

INTERCOS GROUP
Global Cosmetic Manufacturer

INTERIM REPORT
AT SEPTEMBER 30, 2015

PREPARED IN ACCORDANCE WITH IFRS
ENDORSED BY THE EUROPEAN UNION

Intercos S.p.A.
Headquarters in Milan, Italy
Piazza Eleonora Duse 2

Company information

BOARD OF DIRECTORS

Name	Position
Dario Gianandrea Ferrari	Chairman and Chief Executive Officer
Ludovica Arabella Ferrari	Director
Gianandrea Ferrari	Director
Thukral Nikhil Kumar	Director
Chu James Michael	Director

BOARD OF STATUTORY AUDITORS

Name	Position
Nicola Pietro Lorenzo Broggi	Chairman
Matteo Tamburini	Standing Auditor
Maria Maddalena Gnudi	Standing Auditor
Francesco Molinari	Alternative Auditor
Simone Alessandro Marchiò	Alternative Auditor

INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A.

REPORT ON OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

Introduction

The Interim Report at September 30, 2015 of the Intercos Group is prepared in accordance with the provisions of art. 154 ter, paragraph 5 of Legislative Decree 58/98 – T.U.F., and subsequent modifications and additions, and drawn up in accordance with IAS 34 – “Interim Financial Reporting”, issued by the International Accounting Standards Board (IASB).

The notes to the interim consolidated financial statements at September 30, 2015, in accordance with IAS 34, are presented in a condensed form and do not include all the information that would be required for annual financial statements, in that they solely refer to those components which, by amount, composition or variation, are necessary for an understanding of the results of operations, cash flows and financial position of the Group as of that date. Therefore, the Interim Report should be read in conjunction with the 2014 consolidated financial statements of Intercos S.p.A.

The same accounting policies and basis of preparation are adopted in the Interim Report as are applied in the annual consolidated financial statements at December 31, 2014.

All amounts are expressed in thousands of Euro , unless otherwise indicated.

The preparation of the Interim Report required the use of estimates by management.

Key data of the Group are as follows:

	<i>in € thousands</i>	
Statement of Financial Position	9/30/2015	12/31/2014
Non-current assets	217,980	217,493
Current assets	195,822	190,573
Total Assets	413,802	408,066
Non-current liabilities	194,693	181,385
Current liabilities	110,302	129,828
Equity	108,808	96,854
Total Equity and Liabilities	413,802	408,066

in € thousands

Income Statement highlights	9 months to 9/30/2015	9 months to 9/30/2014
Revenues from sales and services (Sales)	288,265	255,644
Other revenues and income	3,578	3,063
Operating expenses	(250,081)	(220,105)
Gross operating profit (EBITDA)	41,762	38,602
Operating profit (EBIT)	25,358	25,595
Profit before taxes (EBT)	14,896	18,728
Profit for the period	7,561	10,519

in € thousands

Sales by Business Unit	9 months to 9/30/2015	9 months to 9/30/2014
Make Up	248,103	223,420
Skin Care	40,162	32,224
Total	288,265	255,644

in € thousands

Sales by geographical area	9 months to 9/30/2015	9 months to 9/30/2014
Americas	115,965	90,362
EMEA	135,467	133,422
Asia	36,620	31,860
Total	288,265	255,644

in € thousands

Net financial position	9/30/2015	12/31/2014
Current net financial position	(2,452)	17,370
Non-current net financial position	173,260	157,971
Total Net financial position	170,808	175,341

number

Headcount	9/30/2015	12/31/2014
Executives and mid-level managers	219	205
White-collars	837	801
Blue-collars	1,939	1,502
Total headcount	3,985	2,508

Profit and Financial Performance

In the first nine months of 2015 the Group reported revenues from sales of €288,265 thousand compared to €255,644 thousand in the first nine months of 2014, with an increase of €32,620 thousand, or 13%.

EBITDA for the first three quarters of 2015 is a positive €41,762 thousand.

Operating profit for the nine months ended September 30, 2015 is €25,358 thousand (the operating profit margin is 9%).

Capital expenditures in property, plant and equipment and intangible assets from January 1, 2015 to September 30, 2015 total €8,463 thousand and €4,127 thousand, respectively.

The consolidated net financial position is equal to €170,808 thousand compared to €175,341 thousand at December 31, 2014, with an improvement of €4,533 thousand.

Total equity comes to €108,808 thousand compared to €96,854 thousand at December 31, 2014, with an increase of €11,954 thousand.

