

MARCOLIN
EYEWEAR

2015 ANNUAL REPORT

MARCOLIN
EYEWEAR

MARCOLIN
EYEWEAR

TOM FORD

BALENCIAGA

Ermenegildo Zegna

MONT
BLANC

roberto cavalli
eyewear

TOD'S

EMILIO PUCCI

SWAROVSKI

DSQUARED2

DIESEL

Justcavalli
EYEWEAR

COVERGIRL
EYEWEAR

KENNETH COLE
NEW YORK

REACTION
KENNETH COLE

Timberland

GUESS

GANT
EYEWEAR

HARLEY-DAVIDSON
EYEWEAR

MARCIANO
GUESS

CATHERINE DENEUVE
LUNETTES

SKECHERS
EYEWEAR

BONGO
eyewear

Candie's
eyewear

RAMPAGE
EYEWEAR

VIVA
eyewear

Magic Clip
MAGNETIC EYEWEAR

SAVVY
EYEWEAR

MARCOLIN
EYEWEAR

NATIONAL

W
WEB EYEWEAR

MARCOLIN
EYEWEAR

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GENERAL INFORMATION

MARCOLIN S.p.A.
Headquarters, Executive Management and
Business Offices in
Z.I. Villanova, 4
32013 Longarone (Belluno)
Share Capital Euro 32,312,475.00 Fully Paid In
R.E.A n. 64334
Tax and Belluno Companies Register n. 01774690273
VAT n. 00298010257
Single-Member Company

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CORPORATE BOARDS AND AUDITORS

Board of Directors¹

Vittorio Levi	Chairman
Giovanni Zoppas	C.E.O. and General Manager
Antonio Abete	Director
Nicolas Brugère	Director
Francesco Capurro	Director
Cirillo Coffen Marcolin	Director
Roberto Ferraresi	Director
Emilio Macellari	Director
Frédéric Jaques Mari Stévenin	Director
Franck Raymond Temam	Director
Raffaele Roberto Vitale	Director

Board of Statutory Auditors¹

David Reali	Chairman
Mario Cognigni	Acting Auditor
Diego Rivetti	Acting Auditor
Alessandro Maruffi	Alternate Auditor
Rossella Porfido	Alternate Auditor

Internal Audit Committee²

Vittorio Levi	Chairman
Roberto Ferraresi	Internal Auditor
Cirillo Coffen Marcolin	Internal Auditor

Supervisory Body²

Federico Ormesani	Chairman
David Reali	Supervisor
Cirillo Coffen Marcolin	Supervisor

Independent Auditors³

PricewaterhouseCoopers S.p.A.

1) Term of office ends on the date of the Shareholders' Meeting called to approve the annual financial statements for the year ended December 31, 2015 (under Shareholders' Resolution of April 30, 2013).

2) Board of Directors' appointment of April 30, 2013.

3) Term of engagement: 2013, 2014 and 2015 (under Shareholders' Resolution of April 30, 2013).

