INTEK GROUP

INTERMEDIATE REPORT ON OPERATIONS AS AT 31 MARCH 2015

(1st QUARTER 2015)

Board of Directors
of 12 May 2015

Intek Group SpA
Registered and Administrative Office:
20121 Milan - Foro Buonaparte, 44
Paid-up share capital € 314,225,009.80
Tax Code and Business Register
of Milan no. 00931330583
www.itkgroup.it

Contents

Company Bodies

<u>Board of Directors</u> <u>(office ending with the approval of the 2014 financial statements)</u>

Chairman	Vincenzo Manes [B]
Deputy Chairman	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 Remuneration Committee (*Chairman: Alberto Pirelli*)
D. Member of the Internal Control and Risks Committee (*Chairman: Mario d'Urso*)
E. Appointed by the Shareholders' Meeting of 11 June 2014

<u>Board of Statutory Auditors</u> <u>(office ending with the approval of the 2014 financial statements)</u>

Chairman	Marco Lombardi
Statutory Auditors	Francesca Marchetti
	Alberto Villani
Alternate Auditors	Lorenzo Boni
	Andrea Zonca

<u>Manager in charge of Financial Reporting</u>	Giuseppe Mazza
<u>Independent Auditors</u>	KPMG SpA
<u>Common Representative of Saving Shareholders</u>	Pietro Greco
<u>Common Representative of the "2015/2020 Intek Group bond" holders</u>	Rossano Bortolotti
<u>Common Representative of the "Convertendo Intek Group SpA 2012/2017" holders</u>	Elena Pagliarani

Intermediate Report on Operations for the first quarter 2015

This intermediate report on operations is presented, consistent with the separate and consolidated financial statements as at 31 December 2014, by adopting the accounting standards relating to investment entities (amendments made to IFRS 10, 12 and IAS 27) introduced by the EU Regulation 1174/2013 and applied by the Intek Group as from the end of 2014.

As a result of the use of the accounting standards of investment entities, Intek does not carry out the full consolidation of the investments in subsidiaries not in furtherance of the company object, but they are measured at fair value through profit or loss. Therefore, equity investments held for investment - including KME AG, holding company at the head of the KME Group working in the "copper" sector and FEB – Ernesto Breda SpA - are excluded from the consolidation. These measurement methods are used also in the separate financial statements. It should be noted that in the absence of events of significant impact, measurements of investments and unlisted securities are updated every six months.

The most significant event of the period was the financial operation that allowed to optimise the debt structure, both in terms of duration and cost of funding, as well as to find new financial resources that can be used for further development of investment activities of the Group. The Board of Directors of the Company of 2 December 2014 approved:

- the promotion of a voluntary public exchange offer for the totality of 22,655,247 "Intek Group SpA 2012 – 2017" outstanding bonds and of 115,863,263 "Intek Group S.p.A. 2012 – 2017 Participatory Debt Financial Instruments", with consideration represented by new bonds issued by the Intek Group for a maximum amount of Euro 61.7 million (the "Exchange Offer"), offering a premium of almost three percentage points on the nominal value to the holders of the old bonds;
- the promotion at the same time of a public offer for the subscription of a bond loan, totalling approximately Euro 40 million, which can be increased by the Company up to approximately Euro 101.7 million, considering the level of subscription to the Exchange Offer.

At the end of the transaction, 4,708,507 new bonds with a nominal value of Euro 21.60 were issued totalling Euro 101.7 million, listed on the Borsa Italiana's electronic bond market (MOT, Mercato Obbligazionario Telematico). The bonds have a duration from 2015 to 2020 and envisage a fixed interest rate of 5% compared to 8% of the Intek Group 2012 – 2017 Bond and of the Participatory Debt Financial Instruments subject-matter of the Exchange Offer and mandatory repaid to subjects who had not subscribed to the offer.