Structure of the Group

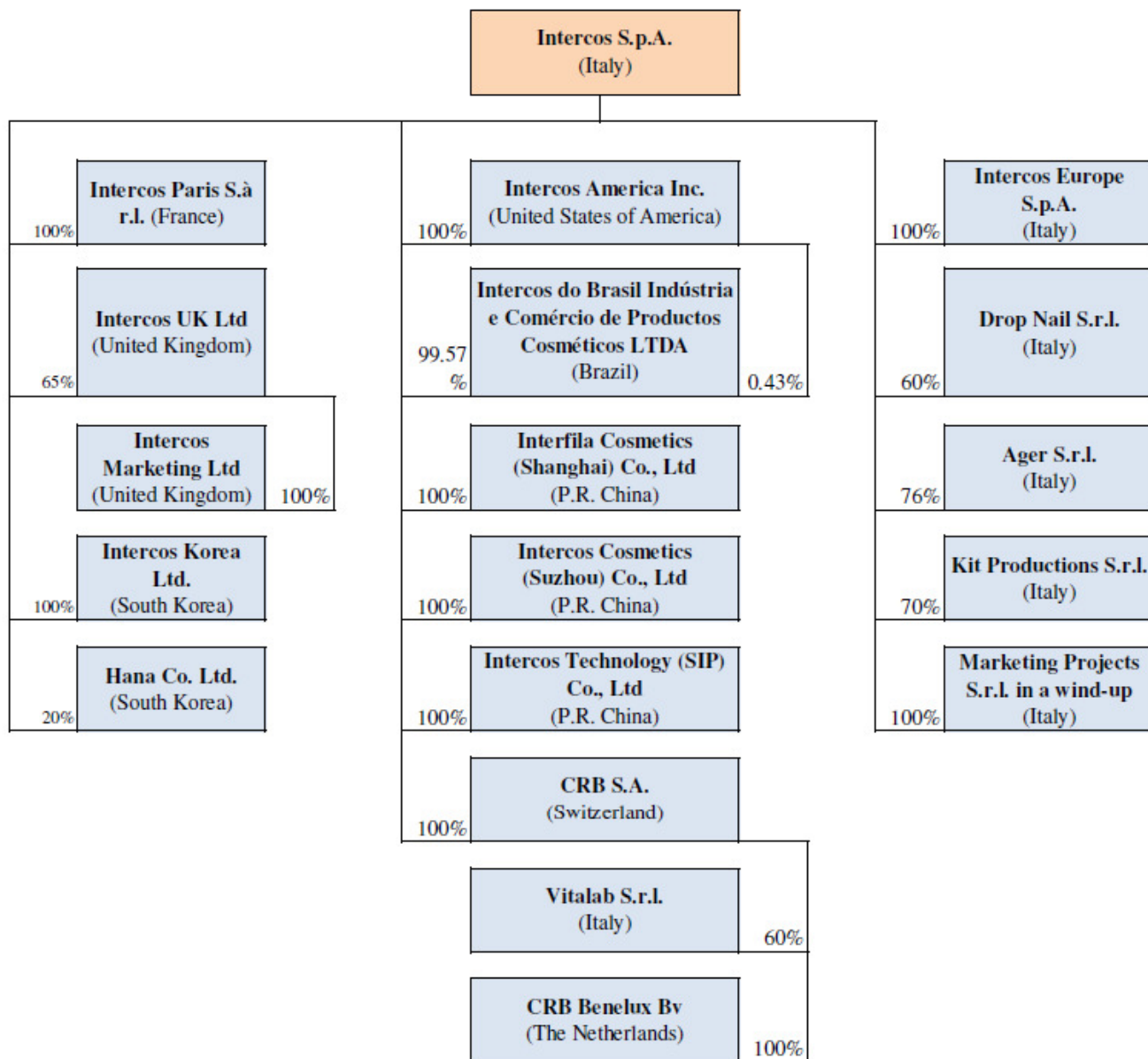
Group organization. Intercos S.p.A. is a corporation organized under the laws of the Republic of Italy and its registered office is in Milan, Italy, Piazza Eleonora Duse 2.

Starting from the end of 2013 the Group's business was reorganized and is now aggregated into two areas identified on the basis of its operating segments below:

- ***Make up Business Unit:*** specialized in the creation, development, manufacture and marketing of powders, emulsions, lipsticks, nail polishes and types of cosmetics using delivery systems in the form of pens/pencils for the face, eyes and lips
- ***Skin Care Business Unit:*** specialized in the manufacture and marketing of cosmetic and skin care creams.

The Group's main production sites are the plant facilities in Italy, America, Switzerland, China and Brazil.

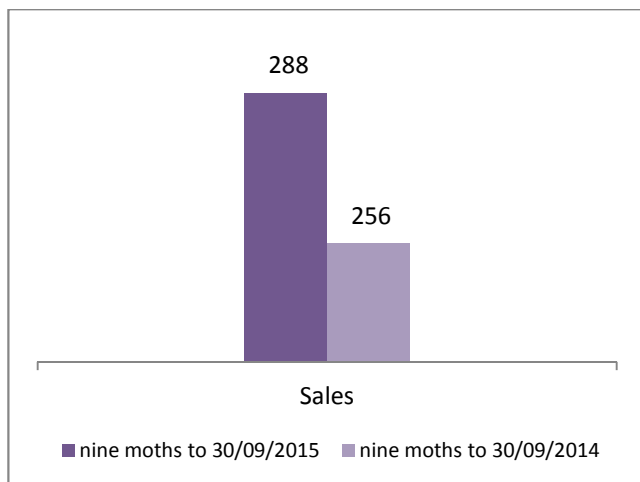
The following is the organization chart of the Group showing the operating companies and those in a wind-up, updated to the closing date of the interim consolidated financial statements at September 30, 2015.



Operating performance

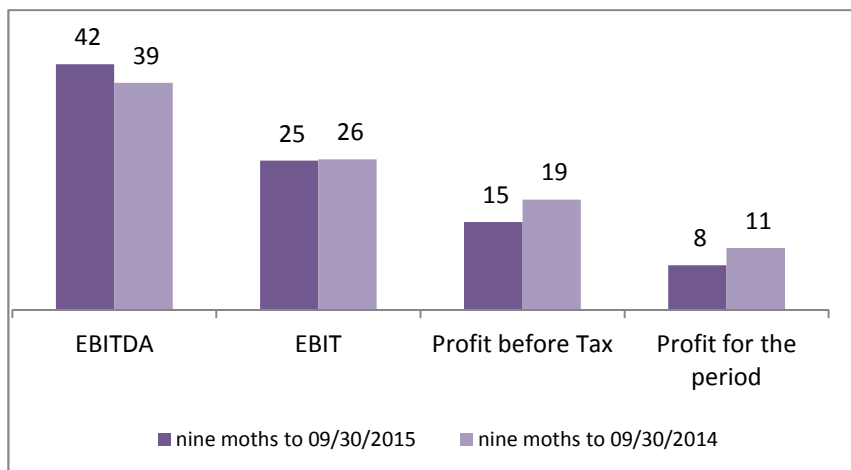
Sales

(in € millions)