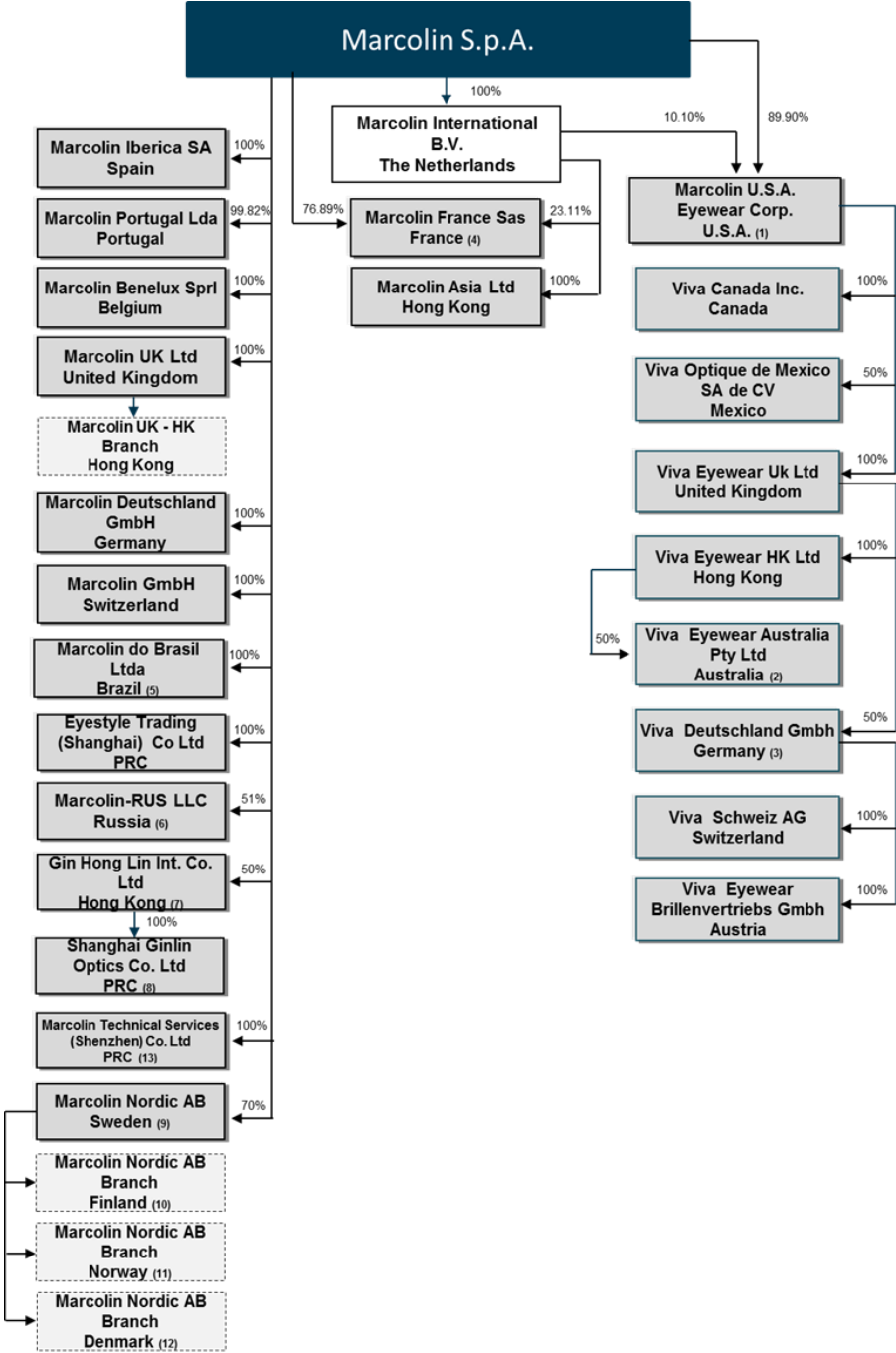
SHARE CAPITAL AND OWNERSHIP

The Parent Company's share capital is euro 32,312,475.00, fully paid-in, comprised of 61,458,375 ordinary shares, without par value. The share capital is wholly owned by the sole shareholder, Marmolada S.p.A., a single-member company based in Milan.

Marcolin shares have normal dividend rights and they are encumbered by liens. At the end of 2013, Marcolin issued bond notes, secured by collateral for the same amount of the obligations assumed with the bondholders, including a lien on the shares of the Issuer, Marcolin, representing 100% of share capital.

No changes occurred during the years ended December 31, 2014 and 2015 that changed the composition of equity, which therefore is in line with the equity composition reported at December 31, 2014.

MARCOLIN GROUP STRUCTURE AS AT DECEMBER 31, 2015



- NOTES:
- (1) Viva IP, Viva International, Miracle Optics, Viva Europe, have been merged in Viva Optique on January 1, 2015. The new company resulting from the merge is called Marcolin USA Eyewear Corp.
 - (2) Company in liquidation starting from February 5, 2015 .
 - (3) JV and distribution agreement extended till December 31, 2017, for the whole sub-group.
 - (4) Viva France Sas has been merged into Marcolin France Sas on January 1, 2015.
 - (5) Viva Brasil Comércio Produtos Opticos Ltda has been merged into Marcolin do Brasil Ltda on January 1,2015. On December 28, 2015 Marcolin SpA acquired from Marcolin Portugal Lda 0,1% of Marcolin do Brasil Ltda.
 - (6) Purchased on December 15, 2014. On July 10, 2015 its name is changed in Marcolin-RUS LLC.
 - (7) Established on November 3, 2014.
 - (8) Purchased on January 20, 2015.
 - (9) Purchased on January 19, 2015.
 - (10) Established on March 19, 2015.
 - (11) Established on April 16, 2015.
 - (12) Established on May 29, 2015.
 - (13) Established on October 22, 2015.

