2.3 million euros. The KME Partecipazioni SpA subsidiary held 2,512,024 Intek Group savings shares (equal to 5.01% of the total for this class), for a carrying amount of 1.0 million euros.

Intek Group's **reclassified net financial position** at 30 September 2014 and a comparison with the data at 31 December 2013 are presented in the table below:

Reclassified Net Financial Position			
<i>(in thousands of euros)</i>		<i>30/09/2014</i>	<i>31/12/2013</i>
Cash and cash equivalents		(1,805)	(930)
Current financial receivables from subsidiaries		(6,016)	(14,770)
Current receivables from subsidiaries for financial guarantees		(3,032)	(4,356)
(A) Net financial assets	(A)	(10,853)	(20,056)
Short-term financial debt		8,800	26,295
Financial debt owed to subsidiaries		29,475	13,931
(B) Short-term financial debt	(B)	38,275	40,226
(C) Short-term net financial position	(A) - (B)	27,422	20,170
Long-term financial debt		2,502	47
2012 – 2017 Intek Group SpA Participatory Debt Financial Instruments		47,208	46,869
2012 – 2017 Intek Group SpA bonds		10,838	10,726
(D) Long-term financial debt		60,548	57,642
(E) Net financial position	(C) - (D)	87,970	77,812
Non-current receivables from subsidiaries for financial guarantees		(2,485)	(47)
Non-current financial receivables from subsidiaries		(544)	(452)
Non-current financial receivables from financial institutions		(678)	(672)
(F) Non-current financial receivables		(3,707)	(1,171)
(G) Reclassified net financial position	(E) + (F)	84,263	76,641

(E) Definition as per CONSOB communication DEM 6064293 issued on July 28, 2006 to implement the CESR recommendations of February 10, 2005.

The holding company's **result for the period** was a profit of 2.7 million euros, reflecting the effect of the revaluation of KME Partecipazioni based on the proceeds generated by the divestment of the interest held in Cobra.

The **income statement** presented below was reclassified showing in the line item "Changes in fair value and other investment management expense/income" the results from investments, including the cost incurred to manage them.

Reclassified Income Statement		
<i>(in thousands of euros)</i>	<i>Jan. 1 – Sept. 30, 2014</i>	<i>Jan. 1 – Sept. 30, 2013</i>
Net operating expense	(4,078)	(4,022)
Fee income for sureties provided	3,661	4,092
Current result before interest	(417)	70
Interest income	377	926
Interest expense	(5,149)	(5,888)
Current result	(5,189)	(4,892)
Changes in fair value and other investment management expense/income	6,960	1,377
Result before taxes	1,771	(3,515)
Income taxes for the period	881	(470)
Net result for the period	2,652	(3,985)

The cash flows for the first nine month of 2014 are summarized below:

Statement of Cash Flows – Indirect Method		
<i>(in thousands of euros)</i>	<i>Jan. 1 – Sept. 30, 2014</i>	<i>Jan. 1 – Sept. 30, 2013</i>
(A) Cash and cash equivalents at the beginning of the year	930	10,575
Result before taxes	1,771	(3,506)
Depreciation and amortization	70	71
Impairment losses/(Reversals of impairment losses) of current/non-current financial assets	(8,147)	(2)
Change in provisions for pensions, post-employment benefits and stock options	57	127
Change in provisions for risks and charges	(7)	(300)
(Increase)/Decrease in current receivables	1,276	2,942
Increase/(Decrease) in current payables	(2,629)	(2,075)
Taxes for the period	32	846
(B) Cash flow from operating activities	(7,577)	(1,897)
(Increase) in non-current intangible assets and property, plant and equipment	(31)	(9)
(Increase)/Decrease in investments	(154)	-
Increase/Decrease in other non-current assets/liabilities	(194)	1,100
Dividends received	2	2
(C) Cash flow from investing activities	(377)	1,093
(Purchase) Sale of treasury shares	370	-
Increase/(Decrease) in current and non-current financial payables	(4,562)	(69,677)
(Increase)/Decrease in current and non-current financial receivables	13,021	63,640
(D) Cash flow from financing activities	8,829	(6,037)
(E) Change in cash and cash equivalents	(B) + (C) + (D)	(6,841)
(G) Cash and cash equivalents at the end of the period	(A) + (E)	3,734

As for the **business outlook**, the Company expects to continue earning income generated by fees for financial guarantees provided on behalf of subsidiaries and close divestment transactions involving former Intek assets. For information about the operating performance of the investee companies, please see the projections provided later in this Report regarding trends in the sectors in which the Group operates.