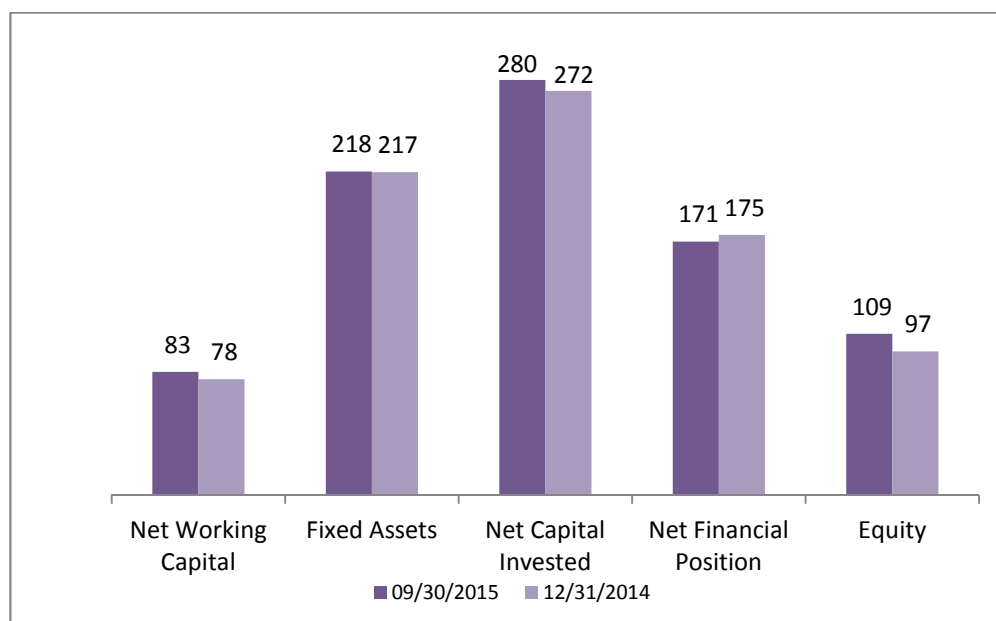


Principal consolidated profit and financial position indicators

(in € millions)



(in € millions)



Review of Operations

COMPOSITION OF THE GROUP

The interim financial statements at September 30, 2015 include the interim financial statements and/or accounting data of Intercos S.p.A. (group holding company) and the subsidiaries and other companies (Italian and foreign) that carry out manufacturing and marketing activities and that are consolidated line-by-line or accounted for using the equity method.

Scope of consolidation:

SUBSIDIARIES

(consolidated line-by-line)

Name	Registered office	Currency	Share capital in thousands of currency indicated	Percentage of control	
				Direct	Indirect
Intercos Europe S.p.A.	Milan	Euro	3,000	100.00%	
Kit Productions S.r.l.	Pessano con Bornago (Milan)	Euro	10	70.00%	
Marketing Projects S.r.l. in a wind-up	Milan	Euro	40	100.00%	
Ager S.r.l.	Monza	Euro	31	76.00%	
Drop Nail S.r.l.	Milan	Euro	50	60.00%	
Intercos Korea Ltd	Seongnam-Gyeonggi (South Korea)	Euro	1,212	100.00%	
Intercos America Inc.	Wilmington (USA)	U.S. dollar	10	100.00%	
Intercos do Brasil	Atibaia (Brazil)	Brazilian real	22,377	99.57%	
Intercos Paris Sarl	Neuilly-sur-Seine (France)	Euro	14	100.00%	
Intercos UK Ltd	Barnstaple (UK)	British pound	1	65.00%	
Intercos Marketing Ltd	South Molton (UK)	British pound	1	65.00%	
CRB S.a.	Puidoux (Switzerland)	Swiss franc	100	100.00%	
Vitalab S.r.l.	Milan	Euro	100		60.00%
CRB Benelux BV	Maastricht (Netherlands)	Euro	18		100.00%
Intercos Technology Co.Ltd.	Suzhou (P.R.C.)	U.S. dollar	3,400	100.00%	

Interfila Shanghai	Shanghai (P.R.C)	U.S. dollar	2,700	100.00%
Intercos Cosmetics Suzhou Co. Ltd.	Suzhou (P.R.C.)	U.S. dollar	12,800	100.00%

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Registered office	Currency	Share capital in thousands of currency indicated	Percentage of control	
				Direct	Indirect
Hana Co.Ltd	Hwasung, South Korea	U.S. dollar	1,500	20.00%	

All amounts in the following accounting statements and tables are expressed in thousands of Euro, unless otherwise indicated.

The exchange rates used for the translation of amounts expressed in currencies other than the Euro are the following:

	Average 9 months to 9/30/2014	Average 9 months to 9/30/2015	Actual at 12/31/2014	Actual at 9/30/2015
U.S. dollar	1.3554	1.11452	1.2141	1.1203
Pound sterling	0.8122	0.72751	0.7789	0.7385
Swiss franc	1.2180	1.06193	1.2024	1.0915
Chinese renminbi (yuan)	8.3592	6.96469	7.5358	7.1206
South Korean won	1.412.53	1.251.79	1.324.80	1.328.27
Brazilian real	3.1043	3.51831	3.2207	4.4808

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT
SEPTEMBER 30, 2015**

Notes to the interim consolidated income statement:

Interim Consolidated Income Statement

(in € thousands)