THE MARCOLIN GROUP

Marcolin, an established company based in Longarone (Belluno) in the Italian eyewear district, is a designer, manufacturer and distributor of eyewear products. As a renowned leader in the global eyewear business, Marcolin stands out for its premium quality products, design skills, production capabilities, attention to detail and first-rate distribution.

In 2015 the Marcolin group sold an estimated 15 million pairs of eyeglasses and sunglasses worldwide, with sales exceeding euro 435 million.

In 2014 and 2015 Marcolin successfully moved forward with the Viva integration plan, which entailed reorganizing distribution networks on an international scale, reviewing logistic flows, improving the efficiency of business structures in the countries present, and consequentially revising the cost structures. Such activities ended on schedule in December 2015 with the sale of Via Canada's business to Marcolin USA Eyewear Corp.

Thanks to Viva's products and markets complementing those of the Marcolin group, Viva integration has improved Marcolin's standing as a highly global eyewear company in terms of its brand portfolio, products, geographic presence and markets.

In 2015, the Marcolin group had sales exceeding euro 434 million and some 1,710 employees (including 510 in the American affiliates), plus a widespread, well-structured network of independent agents.

Today Marcolin has a strong brand portfolio, with a good balance between luxury and mainstream ("diffusion") products, men's and women's products, and eyeglass frames and sunglasses.

The luxury segment includes glamorous fashion brands such as Tom Ford, Tod's, Balenciaga, Roberto Cavalli, Montblanc and the recent additions Zegna, Pucci and Moncler; the diffusion segment includes Diesel, Swarovski, DSquared2, Just Cavalli, Timberland, Cover Girl, Kenneth Cole New York and Kenneth Cole Reaction.

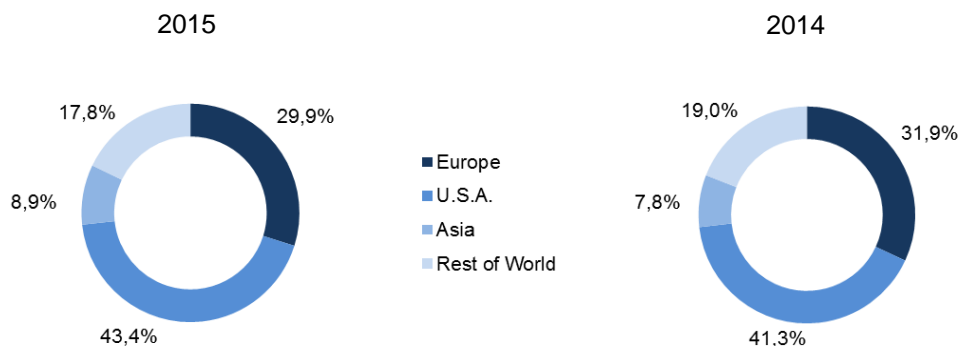
Viva International has added to this portfolio the brands Guess, Guess by Marciano, Gant, Harley Davidson, and other brands targeted specifically to the U.S. market.

The house brands are WEB, National and Marcolin.

The Viva acquisition has bolstered Marcolin's distribution capacity on the American market. The Group is now present in all major countries across the world through direct affiliates, partnerships (joint ventures) and exclusive distribution agreements with major players.

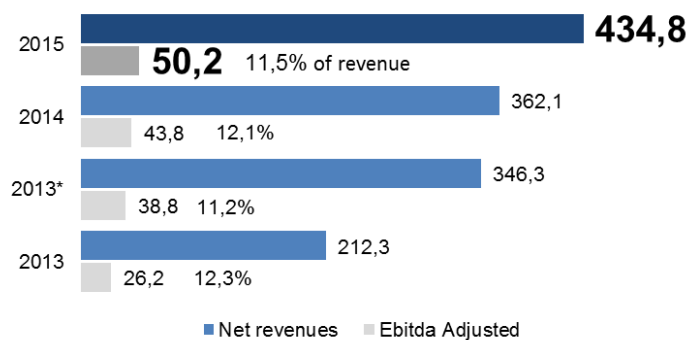
GROUP FINANCIAL HIGHLIGHTS

Sales revenues by geographical area (destination market)