Operating Performance in the Various Investment Sectors

“Copper” Sector

The “Copper” Sector, which includes the production and distribution of copper and copper-alloy semifinished products, is headed by the German subsidiary **KME A.G.** and represents the core industrial business of the INTEK Group.

In the Group’s target markets, demand for copper and copper-alloy semifinished products continued to be conditioned by a level of economic activity that is still characterized by a lack of continuity and uneven performances in the main countries, with growth rates that remain modest overall, despite strongly expansionary monetary policies in the main advanced countries. Considerable elements of fragility, caused in part by the current geopolitical tensions, produced in recent months global economy dynamics that were significantly below expectations.

The improvement in economic conditions became more robust in the United States and the United Kingdom but weakened in Japan. In the main emerging economies, there were signs of a less dynamic growth rate in China, caused by a weakening of internal demand that could not be fully offset by an upturn at the international level. A further deterioration of economic conditions is expected in Russia, due to the effect of economic sanctions, with Brazil showing only modest signs of a recovery.

In the Eurozone, the recovery in production activity seems to have lost momentum. The decline in the stimulus provided by international demand has not yet been fully offset by gains in internal demand. Expectations of a recovery in the closing months of the year are extremely weak both for the Eurozone as a whole and its main economies, Germany included. This new economic scenario also increased volatility in the financial markets.

As described in previous reports on operations for the current year, in response to the challenging macroeconomic context of recent years, which aggravated the structural production overcapacity in some industries with a resulting pressure on prices, the “Copper” Sector’s operating units strengthened their operating efficiency and organizational flexibility, while at the same time maximizing the value of their businesses, with the aim of increasingly focusing their resources on products with greater value added and on more rapidly growing markets. The goal of this strategic approach is to eliminate non-core activities that are either too small or not competitive and reduce the Group’s overall complexity, focusing on cash flow generation and identifying solutions, which may include agreements or partnerships, to spur growth in those areas that are currently unable to deliver an acceptable return on invested resources. Agreements reached in China and Great Britain are consistent with this approach.

The first of these agreements involves the construction of a facility to produce laminates for connectors in Henan Province (Xinxiang City). The local partner, Golden Dragon, has provided the financial resources needed to start construction of a new production unit, which should be completed by 2015, while the KME Group has made available its factory in Stolberg (Germany) with its equipment, knowhow, KME brand and portfolio of global customers. The first finishing line should be operational later this year, providing an initial access to the Chinese market with semifinished product from the Stolberg plant. The objective is to create a partnership with a top operator in a rapidly growing region, while at the same time maximizing the value of assets that would otherwise be only marginally productive.

The second agreement resulted in the sale of the copper plumbing pipe operations located at the Kirkby (Liverpool) plant and the refocusing of resources on the commercial activities of the other KME Group businesses in the U.K. market (laminates, bars and industrial tubing). In this case as well, the agreement enabled the Group to monetize existing assets, generating a gross capital gain of about 18 million euros and an overall financial benefit of about 33 million euros.

Consistent with the aim of maximizing manufacturing efficiency and shareholder value, while continuing to pursue a path of strategic alliances with top industry operators, the KME Group changed its organizational structure with a focus on specializing by type of business, with a clear separation of management responsibilities between the business of Specialty Products and that of Standard Products.

This new focus by type of business will be implemented by a highly operations oriented team of managers led, for the Specialty Products business, by Egon Mackoviack, who has extensive experience in this sector, and, for the Standard Products business, by Ulrich Becker, the former CEO of MKM who recently joined the KME team. The strategic functions of guidance, coordination, control and finance will be provided by KME AG, through its Management Board (Vorstand), comprised of Diva Moriani (CEO) and Italo Romano (CFO), to whom the two business lines will be reporting.

As for market trends during the current year, demand for **copper and copper-alloy semifinished products in the construction industry** continues to be characterized by the underlying weakness that persisted throughout 2013. Sales volumes of laminates contracted further compared with the levels in the previous year; weak demand continued to nullify the positive effect generated by the increase in value added achieved with an appropriate pricing policy and with an incisive program to promote innovative solutions for the home building and home furnishing businesses.

Unit sales of tubing for the construction industry also declined, with prices coming under pressure in recent months.

The trend in demand for **copper and copper-alloy semifinished products in the industrial sector** confirmed the earlier signs of greater stability, albeit not in all segments, particularly with regard to industrial laminates, which, however, reflected the negative impact of price pressure; industrial tubing sales were weaker in volume terms, but prices held steady.

Sales of specialty products continued at the levels reached in 2013, showing that economic activity in the main emerging countries has been holding steady; the outlook for this business segment is closely tied to the direction of the economic trends in those countries.

The market for bars, which showed an improvement in the first half of the year both in volume and price terms, showed signs of a new trend reversal in recent months.