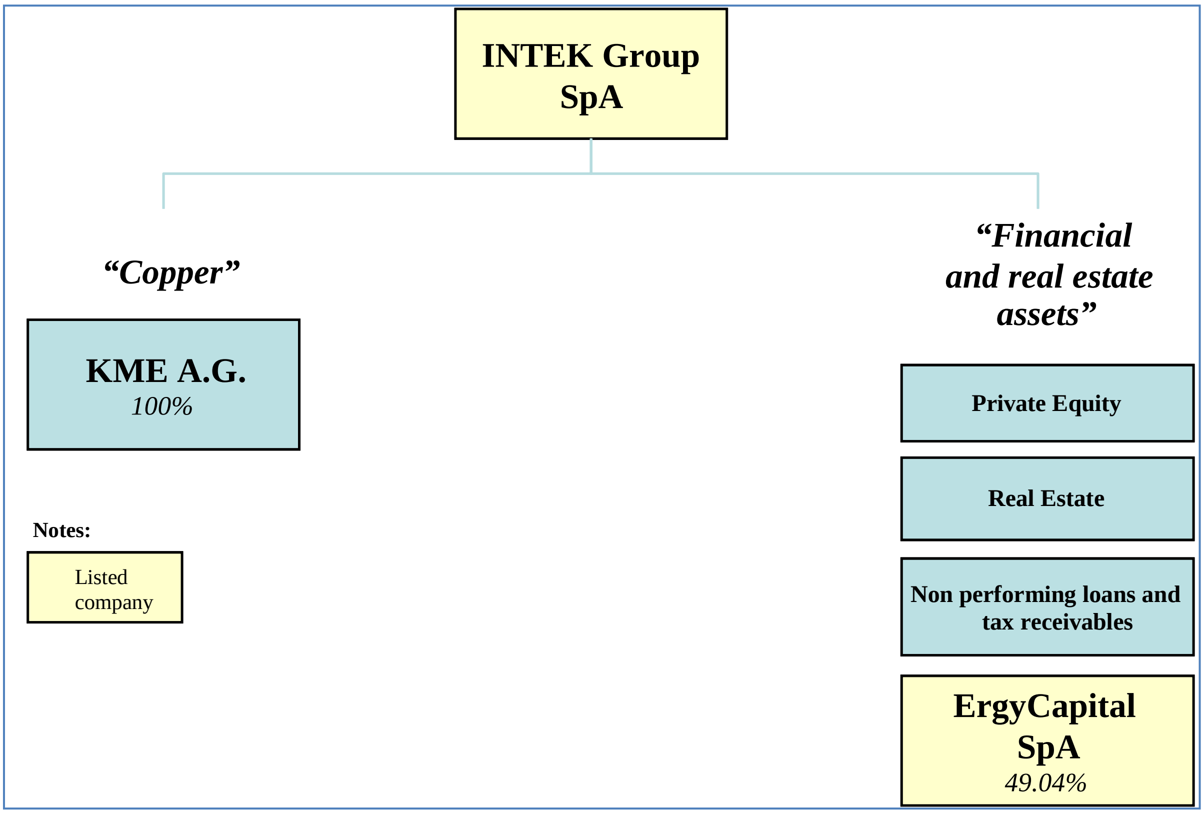
The issue, which was the first one carried out directly on the MOT without a placement agent by a non-banking company without a distributor, ended with great success. The subscription applications of new bonds totalled more than Euro 177 million compared to the initially offered Euro 40 million.

The new bonds were issued on 20 February 2015 and the exchange with the bonds that subscribed to the Exchange Offer occurred on the same date. On 20 March, the old bonds were refunded to subjects that had not subscribed to the exchange offer.

Also as the result of this issue, Intek, together with its subsidiary KME Partecipazioni SpA, held a liquidity of Euro 83.3 million as at 31 March 2015. This liquidity is currently invested in flexible instruments readily convertible into cash of Euro 20.5 million and the residual amount is temporarily deposited on bank current accounts.

The corporate structure of the Intek Group is summarised below by indicating the main investment sectors of the Company.

The Group's corporate structure is as follows:



The percentages indicated above include also the shares classified among current financial assets insofar as ErgyCapital.

The **investment sectors** of INTEK Group SpA (hereinafter referred to as "Intek Group" or the "Company") are: the traditional one of "**copper**", which includes the production and marketing of copper and copper-alloy semi-finished products by German subsidiary KME AG; and the sector of "**financial and real estate assets**", including the private equity business that is mainly carried out through the closed-end investment fund I2 Capital Partners (the "**Fund**"), the management of receivables (tax and non-performing receivables and those arising from insolvency procedures), real estate assets and the investment in ErgyCapital.

As for "**financial and real estate assets**", the Company continued with its programmes to accelerate the gradual sale of the assets held.

As for the "private equity" investments, the future programmes focus on maximizing the value of the interests held by the Fund, whose investment period ended in late July 2012.

ErgyCapital intends to continue its research and valuation of extraordinary transactions both for the Company overall as well as for the individual business units, aimed at creating value for the shareholders.

The parent company Intek Group SpA

In the past, Intek Group made investments with medium to long term time horizons by combining its entrepreneurial viewpoint with a sound financial structure. Its strategy aims at a more flexible portfolio, with reduced investment cycles and faster cash generations.

In line with this strategic redefinition, we note that the overall appreciation of the Intek Group's performance must be made by considering, not only the assessment of the economic results for the period, but also and above all the increase in value over time recorded by the individual assets and by their potential capacity to create value for shareholders.

This assessment is at the heart of the choices which management has made for an allocation of financial resources and which will reward only those areas which appear to offer better performance and are more promising, while it will favour the abandonment of sectors which are not in line with the Group's new operating policies in terms of value creation or timeframes. Maximisation of the value of the assets managed will be achieved by carefully defining business strategies and control of the subsidiaries, identification of agreements and/or partnership opportunities, the valorisation of specific assets and the management of extraordinary operations for subsidiaries.

The key balance sheet figures of the Intek Group as at 31 March 2015 and in comparison with 31 December 2014 can be summarised as shown below:

Condensed separate statement of financial position				
(in thousands of Euro)	*31 Mar. 2015*		*31 Dec. 2014*	
Copper	**395,008**	**85.57%**	**393,997**	**86.02%**
Financial and real estate assets				
Private Equity	*8,354*		*8,288*	
Non operating assets	*4,348*		*4,554*	
Real Estate/Others	*28,080*		*27,204*	
ErgyCapital/Other Services	*20,893*		*20,243*	
Total financial and real estate assets	**61,675**	**13.36%**	**60,289**	**13.16%**
Other assets/liabilities	**4,928**	**1.07%**	**3,766**	**0.82%**
Net investments	**461,611**	**100.00%**	**458,052**	**100.00%**
SFP and outstanding bonds (*)	*(102,247)*		*(61,962)*	
Available funds/(Net debt) to third parties	*37,600*		*1,387*	
Net financial debts due to third parties Intek Group	**(64,647)**		**(60,575)**	
Net financial debts due to third parties KME Partecipazioni	**48,375**		**49,933**	
Holding company financial debts due to third parties	**(16,272)**	**3.53%**	**(10,642)**	**2.32%**
Total shareholders' equity	**445,339**	**96.47%**	**447,410**	**97.68%**