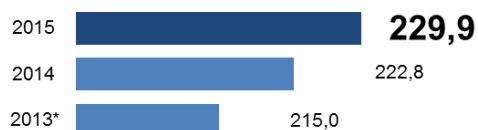


Sales and adjusted EBITDA (euro/millions)

excluding non-current costs incurred for extraordinary transactions



Equity (euro/millions)



Net financial debt (euro/millions)



* with a constant perimeter, including the Viva group for 12 months

MARCOLIN GROUP
REPORT ON OPERATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2015

GROUP REPORT ON OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2015

Consistently with previous periods, the Annual Financial Report for the year ended December 31, 2015 (which includes the consolidated financial statements of the Marcolin group and the separate financial statements of Marcolin S.p.A.) was prepared in conformity with the valuation and measurement criteria established by the international accounting standards (IAS/IFRS) adopted by the European Commission with Regulation 1606/2002, Article 6, of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards, and with the measures enacting Legislative Decree n. 38/2005.

BUSINESS PERFORMANCE

The eyewear industry⁴

In 2015 the global economy was dominated by four major trends that were already evident at the end of 2014: slow global growth, low oil prices, record low interest rates and a weak euro. The combination of these four forces improved Italian GDP, although much less than expected. The Italian eyewear industry, as opposed to other sectors, seems to have fared better in the scenario both in international markets, with exports at a new record high, and in the domestic market, in which 2015 was a year of growth.

Overall Italian eyewear production grew by 12.5% in 2015 due to the performance of both exports and the domestic market.

The total number of businesses remained constant, with some business closings offset by new businesses entering the market, especially small and medium sized firms, demonstrating the vitality of the industry.

Employment rose in the industry during the year also as a result of the reshoring or "back to Italy" phenomenon, stimulated by the concept of consumers paying a premium to have "made in Italy" goods.

The vitality of the eyewear industry in international markets is demonstrated by the 14.9% annual growth of imports. The trade balance for Italian eyewear continues to be positive, with an increase of 11% from 2014.

Exports performed well in all the main geographical areas, Europe, America and Asia. Results in emerging markets were also positive, both in the established eyewear markets and in newly penetrated markets.

The largest export market in 2015 continued to be Europe, with 49% of the industry exports, up by 11.5% for the year. France is the second largest export market with a nearly 13% share; Italian exports to Germany grew by 19.7%, those to the UK were up by 38.9%, those to Spain rose by 10.7% and those to Portugal grew by 11.7%.

Exports to America in 2015 accounted for 30.5% of the total, an increase of 16.1% from 2014. The growth was driven mainly by the United States (which has always been the top market in the industry, where exports rose by 22.8% from 2014). Central and South America performed poorly due to significant tariff and non-tariff barriers to entry.

For the Asian market, which accounts for 18.2% of Italian eyewear exports, exports rose by 14% in 2015. On the other hand, the sourcing markets continue to be dominated by Asian imports, which have a 73% share.

⁴ Source: ANFAO – Associazione Nazionale Fabbricanti Articoli Ottici (Italian Association of Eyewear Article Manufacturers) – Annual Report

Although the levels are lower, Italian eyewear exports to emerging markets remain positive, both in the established eyewear markets and in "new" markets, in the context of a continuously evolving global scenario. Geopolitical difficulties in Russia continue to represent an obstacle for eyewear exports to that country (down by 35.7%).

With respect to global exports of eyeglass frames and sunglasses, an estimated euro 15 billion in 2015 according to currently available data (up 7.5% from 2014), Italy's market share is 23%, behind China. Considering only high-end products, Italy is the largest exporter with nearly 70% of the market. On the whole, Italy exported approximately 98 million pairs of glasses in 2015, up by 4% from 2014. These consist of 64 million pairs of sunglasses (65.3%) and 34 million pairs of eyeglass frames (34.7%).

Introduction

In the above-described scenario, Marcolin group grew by 20.1% (11.0% at constant exchange rates), while the Parent company grew by 36.7% (30.1% at constant exchange rates) well above the average Italian market. 2015 was for Marcolin a year of important events and extraordinary transactions that impacted the corporate and organizational aspects of the Group, and which were reflected in the annual financial and business performance.