As for the Sector's overall economic performance, the programs implemented at the manufacturing and commercial level consolidated their positive effect on costs, but not to a level sufficient to offset the impact of a 8.8% drop in revenue (7.0% at comparable scope of consolidation), net of raw materials. Operating profitability declined by 26.9% at 30 September 2014 compared with the same period last year, due in part to a lower contribution generated by optimizing raw material use caused by the reduction in market availability of scrap metal, and the resulting cost increase.

In response to the continuing presence of challenging conditions in this sector, which have been affecting the activities of all Group production facilities for several months, management developed plans for the reorganization of the manufacturing structure in several areas of activity with the aim of improving the Group's competitive position.

Consolidated Financial Highlights of the Copper Sector

<i>(in millions of euros)</i>	<i>30/09/2014</i>	<i>30/09/2013</i>
Revenue	1,582.0	1,814.6
Revenue (net of raw materials)	470.4	515.9
EBITDA	39.1	53.4
EBIT	10.1	21.7
Profit/(Loss) before nonrecurring items	(5.4)	9.0
<i>Nonrecurring income/(expense)</i>	<i>28.5</i>	<i>(5.0)</i>
<i>Impact of IFRS inventory measurement</i>	<i>(6.4)</i>	<i>(17.0)</i>
Consolidated profit/(loss) before taxes	16.3	(13.3)
Net debt	226.7 (30/09/14)	264.0 (31/12/13)
Shareholders' equity(*)	157.7 (30/09/14)	132.4 (31/12/13)

(*) *Shareholders' equity does not include 109.8 million euros of goodwill allocated to the Copper Sector in Intek Group's consolidated financial statements.*

Consolidated revenue totaled 1,582.0 million euros at 30 September 2014, for a decrease of 12.8 % compared with 1,814.6 million euros in 2013. This contraction reflects the impact of lower average prices for raw materials. Net of the value of raw materials, revenue decreased from 515.9 million euros to 470.4 million euros, for a reduction of 8.8% (7.0% at comparable scope of consolidation).

EBITDA totaled 39.1 million euros at 30 September 2014, down 26.8% compared with 2013, when they amounted to 53.4 million euros. The reduction in personnel expense and other operating expenses confirms the positive effect of the efficiency and flexibility programs adopted in response to a drop in production, thanks in part to the agreements reached with the labor unions, which made it possible to avoid layoffs through the use of social safety-net programs and variable performance bonuses. As mentioned earlier in this Report, the Sector's operating profitability in the reporting period was affected by the compression of profit margins resulting from a reduced optimization of raw material use caused by the market scarcity of scrap metal. The ratio of EBITDA to revenue declined from 10.4% to 8.3%. **EBIT** totaled 10.1 million euros (21.7 million euros in 2013).

The **loss before nonrecurring items** amounted to 5.4 million euros (profit of 9.0 million euros in 2013).

The Copper Sector reported a **consolidated profit before taxes** of 16.3 million euros (loss of 13.3 million euros in 2013) thanks to the gains realized on the sale of the plumbing pipe operations in Great Britain and the divestment of German assets in the connector area, conveyed to the Chinese joint venture described earlier in this Report.

At 30 September 2014, the **net financial position**, while negative by 226.7 million euros, improved compared with net financial debt of 264.0 million euros at the end of December 2013. The

reestablishment of normal working capital levels, compared with the end of December, and, for about 20 million euros, the net financial effects from the sale of the plumbing pipe operations in Great Britain and the deconsolidation of the Stolberg plant are the reasons for the decrease in indebtedness.

On August 1, 2014, the Group entered into agreements extending to 31 July 2016 a facility provided by a pool of banks that was due to expire in January 2015, consisting of credit lines usable on a revolving basis for a total amount of 505 million euros. The cost of the new facility is basically in line with that of the extended facility. Another agreement was also executed extending to 30 June 2016 factoring without recourse contracts with GE Factofrance SAS, for credit lines totaling 355 million euros, and with Mediocredito Italiano SpA, for credit lines amounting to 170 million euros.