Notes

- *In the table, investments are expressed net of any financial receivable/payable transactions existing with the Intek Group or KME Partecipazioni.*
- *(*) including accruing interests.*

Investments

Net investments of the Company amount to Euro 461.6 million as at 31 March 2015 (Euro 458.1 million at the end of 2014), of which 85.6% in the “copper” sector and the remaining part in financial and real estate assets. There were no significant movements in investments during the reporting period, which increased due to the increase in credit positions.

Shareholders’ Equity

The shareholders’ equity of the holding is Euro 445.3 million compared to Euro 447.4 as at 31 December 2014; the change is largely due to the results achieved in the first quarter of 2015.

Shareholders' equity per share is equal to Euro 1.13.

The **Share Capital** as at 31 March 2015, unchanged compared to 31 December 2014, is Euro 314,225,009.80 subdivided into 345,506,670 ordinary shares and into 50,109,818 savings shares. The shares do not indicate the nominal value.

During the first months of 2015, the Intek Group carried out purchases of own ordinary shares. The own ordinary shares held increased from 5,095,746 as at 31 December 2014 to 5,555,746 as at 31 March 2015 and to 5,859,746 (1.70% of the share capital) at the date of preparation of this report. As at 31 March 2015, the Intek Group also held 978,543 own savings shares (1.95% of the share capital). The subsidiary KME Partecipazioni holds 2,512,024 Intek Group savings shares (5.01% of the relevant share capital).

The Board of Directors proposed at the next shareholders' meeting that will approve the financial statements as at 31 December 2014, convened on 18 and 19 June 2015, in first and second call, respectively, the distribution of available reserves through the allocation, to all the shareholders, of savings shares held by the Company and by the group companies in the ratio of 1 savings share each 111 ordinary and/or savings shares owned.

Financial Situation

The **Net Financial Debt of the Holding** (which includes both the Intek Group and KME Partecipazioni) amounts to Euro 16.3 million as at 31 March 2015, compared to Euro 10.6 million as at 31 December 2014. This debt represents 3.53% of total investments and refers, with the exception of bonds issued, only to positions with regard to companies of the Group.

At the end of March 2015, Intek, also by means of the subsidiary KME Partecipazioni, had a liquidity of Euro 83.3 million, also as a result of the net flow deriving from the issue of new bonds and from the early redemption of those outstanding in March 2015.

Intek Group's **reclassified net financial position** as at 31 March 2015, compared with 31 December 2014, is broken down as follows:

Reclassified net financial position			
(in thousands of Euro)		*31 Mar. 2015*	*31 Dec. 2014*
Cash and Cash Equivalent		(36,947)	(736)
Current financial receivables due from subsidiaries		(7,892)	(7,135)
Current receivables for indemnities due from subsidiaries		(2,826)	(3,892)
(A) Net financial assets	**(A)**	**(47,665)**	**(11,763)**
Short-term financial payables		3,375	5,870
Financial payables due to subsidiaries		37,584	36,137
(B) Short-term financial payables	**(B)**	**40,959**	**42,007**
(C) Short-term net financial position	**(A) - (B)**	**(6,706)**	**30,244**
Long-term financial payables		1,671	1,690
Intek Group 2012 – 2017 participative financial instruments		-	48,662
Intek Group 2012 – 2017 bonds		-	11,328
Intek Group 2015 – 2020 bonds		101,704	-
(D) Medium to long term financial payables		**103,375**	**61,680**
(E) Net financial position	**(C) - (D)**	**96,669**	**91,924**
Non-current receivables for indemnities due from subsidiaries		(1,657)	(1,675)
Non-current financial receivables due from subsidiaries		(477)	(449)
Non-current financial receivables due from banks		(673)	(672)
(F) Non-current financial receivables		**(2,807)**	**(2,796)**
(G) Reclassified net financial position	**(E) + (F)**	**93,862**	**89,128**

(E) Definition pursuant to communication CONSOB DEM 6064293 of 28 July 2006 in application of the CESR recommendations of 10 February 2005.

The **Income Statement** below was reclassified by indicating in a special section the results of the investments, including their operating costs.

Reclassified Income Statement		
(in thousands of Euro)	*1st quarter 2015*	*1st quarter 2014*
Fair value change and other operating expenses/income of investments	8	286
Commissions on guarantees given	1,053	1,313
Operating costs of investments	(175)	(89)
Gross profit (loss) of investments	**886**	**1,510**
Net operating costs	(1,199)	(1,139)
Interest income	83	137
Interest expense	(1,657)	(1,753)
Profit (loss) on continuing operations	**(1,887)**	**(1,245)**
Non-recurring income/(expense)	(223)	21
Profit before taxes	**(2,110)**	**(1,224)**
Taxes for the year	171	-
Net Profit for the year	**(1,939)**	**(1,224)**

The **Net profit (loss)** of the holding as at 31 March 2015, in the absence of fair value changes, is a negative Euro 1.9 million compared to a negative Euro 1.2 million of the corresponding period last year. The difference is related mainly to lower commission income and to non-recurring expenses of Euro 0.2 million. Operating costs are still in line with the corresponding period last year. Interest expense, albeit down compared to the first quarter of 2014, was affected for the period from 20 February 2015 to 20 March 2015 by the presence of the new bond loan and by the previous subscribed debt instruments not subscribing to the exchange offer.