9 months to 9/30/2015	9 months to 9/30/2014	Year 2014	
288,265	255,644	349,965	Revenues from sales and services
5,106	4,846	(2,991)	Change in inventories of raw materials, semifinished and finished products
3,578	3,063	4,649	Other revenues and income
296,948	263,553	351,623	Production value and other income
(104,437)	(94,426)	(125,253)	Purchases of raw materials, semifinished products, consumables and merchandise
(61,840)	(54,750)	(72,886)	Costs for services and leases and rents
(86,147)	(73,765)	(98,127)	Employee benefit expenses
-	(152)	(378)	Accruals
(2,762)	(1,858)	(3,791)	Other operating expenses
41,762	38,602	51,188	Gross operating profit (EBITDA)
(16,136)	(14,577)	(20,240)	Depreciation, amortization and impairment reversals (losses)
(268)	1,570	(4,298)	Nonrecurring income (expenses)
25,358	25,595	26,650	Operating profit (EBIT)
14,895	18,728	17,747	Profit before taxes (EBT)
(7,355)	(8,209)	(8,196)	Income taxes
7,561	10,519	9,551	Profit for the period

Sales analysis:

The Group companies contributed to sales (revenues from sales and services) as summarized below:

(in € thousands)

9 months to 9/30/2015	9 months to 9/30/2014	Year 2014	Company
685	753	871	Kit Productions S.r.l.
145,804	142,777	191,608	Intercos Europe S.p.A.
(0)	-	-	Intercos S.p.A.
959	415	500	Drop Nail S.r.l.
(1)	-	-	Intercos Korea Ltd
5,477	1,097	2,120	Intercos Do Brasil
3,257	3,254	5,097	Intercos UK Ltd.
74,277	55,966	81,523	Intercos America Inc.
11,574	9,596	12,478	Intercos Cosmetics Suzhou Co. Ltd
32,500	21,554	29,955	Intercos Technology Co. Ltd
12,570	10,533	14,003	Interfila Cosmetics (Shanghai) Co. Ltd
28,774	26,382	35,345	CRB Sa.
(2)	992	(1)	Ager S.r.l.
323	318	425	Vitalab S.r.l.
-	-	-	CRB Benelux B.V.
316,197	273,638	373,924	Aggregate Total
(27,932)	(17,994)	(23,959)	Eliminations
288,265	255,644	349,965	Consolidated Total

Sales of the Company for the nine months ended September 30, 2015 recorded an increase of 13%, or €32,620 thousand, compared to the corresponding period of the prior year.

Sales analysis by Business Unit:

(in € thousands)

Sales by Business Unit	9 months to 9/30/2015	9 months to 9/30/2014	Change	
Make Up	248,103	223,420	24,683	11%
Skin Care	40,162	32,224	7,938	25%
Total	288,265	255,644	32,621	13%

(in € thousands)

Sales by geographical area	9 months to 9/30/2015	9 months to 9/30/2014	Change	
Americas	115,965	90,362	25,603	28%
EMEA	135,467	133,422	2,045	2%
Asia	36,620	31,860	4,760	15%
Total	288,265	255,644	32,621	13%

The differing revenue trends by geographical area for the nine months to September 30, 2015 compared to the corresponding period of the prior year can be summarized as follows:

- The Americas Area records an increase in sales of €25,603 thousand (+28%). The change includes a favorable foreign exchange effect against the U.S. dollar of €12,563 thousand.
- The EMEA Area shows sales of €135,467 thousand compared to €133,422 thousand in the same period of the prior year, with an increase of €2,045 thousand (+2.0%) thanks to the Prestige and Private Label markets.
- The Asia Area reports higher revenues of €4,760 thousand, or +15%, over the first nine months of 2014. This increase is due to a strengthening in the Mass Market segment and the favorable trend in foreign exchange rates.

Operating expenses:

(in € thousands)

9 months to 9/30/2015	9 months to 9/30/2014	Year 2014	Income statement items
(104,437)	(94,426)	(125,253)	Purchases of raw materials, semifinished products, consumables and merchandise
(61,840)	(54,750)	(72,886)	Costs for services and leases and rents
(86,147)	(73,765)	(98,127)	Employee benefit expenses
-	(152)	(378)	Accruals
(2,762)	(1,858)	(2,990)	Other operating expenses
(16,136)	(14,577)	(20,240)	Depreciation, amortization and impairment reversals (losses)
(271,322)	(239,528)	(319,874)	Total

Operating expenses in the first nine months of 2015 grew by €31,794 thousand. The increase can mainly be ascribed to purchases of materials, costs for services and employee benefit expenses due to higher sales volumes and the strong appreciation of the currencies in which the Group operates (USD, RMB and CHF) against the Euro, as well as a further strengthening of investments in the Asia Area and a strengthening of the operating and strategic structures of the Group.

Gross operating profit (EBITDA):

(in € thousands)

9 months to 9/30/2015	9 months to 9/30/2014	Year 2014	Income statement item
41,762	38,602	51,188	Gross operating profit (EBITDA)

EBITDA is a positive €41,762 thousand, an increase of €3,160 thousand over the corresponding period of 2014 despite higher fixed costs and structural investments made by the Group, achieved thanks to higher volumes and a changed product and geographical mix.

Operating profit (EBIT):

(in € thousands)

9 months to 9/30/2015	9 months to 9/30/2014	Year 2014	Income statement item
25,358	25,595	26,650	Operating profit (EBIT)

Operating profit is €25,358 thousand and in line with the operating profit for the same period of 2014 owing to the increase in depreciation and amortization charges relating to capital expenditures in property, plant and equipment and intangible assets and lower net nonrecurring income (expenses). In addition, in September 2014 Intercos had benefited from nonrecurring income of €1,804 thousand originating from the conclusion of the dispute with Tata.