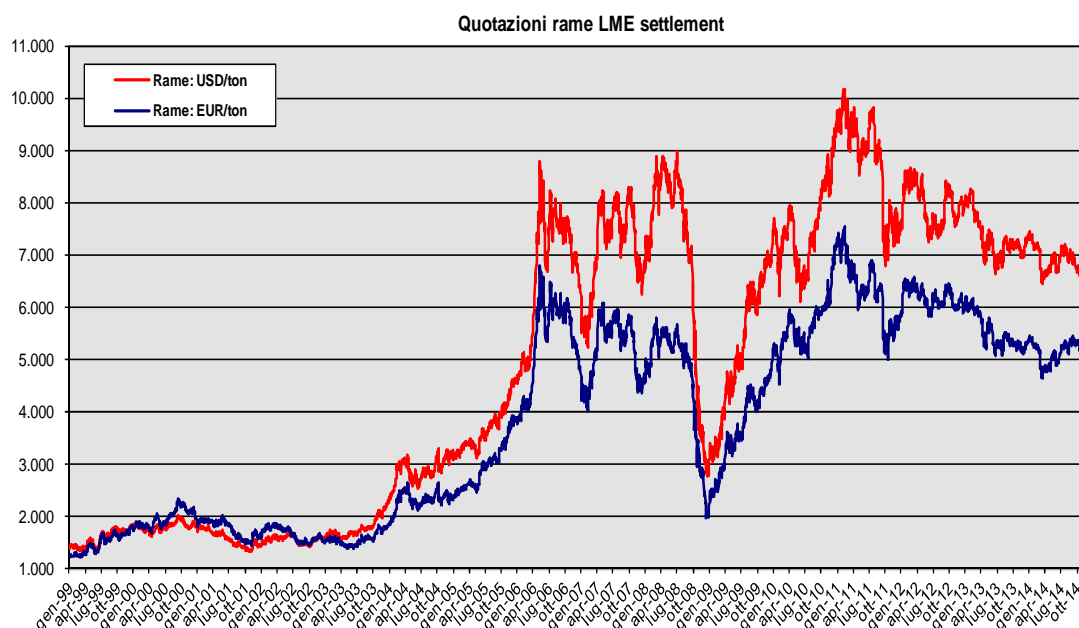
As for the **business outlook**, projections concerning the operating performance of the Intek Group's Copper Sector over the coming months of the current year are negatively affected by further delays in developments signaling the resumption of a recovery and an increase in the level of market competition, which contributed to the reduction of profit margins in recent quarters. As mentioned earlier in this Report, the Group is studying plans for the reorganization of its manufacturing organization specifically in response to this issue.

The **capital expenditures** of the Sector's manufacturing units totaled 16.0 million euros in the first nine months of 2014 (29.9 million euros for all of 2013).

The Copper Sector had 5,187 **employees** at 30 September 2014 (5,834 employees at the end of 2013). The deconsolidation of the U.K. operations and the Stolberg plant in Germany, accounting for about 390 employees, is the main reason for this decrease.

In the period from January to September 2014, the **price of raw copper** was lower compared with the same period last year, showing a decrease of 5.9% when stated in U.S. dollars (from USD 7,379/ton to USD 6,943/ton) and of 8.5% when stated in euros (from EUR 5,603/ton to EUR 5,127/ton). Looking at price trends, average copper prices were higher in the third quarter of 2014 than in the second quarter of 2014, increasing by 3.0% in US dollars (from USD 6,787/ton to USD 6,994/ton) and by 6.6% in euros (from EUR 4,951/ton to EUR 5,279/ton).

In October 2014, the price of copper held relatively steady, averaging USD 6,739/ton, equal to EUR 5,318/ton.



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Financial and Real Estate Activities Sector

This Sector includes the activities originally handled by Intek SpA and its subsidiaries, as well as the investments in the areas of renewable-source energy production and energy conservation carried out through the interest held in ErgyCapital.

Intek Group continues to implement programs to realize the potential value of these assets and invest in transactions involving special situations, leveraging the significant expertise it has developed in composition with creditors proceeding.

Private Equity Activities

With regard to the I2 Capital Partners Fund (the “Fund”), in which Intek holds a 19.2% interest, the most significant development of the quarter was the execution of an agreement in final settlement of certain claims with the buyer of Franco Vago SpA, a company that the Fund sold in 2013. This settlement made it possible to release 4.5 million euros, which the Fund has already agreed to distribute to investors.

There were no significant new developments during the quarter concerning the current investment portfolio, which includes:

- Nuova GS Srl – Investment in the Venturini Group;
- Nuovi Investimenti SIM SpA;
- Isno 3 Srl – Festival Crociere Bankruptcy;
- Isno 4 Srl – OP Computers Bankruptcy;
- Non-performing loans (Safim Factor SpA in Mandatory Administrative Liquidation and Safim Leasing SpA in Mandatory Administrative Liquidation);

- Alitalia.

From the beginning of its activity to 30 September 2014, the Fund issued contribution requests for a total of 121.0 million euros used to carry out investments and cover operating expenses.

At 30 September 2014, executed investments totaled 94.2 million euros, before completed divestments. Investments outstanding as of the same date amounted 12.2 million euros, consisting almost exclusively of equity investments. As of the writing of this Report, the Fund has distributed to its investors a total of 73.9 million euros.