Financial flows recorded in the first three months of 2015 are broken down as follows:

Statement of cash flows – indirect method			
(in thousands of Euro)		*1st quarter of 2015*	*1st quarter of 2014*
(A) Cash and cash equivalents at the beginning of the year		**736**	**930**
Profit before tax		(2,110)	(1,224)
Amortisation and depreciation of tangible and intangible assets		17	25
Impairment losses (reversal of impairment losses) on current and non-current financial assets		52	28
Changes in provision for pensions, post-employment benefits and stock options		12	17
Changes in provisions for risks and charges		-	(7)
(Increase) decrease in investments		(100)	6
(Increases) decreases in other financial investments		(160)	-
Increases (decreases) in financial payables to associates		362	(2,710)
(Increases) decreases in financial receivables from associates		(309)	4,075
(Increases) / decreases in current receivables		(800)	234
Increases / (decreases) in current payables		(54)	(1,438)
(B) Total Cash flows from operating activities		**(3,090)**	**(994)**
(Increases) in non-current intangible assets and property, plant and equipment		-	(1)
Increases/decreases in other non-current assets/liabilities		-	(194)
(C) Cash flows from investing activities		**-**	**(195)**
(Purchase) sale of treasury shares		(93)	372
Bond issue and Early Redemption		40,822	-
Payment of interests on Bonds		(2,820)	-
Increases (decreases) in current and non-current financial payables		1,392	600
(D) Cash flows from financing activities		**39,301**	**972**
(E) Change in cash and cash equivalents	**(B) + (C) + (D)**	**36,211**	**(217)**
(F) Cash and cash equivalents at the end of the period	**(A) + (E)**	**36,947**	**713**

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With regard to the **business outlook**, the results will depend on the performance of each investment also due to divestment transactions on former Intek activities. The commission on guarantees given in the interest of subsidiaries will also accrue. As regards performance of the equity investments, please refer to the provisions of the following sections on development in the sectors that the Group invests in.

Performance in the various investment sectors

<u>Copper sector</u>

The “copper” sector includes the production and marketing of copper and copper-alloy semi-finished products by German subsidiary KME AG, and is the Intek Group’s main industrial investment.

The demand for semi-finished products in copper and its alloys in the markets of reference, considering the wide range of their uses, continues to be affected by the general performance of the economic activity, which continues in an uneven and different manner among the main countries, with still moderate rates of growth albeit clearly expansionary monetary policies in major advanced countries.

In the first months of 2015, the economic strengthening was confirmed in the United States (except for a period of slowdown due to the hard winter conditions) and in the UK, and GDP started to grow again also in Japan. In major emerging economies, the signs of slowdown of the growth rate in China were confirmed by the most recent figures, caused by the weakening of domestic demand, in particular the one deriving from constructions, not fully offset by the recovery in foreign demand. In Russia, the deterioration of the economic and financial situation continued both due to the economic sanctions and to the decline in oil prices, whereas in Brazil the economic situation worsened starting from the beginning of the year, also affected by monetary restrictions; growth remains rather strong in India.

In the Eurozone, where the KME Group is mostly present, the recovery of production is still modest and differentiated among the major economies; the reduction of the impulse given by foreign demand has not yet been offset by a sufficient recovery of domestic demand. In particular, growth is more pronounced in Germany, driven by all the main components of demand, whereas in France and Italy, the activity increased only slightly. Therefore, this recovery is still uncertain.

As described in the previous Reports on operations, the difficult macroeconomic scenario, which worsened the structural production over-capacity of some segments resulting in pressure on prices, induces the operating units of the “copper” sector to strengthen the operational efficiency and organisational flexibility and, at the same time, to enhance business with a view to increasing the focus of resources towards products with higher added value and markets with higher growth. This strategy leads us to eliminate the non-core operations, which are too small or not competitive, and to decrease complexity promoting cash generation, identifying solutions, also through agreements or partnerships, for the development of those sectors which are not able to achieve an acceptable yield for the resources used. The repeatedly reported agreements concluded in 2014 in China and Great Britain go in that direction. The aim of the first one is to implement a plant for the production of rolled sections for connectors in the Province of Henan (Xinxiang City) in partnership with the leading local operator, Golden Dragon; the aim of the second one was the sale of copper sanitary fixtures produced locally and the concentration of commercial resources on the other businesses of the KME Group on the UK market.

With a view to maximising production efficiency and commercial effectiveness, while continuing to pursue the strategy of alliances with major industry players, the change in the organisational structure of the KME Group is in progress with the separation of the management of the business of special products, of brass bars and of the German business of standard products from that of the business of standard products in Italy, France and Spain. The separation will enable a more effective management through the reduction of overcapacity production; in this regard, renovation projects of some production sites of the KME Group are being studied with significant impacts in terms of recovery of production efficiency and profitability.