Profit before taxes (EBT):

(in € thousands)

9 months to 9/30/2015	9 months to 9/30/2014	Year 2014	Income statement item
14,895	18,728	17,747	Profit before taxes (EBT)

The profit before taxes (EBT) is €14,895 thousand and a reduction from the €18,728 thousand recorded for the first nine months of 2014 due to higher net financial expenses.

Profit for the period:

(in € thousands)

9 months to 9/30/2015	9 months to 9/30/2014	Year 2014	Income statement item
7,561	10,519	9,551	Profit for the period

The profit for the period of €7,561 thousand, compared to a profit of €10,519 thousand reported for the first nine months of 2014, represents 2.6% of sales.

Comments on the revenues of the main Group companies follow:

Intercos Europe S.p.A.: in terms of sales volumes, Intercos Europe represents the most important company in the Group with revenues of €145,804 to September 30, 2015, an increase of 2% over 2014.

Intercos America Inc.: revenues for the first three quarters of 2015 total €74,277 thousand. As a percentage, the company recorded the highest increase of all the main companies of the Group compared to the corresponding period of 2014 (+33%). Such increase is due to the recovery of the Mass Market segment and the effect of the strengthening of the U.S. dollar against the Euro.

CRB SA: sales recorded an increase of €2,392 thousand, growing from €26,382 thousand in the nine months to September 30, 2014 to €28,774 thousand in the nine months to September 30, 2015 thanks to a favorable CHF/EUR exchange rate.

Intercos Cosmetics Suzhou Ltd.: revenues total € 11,574 thousand compared to €9,596 thousand in the first three quarters of 2014 (+21%) mainly due to the strengthening of the local currency against the Euro.

Intercos Technology Ltd.: this manufacturing facility of the Intercos Group sells on Chinese territory. In the first nine months of 2015 sales rose to €10,946 thousand (+51% compared to the same period of 2014) mainly on account of higher Pencil sales in the Mass Market segment and to the positive change of the foreign exchange rate against the Euro.

Interfila Cosmetics (Shanghai) Ltd : revenues recorded in the first nine months of 2015 showed a gain of 19% (€12,570 thousand compared €10,533 thousand in the first nine months of 2014), mainly due to the strengthening of the local currency against the Euro.

Equity and Financial Structure

The condensed interim reclassified statement of financial position at September 30, 2015 of the Group is presented below with a comparison at the date of December 31, 2014.

(in € thousands)

9/30/2015		12/31/2014
71,879		64,104
85,827	Inventories	90,282
4,41	Trade receivables and other receivables	3,459
-79,047	Income taxes receivable	-79,731
83,069	Current non-financial liabilities (*)	78,114
A.	Net working capital	78,114
95,717	Property, plant and equipment	95,49
95,983	Other intangible assets (**)	94,974
26,281	Other non-current assets (*)	27,029
217,98	B.	217,493
B.	Fixed assets	
-9,117	C.	-9,245
C.	Employee severance indemnities	
-1,982	D.	-4,313
D.	Provisions	
-10,333	E.	-9,856
E.	Other non-current liabilities (*)	
279,616	F.	272,194
F.	Net capital invested	
-2,452	Financed by:	
173,26	Current net financial position (*)	17,37
170,808	Non-current net financial position (*)	157,971
G.	Total net financial position	175,341
108,808	H.	96,853
H.	Equity	
279,616	I.	272,194
I.	Total (G+H)	

Inventories amount to €71,879 thousand at September 30, 2015 and show an increase of €7,775 thousand compared to December 31, 2014. The change is principally due to the appreciation of the currencies used within the Group (mainly USD, RMB and CHF) and the seasonal nature of the Group's business which causes a part of its production to be concentrated in the first half of the year to meet sales requirements that are stronger in the third and fourth quarters of the year. The increase in inventories for the nine months to September 30, 2015, in fact, is lower than the increase in inventories for the six months to June 30, 2015 (€7,775 thousand at September 30, 2015 compared to €10,206 thousand at June 30, 2015).

Trade receivables amount to €72,295 thousand at September 30, 2015 and show a reduction of €598 thousand (-1%) compared to December 31, 2014 due to the effects of greater efficiency in the management of receivables.

(*) Details of the composition of this item are provided in the "Reconciliation Schedules" on page 20.

(**) Includes goodwill.

Equity increased by €11,954 thousand. This can be explained by the comprehensive income of €12,272 thousand for the first three quarters of 2015 and the difference of €317 thousand representing the capital contribution made by the non-controlling shareholders for the company Drop Nail (€83 thousand) and the negative impact of the consolidation reserve of €400 thousand.

The net financial position decreased by €4,533 thousand compared to December 31, 2014.

Financial data:

The net financial position decreased from €175,341 thousand at December 31, 2014 to €170,808 thousand at September 30, 2015. The change of €4,533 thousand is attributable to the reduction in current financial liabilities that was only partially offset by the increase in non-current financial liabilities. This improvement is the result of an effective management of receivables and working capital.