* * *

Special Situation Activities

FEB – Ernesto Breda SpA (“FEB”) continued the process of liquidating the investee companies Bredafin Innovazione SpA and Breda Energia SpA, officially excluded early in 2014 from the mandatory administrative liquidation procedure. In the fourth quarter of 2014, these two investee companies collected tax credits totaling 1.1 million euros.

* * *

Real Estate Activities

Work continued on realizing the potential value of other properties in the investment portfolios of Group companies.

The I2 Real Estate Srl subsidiary, in partial implementation of the agreement reached with Cassa Nazionale di Previdenza ed Assistenza a favore dei Ragionieri e Periti Commerciali (the “Bookkeepers’ Fund”), transferred title to the buildings it owned in Paris. As a result, the corresponding debt decreased from 8.1 million euros to 2.0 million euros. The completion of the transaction and payment of the remaining debt is scheduled for the end of December.

* * *

Renewable Energy

In the first nine months of 2014, the consolidated revenue reported by ErgyCapital totaled 13.5 million euros, down compared with the same period last year (14.2 million euros) due mainly to the performance in the photovoltaic sector, which was adversely affected by regulatory changes and the resulting impact on energy prices and by unfavorable weather conditions.

Consolidated EBITDA, positive by 7.0 million euros at 30 September 2014, were down slightly compared with the first nine months in 2013 (7.3 million euros).

The consolidated net loss of 1.2 million euros reported for the first nine months of 2014 (net profit of 0.1 million euros in the first nine months of 2013) is largely attributable to extraordinary items related to the Mistral International S.A. arbitration award.

The net financial position shows indebtedness of 74.2 million euros, marginally higher than at 31 December 2013 (73.7 million euros).

Further to the publication of the regulation enacting the so-called “Incentive Spreading” Decree, ErgyCapital’s Directors have been carrying out an assessment of the regulatory framework, completed in the past few weeks, for the purpose of choosing the reference rate option by the required deadline of November 30.

For additional information about ErgyCapital's operating performance, please consult the documents made available by the company.

The interest held in ErgyCapital is recognized by the equity method in the consolidated financial statements of Intek Group, which are prepared in accordance with the IFRSs.

* * *

Results of the Group

With regard to the Group's performance, please keep in mind that it reflects the results of the Copper Sector and the Financial and Real Estate Activities and that the investment in ErgyCapital is consolidated by the equity method.

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The comments provided on the Group's operating performance include the use of the reclassified indicators described below, which are deemed to be more suitable for the purpose of presenting the true operating and financial performance.

* * *

Alternative Performance Indicators

EBITDA

This indicator represents a useful yardstick to assess the Group's operating performance; it is an intermediate income statement line item that derives from EBIT, which, in turn, does not include depreciation and amortization and nonrecurring (charges)/income.

Net financial debt

This indicator is used to assess the financial structure and is determined as the amount corresponding to gross financial debt less cash and cash equivalents and other financial receivables.

Net invested capital

Net invested capital is defined as the sum of "Non-current assets" and "Current assets" net of "Current liabilities" except for the items mentioned above in the definition of "Net financial debt".

* * *

Reclassified Income Statement

The review of operating results includes financial and economic information that were taken from the Group's operating systems and are based on accounting principles that differ from the IFRSs, mainly in terms of measurement and presentation. The main items are listed below:

- 1. Revenue is also shown net of the value of raw materials to eliminate the impact of fluctuations in raw material prices.*
- 2. When valuing ending inventories of the copper and copper-alloy semifinished product sector, the portion of the metal component representing structural inventories (i.e., the portion of inventories that was not set aside to fill customer orders) was valued by the LIFO method. The portion of inventories set aside for customer orders was valued based on the realizable value of the corresponding customer orders. Under the IFRS method, inventories are valued at the lower of the cost computed by the FIFO method or net realizable value. The IFRS principles also require that inventory buy and sell commitments and the corresponding hedges executed on the LME be disclosed separately and shown in the financial statements at the corresponding fair value, the same as financial instruments. The IFRS principles, by not allowing the measurement of the Sector's ending inventories by the LIFO method, which is the method used for internal management controlling activities, introduced an exogenous economic component the variability of which makes it impossible to compare homogeneous data for different periods and, consequently, does not allow a presentation that reflects the actual operating performance and its evolution.*
- 3. Nonrecurring items are shown below the EBITDA line.*

The following table shows the impact of the different measurement and presentation criteria applied to the data for the first nine months of 2014.