As for the market trend, the demand for **semi-finished products in copper and its alloys for the building sector** is still characterised by a fundamental weakness. However, the first months of 2015 showed some signs of improvement in the sales of rolled sections. The weakness in demand continues to counter the positive effect deriving from the increase in the added value obtained with the price policy as well as with an incisive programme of promotion of innovative solutions in the field of house, its furniture and of big public spaces in general; the use of the special TECU-Gold copper-zinc-aluminium alloy chosen by the architects for the external facing of the entrance hall of the big exposition pavilion of the Arab Emirates at 2015 Milan EXPO is a recent example.

The sales volumes of construction pipes are still weak, with prices under pressure.

The pattern of demand for **semi-finished products in copper and its alloys for the industrial sector** confirmed the signs of stability, albeit different in each sector. The sales volumes of industrial rolled sections increased compared to the last months of 2014 with more stable prices. The industrial pipes confirm the year-end improvements in terms of volumes and prices remain unchanged.

The revenue of special products remains at the average level of 2014, reflecting the substantial stability of the economic activity in the main emerging countries; prospects are closely linked to their recent economic developments.

The negative trend reversal of the market of bars recorded in the last two quarters of 2014 continued in the first months of 2015.

With regard to the economic performance of the sector, the industrial and commercial measures continue to determine their positive effects on costs, but they are not sufficient to offset the decline in sales. In the first quarter of 2015, the revenue net of raw materials was lower than in the same period of 2014 by 11.3% (9% on a comparable consolidation basis) whereas it increased by 11.6% compared to that recorded in the fourth quarter of 2014, showing the signs of recovery in demand in recent months.

The operating profitability as at 31 March 2015 decreased by 32.0% compared to the first quarter of 2014, partly as a result of the lower contribution resulting from the optimisation of the use of raw materials because of the lower availability of scrap on the market, increasing their cost, but it is up compared to the last quarter of last year (quarterly EBITDA increased from Euro 5.8 million to Euro 10.0 million).

Key consolidated results of the copper sector

(million Euro)	*31.03.2015*	*31.03.2014*
Consolidated Revenue	**538.1**	**558.5**
Revenue (not including raw materials)	**151.6**	**171.0**
EBITDA	**10.0**	**14.7**
EBIT	**0.9**	**4.6**
Profit (loss) before non-recurring items	**(7.4)**	**0.6**
Non-recurring income/(expense)	***(1.9)***	***38.7***
Effect of IFRS measurement of inventories	***(12.2)***	***(7.7)***
Consolidated pre-tax profit	**(22.1)**	**31.7**
Net Debt	**223.2 (31.03.2015)**	**242.8 (31.12.2014)**
Equity	**118.9 (31.03.2015)**	**131.8 (31.12.2014)**

The **Consolidated Revenue of the quarter** as at 31 March 2015 amounted to a total of Euro 538.1 million, down by 3.6 % on 2014, when it was Euro 558.5 million. The lower volumes affected this reduction. Net of the value of raw materials, revenue decreased from Euro 171.0 million to Euro 151.6 million, reporting a decrease of 11.3% (9% on a comparable consolidation basis) but up compared to Euro 135.8 million in the fourth quarter of 2014.

The **EBITDA** as at 31 March 2015 is Euro 10.0 million; down by 32.0% compared to 2014, when EBITDA was Euro 14.7 million, and up by 72% compared to the fourth quarter of 2014. The cost of labour and other operating costs dropped confirming the positive effect of the efficiency and flexibility measures adopted to counter the reduction in production, thanks also to the agreements reached with the trade unions which made it possible, among other things, to forestall employment terminations by using the social measures and fine tuning the performance bonuses. As previously described, the operating profitability was affected by the decrease in margins deriving from the optimisation of the use of raw materials due to the lack of scrap on the market. The operating profit of the first quarter of 2015 compared to net revenue is 6.6%, down compared to 8.6% of the first quarter of 2014 but up compared to 4.2% of the last quarter of 2014. **EBIT** stood at Euro 0.9 million (Euro 4.6 million in 2014).

The **Loss before non-recurring items** was Euro 7.4 million (profit of Euro 0.6 million in 2014).