Details of the Group's debt exposure and cash flows from operating activities are reported below:

The net financial position at September 30, 2015 is composed of the following:

(in € thousands)

9/30/2015		12/31/2014
	Current items:	
-33,707	Cash and cash equivalents	-32,727
31,255	Borrowings from banks and other lenders and other financial payables	50,097
(2,452)	Total net current net financial position	17,37
	Non-current items:	
173,26	Borrowings from banks and other lenders and other financial payables	157,971
173,26	Non-current net financial position	157,971
	Total net financial position:	
170,808	(Cash) indebtedness	175,341

Borrowings from banks and other lenders

Details of Borrowings from banks and other lenders, with an indication of the relative due dates, are provided in the following table:

(in €)

9/30/2015	Short-term	Medium-term	Long-term	Total
Intecos S.p.A. bonds	2,369,589	117,389,208	-	119,758,797
Medium/long-term bank borrowings (pool)	2,219,094	46,037,955	-	48,257,049
Medium/long-term bank borrowings (America)	3,340,117	-	-	3,340,117
Medium/long-term bank borrowings (CRB)	453,504	2,065,964	5,775,500	8,294,968
Medium/long-term bank borrowings (Technology)	526,641	1,053,282	201,094	1,781,017
Drop Nail loan	177,250	23,483	-	200,734
Law 46 /Mediocredito	312,707	-	-	312,707
Finance leases payable	235,714	713,135	-	948,849
Fair value of derivatives	-	-	-	-
Medium/long-term debt	9,634,616	167,283,028	5,976,594	182,894,238
Revolving credit facility Intecos S.p.A.	-	-	-	-
Revolving credit facility Intecos America	-	-	-	-
Revolving credit facility Intecos China	10,391,007	-	-	10,391,007
Bank overdrafts	1,135,570	-	-	1,135,570
Advances on invoices	10,093,964	-	-	10,093,964
Short-term debt	21,620,541	-	-	21,620,541
Borrowings from other lenders	-	-	-	-
Factoring companies payable	-	-	-	-
Total	31,255,157	167,283,028	5,976,594	204,514,779

Details of medium/long-term debt outstanding at September 30, 2015 are as follows:

(in € thousands)

Company	Bank	Amount	Internal rate of return	Description
Intecos S.p.A.	Banking pool	12,285	2.46%	Tranche EURO
Intecos S.p.A.	Banking pool	16,236	2.86%	Tranche \$
Intecos S.p.A.	Institutional Investors	119,758	4.26%	Bonds
Intecos Europe S.p.A.	Banking pool	19,736	2.52%	Tranche EURO
		168,016		
Intecos S.p.A.	Other lenders	240	3.36%	Low-rate loan Law 46 grant 11337 (Euro)
Intecos S.p.A.	Other lenders	73	3.93%	Low-rate loan Law 46 grant 11155 (Euro)
		313		
Intecos America Inc	HSBC Bank	3,340	0.20%	Fin. IDA Bonds (in USD)
CRB Sa	SH Bank	92	0.00%	Loan guarantee
CRB Sa	BCV Bank	1,456	1.95%	Mortgage (in CHF)
CRB Sa	UBS Bank	1,814	0.99%	Filling Plant loan (in CHF)
CRB Sa	BCV Bank	4,923	2.18%	Batipius (in CHF)
		8,295		
Intecos Technology	HSBC Bank	1,781	6.32%	LT HSBC loan (in RMB)

Drop Nail	BPM Bank	177	1.75%	Mortgage (in EUR)
Drop Nail	Sparkasse Bank	23	8.36%	Mortgage (in EUR)
		200		

Movements in Property, plant and equipment

Movements in Property, plant and equipment in the first nine months of 2015 are the following:

<i>(in € thousands)</i>	<i>12/31/2014</i>	<i>Increases/ Depreciation</i>	<i>Translation differences Reclassifications</i>	<i>Decreases / Uses</i>	<i>9/30/2015</i>
Historical cost					
Land and buildings	124,946	986	2,365	(2)	128,294
Plant and machinery	110,840	3,020	4,900	(1,845)	116,914
Industrial equipment	32,805	1,015	228	(17)	34,031
Office furniture and equipment	13,080	620	(1,011)	(184)	12,505
Motor vehicles and internal transportation equipment	2,359	209	25	(255)	2,338
Cell phones	21	-	-	-	21
Assets under construction and payments on account	1,080	2,613	281	(110)	3,864
Total	285,130	8,463	6,788	(2,415)	297,968
Accumulated depreciation					
Land and buildings	59,535	4,476	930	(128)	64,814
Plant and machinery	89,007	5,006	1,897	(1,603)	94,307
Industrial equipment	30,186	1,094	47	(22)	31,305
Office furniture and equipment	8,953	818	317	(204)	9,883
Motor vehicles and internal transportation equipment	1,940	190	16	(224)	1,922
Cell phones	20	-	-	-	20
Assets under construction and payments on account	-	-	-	-	-
Total	189,640	11,585	3,207	(2,181)	202,251
Net carrying amount	95,490	(3,121)	3,582	(234)	95,717

Movements in intangible assets in the first nine months of 2015 are the following:

<i>(in € thousands)</i>	<i>12/31/2014</i>	<i>Increases</i>	<i>Decreases/ Adjustments/ Translation differences</i>	<i>Reclassifications</i>	<i>Amortization</i>	<i>9/30/2015</i>
Development costs	11,053	785	219	(13)	(3,215)	8,830
Patents	3,736	508	56	239	(1,009)	3,530
Concessions and licenses	1,045	146	44	(0)	(106)	1,129
Assets under development	3,277	2,687	0	(26)	0	5,937
Other intangible assets	932	0	13	(857)	(73)	15
Total	20,043	4,127	332	(657)	(4,403)	19,442

Other information:

Human resources

The headcount of the Group by company is the following:

12/31/2014	Company	9/30/2015	9/30/2014
5	Kit Productions S.r.l.	5	5
1	Marketing Projects S.r.l.	-	-
838	Intercos Europe S.p.A.	955	905
210	Intercos S.p.A.	217	211
8	Drop Nail S.r.l.	14	8
1	Intercos Asia Pacific Sdn Bhd	-	-
5	Intercos Korea LTD	5	-
50	Intercos Do Brasil	79	37
6	Intercos UK Ltd.	6	6
9	Intercos Paris S.à.r.l.	9	9
5	Intercos Marketing Ltd	5	5
830	Intercos America Inc.	808	674
545	Intercos Cosmetics Suzhou Co. Ltd	582	663
412	Intercos Technology Co. Ltd	832	434
317	Interfila Cosmetics (Shanghai) Co. Ltd	272	321
147	CRB Sa.	167	162
19	Ager S.r.l.	19	20
1	Vitalab S.r.l.	2	1
13	CRB Benelux B.V.	8	10
3,422	Total Group	3,985	3,471

Related party transactions

In general related party transactions are carried out on an arm's length basis.