Operational Reclassified Consolidated Income Statement						
<i>(in millions of euros)</i>	<i>Jan. 1 – Sept. 30, 2014 IFRS</i>		<i>Reclassifi- cations</i>	<i>Restate- ments</i>	<i>Jan. 1 – Sept. 30, 2014 Reclassified</i>	
Gross revenue	1,582.00	100.0%	-	-	1,582.00	
Raw material costs	-		(1,111.60)	-	(1,111.60)	
Revenue net of raw material costs	-				470.40	100.0%
Personnel expense	(215.25)		2.90	-	(212.35)	
Other consumables and costs	(1,309.66)		1,078.30	6.40	(224.96)	
EBITDA (*)	57.09	3.6%	(30.40)	6.40	33.09	7.0%
Depreciation and amortization	(28.03)		(1.20)	-	(29.23)	
EBIT	29.06	1.8%	(31.60)	6.40	3.86	0.8%
Net financial expense	19.19		(38.00)	-	(18.81)	
Result before nonrecurring items	48.25	3.0%	(69.60)	6.40	(14.95)	-3.2%
Nonrecurring (charges) / income	-		69.60	-	69.60	
Impact of IFRS measured inventories and financial instruments	-		-	(6.40)	(6.40)	
Result before taxes (IFRS measurement)	48.25	3.0%	0.00	-	48.25	10.3%
Share of result of equity-accounted investee companies	1.15		-	-	1.15	
Consolidated result before taxes	49.40	3.1%	0.00	-	49.40	10.5%
Result before taxes attributable to non-controlling interests	0.43		-	-	0.43	
Result before taxes attributable to owners of the Parent	48.97	3.1%	0.00	-	48.97	10.4%

The table that follows provides an overview of the consolidated operating results of the Group in the first nine months of 2014 compared with those for the corresponding period in 2013.

Operational Reclassified Consolidated Income Statement				
<i>(in millions of euros)</i>	<i>Jan. 1 – Sept. 30, 2014 Reclassified</i>		<i>Jan. 1 – Sept. 30, 2013 Reclassified</i>	
Gross revenue	1,582.00		1,814.70	
Raw material costs	(1,111.60)		(1,298.70)	
Revenue net of raw material costs	470.40	100.0%	516.00	100.0%
Personnel expense	(212.35)		(225.40)	
Other consumables and costs	(224.96)		(239.80)	
EBITDA (*)	33.09	7.0%	50.80	9.8%
Depreciation and amortization	(29.23)		(32.70)	
EBIT	3.86	0.8%	18.10	3.5%
Net financial expense	(18.81)		(12.80)	
Result before nonrecurring items	(14.95)	-3.2%	5.30	1.0%
Nonrecurring (charges) / income	69.60		(5.00)	
Impact of IFRS measured inventories and financial instruments	(6.40)		(17.00)	
Result before taxes (IFRS measurement)	48.25	10.3%	(16.70)	-3.2%
Share of result of equity-accounted investee companies	1.15		-	
Consolidated result before taxes	49.40	10.5%	(16.70)	-3.2%
Result attributable to non-controlling interests	0.43		0.30	

In the reporting period, the consolidated income statements closed with a profit of 49.0 million euros, benefitting from the positive effects generated by some extraordinary transactions.

An overview of the consolidated shareholders' equity presented in the **statement of financial position** is provided below:

Consolidated Shareholders' Equity		
<i>(in thousands of euros)</i>	<i>30/09/2014</i>	<i>31/12/2013</i>
Share capital	314,225	314,225
Reserves	(35,265)	(19,742)
Result for the period (*)	48,975	(26,920)
Result attributable to owners of the Parent	327,935	267,563
Result attributable to non-controlling interests	7,101	6,623
Total shareholders' equity	335,036	274,186

(*) Before taxes for 2014.

At 30 September 2014, the Group's **net financial debt** amounted to 252.1 million euros, for a significant improvement compared with the amount owed at the end of 2013 (367.3 million euros) and at June 30, 2014 (288.8 million euros) due to effects of the divestment of the interest held in Cobra AT, the sale of the British plumbing pipe operations, the deconsolidation Stolberg plant and, for the Copper Sector, the reestablishment of normal working capital levels, compared with the end of December.