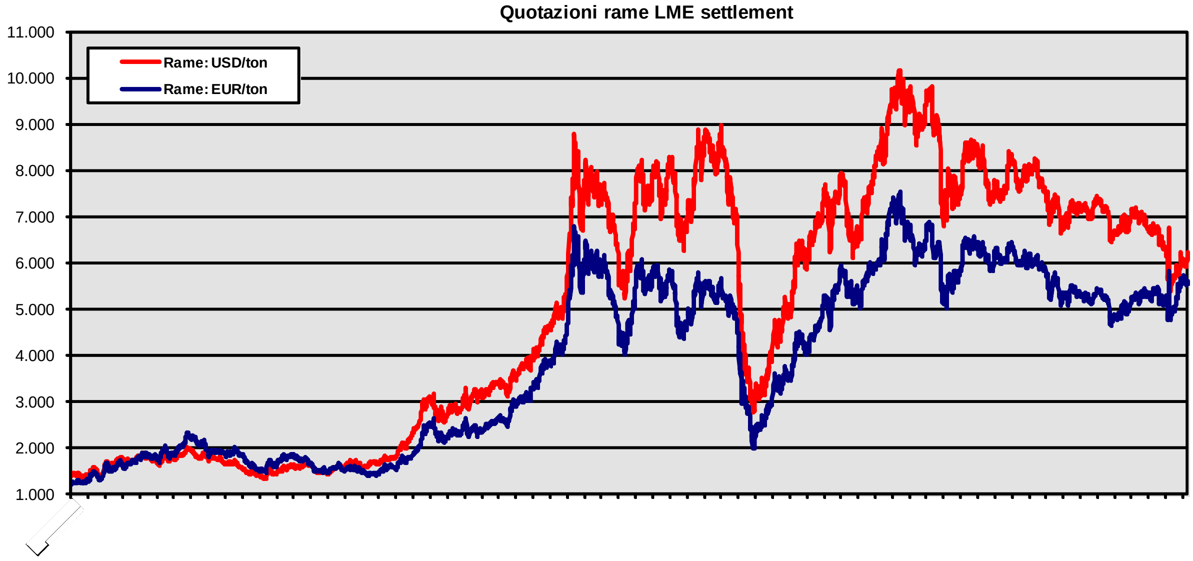
The **Consolidated result, not including taxes,** of the copper sector shows a loss of Euro 22.1 million (compared to a profit of Euro 31.7 million in 2014 due to the contribution of capital gains achieved with the sale of activities of sanitary fixtures in Great Britain and with the outsourcing of German activities in the sector of connectors converged in the joint venture in China, transactions already described previously).

The **Net Financial Position** as at 31 March 2015 was a negative Euro 223.2 million, reducing with respect to the value at the end of December 2014 when it was Euro 242.8 million. The lower debt derives from the further optimisation of the working capital.

With regard to **business outlook**, the prospects of the economic performance of the copper sector of the Intek Group during the current financial year are closely related to the implementation of the expected recovery of the economic activity in Europe; the new context will help reduce the increased competitiveness on the markets that contributed to the decline in margins in the last quarters. In order to deal with this phenomenon, the management is defining reorganisation programmes of production in the various sectors of activity in order to improve the competitive positioning compared to the main competitors.

The **price of copper** during the 1st quarter decreased by 17.1% in US$ in 2015 compared to the same period of the previous year (decreasing from US$ 7,041/ton to US$ 5,835/ton) and remained stable in Euros (from Euro 5,142 to Euro 5,185). In terms of trend, the average prices of copper in the first quarter 2015 recorded a decrease with respect to those of the fourth quarter of 2014, equal to 11.9% in US$ (from US$ 6,621/ton to US$ 5,835/ton), and a reduction of 2.1% in Euro (from Euro 5,298 to Euro 5,185).

The average price of copper increased to US$ 6,028/ton in April, corresponding to Euro 5,593/ton.



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Sector of financial and real estate assets

This sector comprises the assets that were part of Intek SpA and of its subsidiaries in the past in addition to the investment in the sector of energy from renewable sources and of energy savings made by means of the equity investment in ErgyCapital.

The Intek Group carries on with the creation of value from these assets and from the investments in operations in the special situations sector where it has developed significant experience in bankruptcy proceedings, especially in compositions with creditors after bankruptcy.

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Private Equity

There were no significant events in the quarter under consideration for the investments of Fondo I2 Capital Partners of which Intek holds a share of 19.15%.

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Special situations

FEB – Ernesto Breda SpA and its subsidiaries Bredafin Innovazione SpA in liquidation and Breda Energia SpA in liquidation continued to collect the tax credits that totalled Euro 0.9 million in the quarter.

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Real estates

The subsidiary I2 Real Estate Srl completed in the first quarter of 2015 the performance of the agreement signed with Cassa Nazionale di Previdenza ed Assistenza a favore dei Ragionieri e Periti Commerciali.

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Renewable energy

Intek Group holds 49.04% of the share capital of ErgyCapital and, as a result of the rescission of the shareholders' agreement existing until 21 January 2015, it actually acquired control of it.

ErgyCapital SpA continued its activity reporting revenues of Euro 3.1 million in the first quarter of 2015 and an EBITDA of Euro 1.2 million. The corresponding values of the first quarter of 2014 were Euro 3.1 million and Euro 1.1 million, respectively. The increase in EBITDA is due to the careful management of operating costs and to the reduction in structure costs.

The net financial position shows a debt of Euro 71.5 million reporting a marginal increase (Euro 71.3 million as at 31 December 2014) exclusively due to the negative change in fair value of hedging contracts.

For further information on the operating performance of ErgyCapital refer to the documentation made available by the Company.

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Group results

It should be noted that, following the application of the principle relating to the investment entities occurred at the end of the 2014 financial year, the values of the consolidated financial statements are aligned with those of the separate financial statements except for the effects of the fair value measurement of the investments held by the sub-holding KME Partecipazioni and of the adjustment of the Group shareholders' equity due to the shares of the Intek Group held by KME Partecipazioni.

As a result of the exclusion from the consolidation of the industrial investment in KME AG, the management income statement that showed the impacts of the different valuation of stocks is no longer presented. The statements are currently modified by making them similar to those already used for preparing the separate financial statements as at 31 December 2014. The figures are compared with those of the same period of the previous financial year and, in order to allow a better comparison, the latter were restated by reclassifying in a single item costs and revenues related to the previously consolidated assets. Starting from the first quarter of 2015, the results are presented net of the taxes for the period.