There were no atypical and/or unusual transactions during the period.

RECONCILIATION SCHEDULES

The reconciliations between the “Interim Reclassified Statement of Financial Position”, as presented under “Equity and Financial Structure”, and the items included in the interim consolidated statement of financial position at September 30, 2015, are as follows:

(in € thousands)

	9/30/2015	12/31/2014
Current non-financial liabilities (reclassified)		
are composed of:		
Trade payables and other payables	77,456	78,889
Taxes payable	1,591	842
<i>Current non-financial liabilities (reclassified)</i>	79,047	79,731
Other non-current assets (reclassified)		
are composed of:		
Deferred tax assets	19,052	20,623
Non-current security deposits	668	595
Investments	971	-
Receivables for indirect taxes	5,589	5,811
<i>Other non-current non-financial assets (reclassified)</i>	26,281	27,029
Other non-current liabilities (reclassified)		
are composed of:		
Deferred tax liabilities	10,207	9,706
Other non-current liabilities	126	150
<i>Other non-current non-financial liabilities (reclassified)</i>	10,333	9,856
Current net financial position (reclassified)		
is composed of:		
Cash and cash equivalents	(33,707)	(32,727)
Financial payables (current portion)	31,255	50,097
<i>Current financial liabilities (reclassified)</i>	(2,452)	(17,370)
Non-current net financial position (reclassified)		
is composed of:		
Financial payables (non-current portion)	173,260	157,971
<i>Non-current financial liabilities (reclassified)</i>	173,260	157,971

OUTLOOK

The fourth quarter of 2015 is expected to show a substantially positive trend, confirming the Group's expectations, as illustrated in its business plan.

NONRECURRING SIGNIFICANT EVENTS AND TRANSACTIONS

There were no nonrecurring significant events or transactions during the period.

SIGNIFICANT EVENTS DURING THE PERIOD AND SUBSEQUENT TO SEPTEMBER 30, 2015

- At the meeting of the board of directors' held on January 27, 2015, considering the favorable financial market situation, the board illustrated its intention to refinance its principal debt in order to obtain conditions that were more favorable than those obtained in the July 2014 debt negotiation process. Specifically, the current senior loan contract of €181 million that was last amended on July 28, 2014 was replaced with: (1) a €120 million bond maturing seven years from issue at a fixed rate of 3.875%; and (2) a new loan agreement of €80 million due at the end of 2020 at a lower variable rate than under the old loan agreement (variable rate linked to the 1M, 3M and 6M Euribor/Libor plus a spread of between 1.50% and 2.65% depending on the extent of indebtedness). The debt restructuring was finalized on March 27, 2015. The bond is listed on the Irish stock exchange and was subscribed to initially by institutional investors and the new loan contract is with "Banca IMI S.p.A." and "Unicredit".
- As a result of the above described operation, a pledge and a lien on Intercos S.p.A. and Intercos Europe S.p.A. shares for €9,064 thousand have been provided to the pool of banks as collateral for the loan which is due on December 31, 2020.
- On March 6, 2015, Intercos signed a non-binding term sheet with the shareholders of the company "Hana Co. Ltd.", with registered office in Hwasung, South Korea at 22-15 Juseok-ro 184beon-gil (Bukyang-dong), in which the basic terms and conditions were outlined under which the Company would be prepared to undertake a negotiation for the purchase of 20% of the share capital of Hana (through the subscription of a new issue of shares) and the creation of a joint venture with the shareholders of Hana. Subsequently, on April 17, 2015, after approval by the board of directors on April 10, 2015, the Company signed the following binding contracts with Hana shareholders: (i) "Share Subscription and Share Purchase Agreement", which governs the manner in which the Company would become shareholders of Hana, and the "Shareholders Agreement", which regulates, *inter alia*, the future corporate governance of Hana.
- On June 12, 2015 Intercos officially acquired a 20% investment in the share capital of Hana Co. Ltd. The investment is accounted for using the equity method in accordance with IFRS 11.
- On October 7, 2015, the meeting of the shareholders of the subsidiary Vitalab S.r.l. approved a share capital increase of €100,100 that was offered to the shareholders CRB S.A. and Arterra Bioscience S.r.l.

On October 13, 2015, CRB S.A. subscribed to the share capital increase for €60,060 bringing Vitalab S.r.l.'s subscribed and paid in share capital to €160,060 divided as follows:

- CRB S.A., for €120,060, or an approximate 75.01% interest (previously 60.00%); and
- Arterra Bioscience S.r.l., for €40,000, or an approximate 24.99% interest (previously 40%).

Moreover, it has been established that up to October 10, 2020, the shareholder Arterra Bioscience S.r.l. has the right to receive 40% of the profits declared for distribution if its ownership interest is between 24% (inclusive) and 40% (inclusive) of Vitalab S.r.l.'s subscribed and paid in share capital.