Consolidated Net Financial Position – Reclassified			
<i>(in thousands of euros)</i>		<i>30/09/2014</i>	<i>31/12/2013</i>
Short-term debt		74,280	337,946
Medium- and long-term debt		282,093	96,869
Borrowings from Group companies		5,700	4,986
(A) Financial debt	(A)	362,073	439,801
Cash and cash equivalents		(75,991)	(41,795)
Short-term financial receivables		(74,602)	(66,141)
Financial receivables from Group companies		(9,404)	(10,915)
(B) Cash and cash equivalents and current financial assets	(B)	(159,997)	(118,851)
Fair value of LME contracts/metal commitments		(2,890)	(8,121)
Fair value of other financial instruments		(2,149)	635
(C) Financial instruments measured at fair value	(C)	(5,039)	(7,486)
(D) Consolidated net financial position before securities outstanding	(A) + (B) + (C)	197,037	313,464
(E) Debt securities outstanding (net of accrued interest)		58,046	57,595
(F) Consolidated net financial position	(D) + (E)	255,083	371,059
(G) Non-current financial assets		(2,963)	(3,770)
(H) Total net financial debt	(F) + (G)	252,120	367,289

(F) As defined in Consob Communication DEM/6064293 issued on July 28, 2006 to implement the CESR recommendations of February 10, 2005.

(H) This item is an indicator used to assess the financial structure and is determined as the amount corresponding to gross financial debt less cash and cash equivalents and other financial receivables.

The table below shows an overview of the consolidated net invested capital:

Consolidated Net Invested Capital		
<i>(in thousands of euros)</i>	<i>30 September 2014</i>	<i>31 December 2013</i>
Capital invested in net non-current assets	845,497	818,955
Net working capital	59,413	128,566
Provisions	(317,754)	(306,046)
Net invested capital	587,156	641,475
Total shareholders' equity	335,036	274,186
Net financial position	252,120	367,289
Financing sources	587,156	641,475

“Net invested capital” is a financial measurement not provided in the IFRSs and should not be treated as an alternative to those provided in the IFRSs. It is comprised of the following components:

- “Capital invested in net non-current assets,” which is the sum of “Property, plant and equipment and intangible assets,” “Investments in associates,” “Other non-current assets” and “Other non-current financial assets” not included in the definition of “Net financial debt” (usually, shares of closed end and reserved mutual funds).*
- “Net working capital,” which is the sum of “Inventories” and “Trade receivables,” net of “Trade payables” and “Other current assets/liabilities,” except for the items previously included in the definition of “Net financial debt.”*
- “Net provisions,” which include “Provisions for employee benefits,” “Net deferred-tax liabilities” and other “Provisions for risks and charges.”*

Other Information

Controlling Company and Ownership Structure

The Company is controlled by Quattrodue Holding B.V., based at 37 Kabelweg, Amsterdam, The Netherlands, through Quattrodue SpA, a wholly owned subsidiary of Quattrodue Holding B.V.. At 30 September 2014, Quattrodue SpA held 158,067,506 Intek Group common shares, equal to 45.749% of the Company's share capital.

* * *

Please note that the Board of Directors, at the meeting held on 14 September 2012, resolved, inter alia, to avail itself of the waiver provided by Article 70, Section 8, and Article 71 bis of the Issuers' Regulations, which give the Company the option of being exempt from the obligation to make available to the public an Information Memorandum in connection with material transactions involving mergers, demergers, capital increases through the conveyance of assets in kind, acquisitions and divestments.

Related-party Transactions

Transactions executed with related parties, including intercompany transactions, do not qualify as atypical and/or unusual transactions, as they were carried out by Group companies in the regular course of business. These transactions were settled on customary conditions, determined with standard parameters, or on market terms.

Intek Group is the owner of a loan provided to its controlling company Quattrodue SpA (originally owed by Quattrodue Holding B.V.). This loan accrues interest at the Euribor, plus a spread of 100 basis points. At 30 September 2014, the balance owed for this loan amounted to 1.2 million euros.

At 30 September 2014, loans outstanding include facilities provided to ErgyCapital (4.0 million euros owed to KME Partecipazioni) and Culti Srl (1.4 million euros owed to Intek Group).

Litigation and Disputes

By two decisions, both handed down in October 2014, respectively by the Naples Court of Appeals, further to an appeal filed by Mareco Industriale Srl in bankruptcy, and the Milan Court of Appeals, further to a challenge by Profida SA, the Company was ordered to pay a total of about 5 million euros. The Company is appealing these decisions to the Court of Cassation arguing that the claims of the opposing party are devoid of merit and asking for a stay of the enforcement of both decisions. No provision for risks related to these two decisions has been recognized at this point, due also to the fact that, with regard to Profida SA, the Company holds a right of recovery from a third party.

There were no new developments concerning the other disputes in which the Company and the Group are involved.

Business Outlook

The Group's operating performance will reflect the results of the individual investment sectors.

Significant Events Occurring After 30 September 2014

There were no significant events other than those described in the preceding pages.

Financial Statements of the Interim Report on Operations at 30 September 2014

The Interim Report on Operations at 30 September 2014, which was not audited, was prepared in accordance with Article 154 *ter* of the Uniform Financial Code enacted by Legislative Decree No. 195/2007.