The consolidated financial statements include now, in addition to the Parent company, the subsidiaries in furtherance of the company object for the totality of KME Partecipazioni, I2 Capital Partners SGR and I2 Real Estate.

Consolidated Income Statement

(in thousands of Euro)	*1st quarter 2015*	*1st quarter 2014*
Net operating income of Equity investments	1,986	4,370
Commissions on guarantees given	1,045	1,314
Other income	470	748
Personnel expenses	(673)	(530)
Amortisation, depreciation and impairment loss	(49)	(30)
Other operating costs	(1,125)	(1,349)
Operating profit/(loss)	**1,654**	**4,523**
Financial income	138	151
Financial expense	(1,642)	(1,737)
Net financial expenses	*(1,504)*	*(1,586)*
Profit (loss) on continuing operations	**150**	**2,937**
Non-recurring income/(expense)	(223)	(13)
Profit/(loss) before taxes	**(73)**	**2,924**
Current taxes	(18)	-
Deferred taxes	169	-
Total income taxes	**151**	**-**
Net result from Investment Entity activities	**78**	**2,924**
Net result from previously consolidated assets	-	33,612
Profit/(loss) for the period	**78**	**36,536**

In reference to the **equity situation**, the consolidated shareholders' equity can be summarised as follows:

Consolidated shareholders' equity		
(in thousands of Euro)	*31 Mar. 2015*	*31 Dec. 2014*
Share capital	314,225	314,225
Reserves	127,980	(27,738)
Profit/ (Loss) for the period (*)	78	155,851
Equity attributable to owners of the Parent	**442,283**	**442,338**
Equity attributable to non-controlling interests	-	-
Total shareholders' equity	**442,283**	**442,338**

(*) before taxes for 2014

The 2014 profit/(loss) for the period benefited from the effects of the application of the principle related to the investment entities of Euro 146.6 million.

Group Financial Debt at 31 March 2015 stood at Euro 32.8 million compared to Euro 30.3 million at the end of 2014. As at 31 March 2015, the Group had liquidity and investments in flexible instruments readily convertible into cash of Euro 84.0 million.

Consolidated net financial position			
(in thousands of Euro)		*31 Mar. 2015*	*31 Dec. 2014*
Short-term financial payables		1,746	5,140
Medium- to long-term financial payables		1,482	1,482
Financial payables due to Group companies		20,912	20,372
(A) Financial payables	**(A)**	**24,140**	**26,994**
Cash and Cash Equivalent		(65,773)	(48,940)
Other financial assets		(18,256)	-
Financial receivables due from Group companies		(8,987)	(7,772)
(B) Cash and current financial assets	**(B)**	**(93,016)**	**(56,712)**
(C) Consolidated net financial position prior to securities in circulation	**(A) + (B) + (C)**	**(68,876)**	**(29,718)**
(D) Debt securities in circulation (net of interest)		**101,704**	**59,990**
(E) Consolidated net financial position	**(D) + (E)**	**32,828**	**30,272**

(F) Definition from Consob communication DEM/6064293 dated 28.07.06 enforcing the CESR recommendations dated 10 February 2005.

The net consolidated invested capital was as follows:

Net consolidated invested capital		
(in thousands of Euro)	*31 Mar. 2015*	*31 Dec. 2014*
Net non-current assets	456,541	454,377
Net working capital	17,228	17,900
Net deferred taxes	7,032	6,905
Provisions	(5,690)	(6,572)
Net invested capital	**475,111**	**472,610**
Total shareholders' equity	442,283	442,338
Net financial position	32,828	30,272
Financing	**475,111**	**472,610**

"Net Invested Capital" is a financial indicator which is not envisaged by the IFRS and should not be considered as an alternative to the indicators envisaged the IFRS. Its components are given here below:

- *"Net non-current assets" consists of the sum of non-current assets except for deferred tax assets.*
- *"Net working capital" consists of the sum of the items "Trade receivables" net of "Trade payables" and "Other current assets/liabilities", except for the items previously considered in the definition of "Net financial debt".*
- *"Net provisions" includes the items "Employee benefits" and "Provisions for risks and charges".*

Other information:

Parent Company and shareholding structure

The company is controlled by Quattroduedue Holding BV which is based in Amsterdam (Holland), Kabelweg 37, through Quattroduedue SpA, a wholly owned subsidiary of the aforementioned Quattroduedue Holding BV. As at 31 March 2015 Quattroduedue SpA held 158,067,506 Intek Group ordinary shares, or 45.749% of the company's ordinary share capital.

* * *

It is noted that the company's Board of Directors, at its meeting on 14 September 2012, decided, among other things, to make use of the exception envisaged by articles 70, paragraph 8, and 71-bis of the Issuers' Regulation, which gives the company the right to be exempt from the obligation to publish a Prospectus on significant operations in terms of mergers, divisions, share capital increases through transfers of goods in kind, acquisitions and disposals.

Transactions with related parties

Related party transactions, included intercompany transactions, were neither atypical nor unusual, in that they were part of the Group's companies day to day business and were all conducted on an arm's length basis or according to standard criteria.