INTERCOS GROUP
Global Cosmetic Manufacturer

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AT SEPTEMBER 30, 2015

Interim Consolidated Statement of Financial Position at September 30, 2015 - unaudited

<i>(in € thousands)</i>	September 30, 2015	December 31, 2014
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	95,717	95,490
Intangible assets	19,442	20,043
Goodwill	76,541	74,931
Investments	971	
Deferred tax assets	19,052	20,623
Other non-current receivables	6,258	6,406
Non-current assets	217,980	217,493
CURRENT ASSETS		
Inventories	71,879	64,104
Trade receivables	72,295	72,893
Other current receivables	17,941	20,848
Cash and cash equivalents	33,707	32,727
Current assets	195,822	190,573
TOTAL ASSETS	413,802	408,066
EQUITY		
Share capital	10,710	10,710
Other reserves	66,005	66,005
Retained earnings	29,846	18,074
Equity attributable to owners of the parent	106,561	94,789
Equity attributable to non-controlling interests	2,247	2,065
TOTAL EQUITY	108,808	96,854
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings from banks and other lenders	173,260	157,971
Other financial payables	-	-
Provisions	1,982	4,313
Deferred tax liabilities	10,207	9,706
Other non-current liabilities	126	150
Employee benefit obligations	9,117	9,245
Non-current liabilities	194,693	181,385
CURRENT LIABILITIES		
Borrowings from banks and other lenders	30,707	48,532
Other financial payables	548	1,566
Trade payables	54,995	59,856
Other payables	24,052	19,876
Current liabilities	110,302	129,828
TOTAL EQUITY AND LIABILITIES	413,802	408,066

Interim Consolidated Income Statement for the nine months ended September 30, 2015 - unaudited

<i>(in € thousands)</i>	9 months to September 30, 2015	9 months to September 30, 2014	Change
Revenues	288,265	255,644	32,620
Other income	3,578	3,063	515
Purchases of raw materials, semifinished products and consumables	(104,437)	(94,426)	(10,011)
Change in inventories of raw materials, semifinished and finished products	5,106	4,846	260
Costs for services and leases and rents	(61,840)	(54,750)	(7,090)
Employee benefit expenses	(86,147)	(73,765)	(12,382)
Accruals	0	(152)	152
Other operating expenses	(2,762)	(1,858)	(904)
Operating profit before depreciation, amortization, impairment reversals (losses) and nonrecurring income (expenses)	41,762	38,602	3,160
Depreciation and amortization	(16,136)	(14,577)	(1,559)
Nonrecurring income (expenses)	(268)	1,570	(1,838)
Operating profit	25,358	25,595	(237)
Finance income	7,211	6,005	1,206
Finance expenses	(17,789)	(12,871)	(4,918)
Share of profit (loss) of investments accounted for using the equity method	116	0	116
Income taxes	(7,335)	(8,209)	874
Profit for the period from continuing operations	7,561	10,519	(2,958)
Discontinued operations	-	-	-
Profit for the period	7,561	10,519	(2,958)
Other components of comprehensive income			
<i>Other comprehensive income that subsequently will be reclassified to the income statement</i>			
Exchange gains (losses) on translating foreign operations	4,958	3,882	
<i>Other comprehensive income that subsequently will not be reclassified to the income statement</i>			
Remeasurement of defined benefit plans - actuarial gains (losses)	(247)	(644)	
Total comprehensive income for the period	12,272	13,757	
Attributable to:			
Owners of the parent	12,173	13,766	
Non-controlling interests	99	(9)	

Interim Consolidated Statement of Changes in Equity at September 30, 2015 - unaudited

<i>(in € thousands)</i>			RETAINED EARNINGS		ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		
Description	Share capital	Other reserves (share premium reserve)	Retained earnings	Profit for the period	Share capital	Profit for the period	Total
Balances at December 31, 2014	10,710	66,005	4,191	13,882	2,143	(78)	96,854
Appropriation of profit 2014			13,883	(13,883)	(78)	78	-
Exchange gains (losses) on translating foreign operations			4,890			68	4,958
Increase in capital of non-controlling interests					83		83
Other comprehensive income – (OCI)			(239)			(8)	(247)
Consolidation reserve			(400)				(400)
Profit for the first nine months of 2015				7,522		39	7,561
Balances at September 30, 2015	10,710	66,005	22,325	7,522	2,148	99	108,808

Interim Consolidated Statement of Cash Flows for the nine months ended September 30, 2015 - unaudited

<i>(in € thousands)</i>	9 months to September 30, 2015	9 months to September 30, 2014
Profit from continuing operations	7,561	10,519
Profit (loss) from discontinued operations	-	-
Profit (loss) attributable to owners of the parent	7,561	10,519
Depreciation, amortization and impairment reversals (losses)	15,822	10,616
Nonrecurring income (expenses)	0	(1,989)
Change in provisions	(2,706)	(33)
Finance income (expenses)	10,578	6,867
Decrease / (Increase) in inventories	(7,775)	(7,084)
Decrease / (Increase) in trade receivables, net	598	4,958
Increase / (Decrease) in trade payables	(4,860)	4,319
Decrease / (Increase) in other assets	5,266	(560)
Increase / (Decrease) in other payables	4,654	646
Cash flows provided by operating activities (a)	29,140	28,259
Acquisition of property, plant and equipment	(8,463)	(9,887)
Acquisition of intangible assets	(4,127)	(5,131)
Investments	(971)	
Change in assets/liabilities held for sale	0	0
Cash flows (used in) investing activities (b)	(13,561)	(15,018)
Share capital increase	0	0
Increase / (Decrease) in borrowings from banks and other lenders	(8,808)	(19,510)
Interest paid during the period	(5,473)	(2,770)
Cash flows (used in) financing activities (c)	(14,281)	(22,280)
Change in equity (d)	(317)	86
Net increase (decrease) in cash flows during the period (a)+(b)+ (c) + (d)	980	(8,954)
Cash and cash equivalents at beginning of the period	32,727	33,741
Cash and cash equivalents at end of the period	33,707	24,787
Net change in cash and cash equivalents during the period	980	(8,954)