The consolidated statement of financial position refers to the end of the quarter subject of this Report and the end of the previous reporting year.

Consolidated income statement data are provided for the first nine months of 2014. They are also compared with the data for the same period a year earlier. The presentation format of the accounting schedules is consistent with that of the same accounting schedules included in the Semiannual Financial Report and Annual Financial Report.

The Interim Report on Operations at 30 September 2014 was prepared in accordance with the valuation and measurement criteria of the International Financial Reporting Standard (IFRSs) published by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure set forth in Article 6 of EC Regulation No. 1606/2002 of the European Parliament and Council dated July 19, 2002, and the resolutions issued in implementation of Article 9 of Legislative Decree No. 38/2005, when applicable.

The results are presented before taxes for the period.

Consolidated Statement of Financial Position

<i>(in thousands of euros)</i>	<i>30/09/2014</i>	<i>31/12/2013</i>
Property, plant and equipment	509,397	540,426
Investment property	80,813	80,665
Goodwill	125,801	125,801
Other intangible assets	2,090	2,569
Investments in associates	15,798	11,940
Investments in other companies	270	270
Investments valued by the equity method	93,369	38,601
Other non-current assets	6,478	6,252
Non-current financial assets	14,444	16,201
Deferred-tax assets	67,916	67,951
Total non-current assets	916,376	890,676
Inventories	465,305	525,593
Trade receivables	129,763	123,762
Other receivables and current assets	47,535	57,581
Current financial assets	100,296	101,270
Cash and cash equivalents	75,991	41,795
Total current assets	818,890	850,001
Non-current assets held for sale	1,559	7,795
Total assets	1,736,825	1,748,472
Share capital	314,225	314,225
Reserves	(35,265)	(19,742)
Profit (Loss) for the period	48,975	(26,920)
Profit (Loss) attributable to the owners of the parent	327,935	267,563
Profit (Loss) attributable to non-controlling interests	7,101	6,623
Total shareholders' equity	335,036	274,186
Provisions for employee benefits	231,760	234,664
Deferred-tax liabilities	98,345	101,012
Borrowings and non-current financial liabilities	352,189	154,464
Other non-current liabilities	8,698	12,139
Provisions for risks and charges	55,565	24,422
Total non-current liabilities	746,557	526,701
Borrowings and other financial liabilities	78,526	351,220
Trade payables	474,974	481,431
Other current liabilities	101,732	101,035
Provisions for risks and charges	-	13,899
Total current liabilities	655,232	947,585
Total liabilities and shareholders' equity	1,736,825	1,748,472

Consolidated Income Statement

<i>(in thousands of euros)</i>	<i>Jan. 1 – Sept. 30, 2014</i>	<i>Jan. 1 – Sept. 30, 2013</i>	<i>Third quarter 2014</i>	<i>Third quarter 2013</i>
Sales and service revenue	1,581,998	1,814,699	484,464	574,582
Change in inventories of finished goods and semifinished products	2,811	3,933	1,581	357
Capitalization of internally produced assets	1,043	1,140	396	493
Other operating income	79,769	16,221	24,423	4,302
Purchases and change in inventory of raw materials	(1,169,105)	(1,367,807)	(357,391)	(436,141)
Labor costs	(215,245)	(227,352)	(66,370)	(72,013)
Depreciation, amortization, impairment losses and writedowns	(28,026)	(33,347)	(8,990)	(10,621)
Other operating expenses	(224,177)	(211,351)	(82,634)	(64,037)
EBIT	29,068	(3,864)	(4,521)	(3,078)
Financial income	45,700	4,074	36,342	347
Financial expense	(26,510)	(16,920)	(9,315)	(4,754)
Share of result of equity-accounted investee companies	1,145	24	184	985
Result for the period	49,403	(16,686)	22,690	(6,500)
- result attributable to non-controlling interests	428	330	324	242
- result attributable to owners of the parent	48,975	(17,016)	22,366	(6,742)

Milan, 13 November 2014

The Board of Directors

Declaration by the Corporate Accounting Documents Officer Pursuant to Article 154 bis, Section 2, of Legislative Decree No. 58/1998 (Uniform Financial Code)

Giuseppe Mazza, the Corporate Accounting Documents Officer, acting pursuant to Article 154 bis, Section 2, of the Uniform Financial Code (Legislative Decree No. 58/1998), declares that the accounting information contained in this Interim Report on Operations 30 September 2014 is consistent with the data in the supporting documents and in the Company's books of accounts and other accounting records.

Signed: Giuseppe Mazza
Corporate Accounting Documents Officer