The Intek Group holds loans with regard to the parent company Quattroduedue SpA totalling Euro 1.5 million, of which Euro 1.2 million interest-bearing at the Euribor, plus a spread equal to 100 basis points and Euro 0.3 million interest-bearing at the Euribor, plus a spread equal to 300 basis points.

As at 31 March 2015, there were loans receivable with regard to ErgyCapital (Euro 4.1 million of KME Partecipazioni) and Culti Srl (Euro 2.3 million of which Euro 1.4 million by the Intek Group).

Disputes and legal cases

There are no new elements in the other legal cases the Company and the Group are party thereto and that are disclosed in the Annual Report.

Business outlook

Operational performance will be useful for the performance of the individual investment sectors.

Significant events after 31 March 2015

There are no significant events other than those already described in the previous pages.

Accounting statements regarding the Interim Director's Report as at 31 March 2015

The Interim Directors' Report as at 31 March 2015, not subject to audit, was prepared in observance of art. 154ter of the Consolidation Finance Act and with the requirements for measurement and recognition under International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission in accordance with the procedure set forth in article 6 of Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002, as well as with the requirements in implementation of article 9 of Legislative Decree 38/2005, if applicable.

The consolidated financial position refers to the end of the quarter in consideration and to 31 December 2014, i.e. the reporting date of the previous financial year.

Consolidated income statement information is provided with reference to the first three months of 2015. In view of the fact that during the period the activity was only by investment entities, the statements are currently modified by making them similar to those already used for preparing the separate financial statements as at 31 December 2014. The figures are compared with those of the same period of the previous financial year and, in order to allow a better comparison, the latter were restated by reclassifying in a single item costs and revenues related to the previously consolidated assets.

Starting from the first quarter of 2015, the results are presented net of the taxes for the period.

Consolidated Balance Sheet

Statement of financial position		
(in thousands of Euro)	*31-Mar-2015*	*31-Dec-14*
Equity investments and quotas of funds	439,769	437,860
Non-current financial assets	12,044	11,760
Investment property	4,461	4,488
Property, plant and equipment	436	456
Goodwill	1,000	1,000
Intangible assets	4	4
Other non-current assets	484	484
Deferred tax assets	8,759	8,633
Total non-current assets	**466,957**	**464,685**
Current financial assets	30,633	12,131
Trade receivables	12,471	11,040
Other current receivables and assets	12,343	14,636
Cash and cash equivalents	65,773	48,940
Total current assets	**121,220**	**86,747**
Non-current assets held for sale	1,559	1,559
Total assets	**589,736**	**552,991**
Share capital	314,225	314,225
Reserves and Profit (Loss) for the Year	128,058	128,113
Equity attributable to the Group	**442,283**	**442,338**
Minority interests	-	-
Total equity	**442,283**	**442,338**
Employee benefits	481	471
Deferred tax liabilities	1,727	1,728
Non-current financial payables and liabilities	104,843	63,147
Other non-current liabilities	938	938
Provisions for risks and charges	5,209	6,101
Total non-current liabilities	**113,198**	**72,385**
Current financial payables and liabilities	25,484	29,404
Trade payables	1,604	1,276
Other current liabilities	7,167	7,588
Total current liabilities	**34,255**	**38,268**
Total liabilities and equity	**589,736**	**552,991**

Income statement

Consolidated Income Statement		
(in thousands of Euro)	*1st quarter 2015*	*1st quarter 2014*
Net operating income of Equity investments	1,986	4,370
Commissions on guarantees given	1,045	1,314
Other income	470	748
Personnel expenses	(673)	(530)
Amortisation, depreciation and impairment loss	(49)	(30)
Other operating costs	(1,348)	(1,362)
Operating profit/(loss)	**1,431**	**4,510**
Financial income	138	151
Financial expense	(1,642)	(1,737)
Net financial expenses	*(1,504)*	*(1,586)*
Profit/(loss) before taxes	**(73)**	**2,924**
Current taxes	(18)	-
Deferred taxes	169	-
Total income taxes	**151**	**-**
Net result from Investment Entity activities	**78**	**2,924**
Net result from previously consolidated assets	-	33,612
Profit/(loss) for the period	**78**	**36,536**

The breakdown of the item “Net result from previously consolidated assets” related to the first quarter of 2014 is the following:

Revenue from sales and services	558,462
Change in inventories of finished and semi-finished products	1,706
Capitalised internal work	359
Other operating income	48,785
Purchases and change in raw materials	(416,800)
Personnel expenses	(73,963)
Amortisation, depreciation and impairment loss	(8,770)
Other operating costs	(70,612)
Financial income	3,541
Financial expense	(9,227)
Minority interests	131
Net result from previously consolidated assets	**33,612**

Milan, 12 May 2015

The Board of Directors

Declaration of the Financial Reporting Manager in compliance with the provisions of art. 154-bis, paragraph 2 of Legislative Decree 58/1998 (Consolidated Law on Finance (TUF)

The Financial Reporting Manager, Giuseppe Mazza, hereby declares that, pursuant to art. 154-bis, paragraph 2 of the Consolidated Law on Finance, (Italian Legislative Decree no. 58/1998), the accounting information contained in this Intermediate report on operations as at 31 March 2015 corresponds to the company's documents, books, and accounting records.

Financial Reporting Manager
(signed Giuseppe Mazza)