During the year Marcolin completed its plan to integrate the Viva International group, acquired at the end of 2013 through Marcolin USA with a 100% stake in the group's parent company, Viva Optique, Inc.

The Viva group integration process was immediately initiated in early 2014, beginning with the rationalization and consolidation of the business on an international level (distribution and logistics *in primis*), and proceeding with the organizational and corporate restructuring, accompanied by a revision of cost structures.

The integration plan entailed incurring non-recurring costs, but the operational and cost synergies that had been identified at the time of the Viva acquisition were effectively realized. Currently, the synergies arrive at euro 10 million annually, most of them already realized in 2015.

The process ended on schedule in the latter months of 2015.

In addition, some important investments were made in 2015, especially in products and the brand portfolio but also in the area of distribution, organization and procurement.

In 2015 the new factory in Fortogna (some 3,500 square meters) was inaugurated, in keeping with the Company's medium/long-term business plan, enabling to increase the production of "made in Italy".

Activities to develop the license portfolio resulted in the announcement of a new agreement with an important fashion house (Moncler) and the extension of some licenses in the luxury segment (Tom Ford and Montblanc) and in the diffusion segment (Timberland, Candie's, Bongo and Rampage).

Additional activities were carried out to develop new markets through joint-venture agreements (in China, Russia and Northern Europe).

Due to their scale, such transactions, particularly those referring to Viva integration, impacted significantly the results of operations of the companies involved. For this reason, the annual performance is presented along with the Group's normalized results, i.e. those excluding the non-recurring costs incurred in the year, including in the comparison with the previous year.

Viva integration

On the path of growth pursued by Marcolin, Viva integration has turned the Group into a true global player by expanding its scale, geographical presence, brand portfolio and product range.

The complementarity of the brands managed, completion of the "diffusion" product range and the balance achieved between men's and women's products and between eyeglass frames and sunglasses are among the strategic factors behind the important acquisition. Moreover, Viva's strong presence in the overseas market has made Marcolin stronger in North America by enabling it to cover one third of the market, while maintaining a focus on the Far East and Europe.

Thanks to the complementarity of the reciprocal distinctive characteristics and expertise, the Viva acquisition and integration has created an important, globally competitive eyewear company: by bringing its know-how and background to a wider scale, Marcolin offers significant added value to the market in terms of both product range and global distribution.

Integration of the Viva group, now concluded, was one of the most important projects carried out in 2015. In late 2015 the final part of the plan regarding the Viva Canada business was completed, which ended the rationalization of the distribution network, logistics, the cost structure and the organizational and business structures.

Project success will enable important synergies to unfold within the Marcolin group starting in 2016. The synergies were already effective and measurable at the end of 2014, with an impact of euro 4 million, whereas the impact in 2015 was euro 6 million, for a total amount of euro 10 million. The amount exceeds the amount estimated at the beginning of the plan.

During the year 2014 and 2015 the plans to integrate the international affiliates of Marcolin and Viva in the countries where they were both present succeeded, starting with the strategic affiliates in North America, and continuing with the United Kingdom, Hong Kong, France, Brazil and China.

In July 2014 a new company structure was set up in Hong Kong, with the objective of combining the distribution of Marcolin and Viva products through a new business organization operating directly in the Far East.

That organization, established through a transfer of Viva Hong Kong's operating business, was the object of a subsequent business transfer by Marcolin S.p.A., which continued to serve the Asian market directly until the end of 2014, when it transferred the entire Asia Pacific Distribution business to the new structure (taking effect on January 1, 2015).

After absorbing the business division relating to Viva products, the Hong Kong branch's mission included the distribution of Marcolin products in the same areas of the Far East, with clear advantages in terms of economies of scale and cost and top-line synergies.

Instead the Hong Kong branch sources directly from Chinese suppliers thanks to the size and scale achieved, thereby saturating overheads by distributing into outlying markets autonomously and fully exploiting the cost benefits arising on operational gearing to improve sales.

The transactions made it possible to create the Group's third sales hub, due to the critical mass represented by the sales of Marcolin and Viva brands, enabling to invest in structures and means to better penetrate markets cost-effectively as a result of the streamlining and synergies realizable from the new size.

Concerning the French market, on October 31, 2014 Marcolin France Sas acquired Viva France Sas (formerly owned by Viva Eyewear UK Ltd), the distributor of Viva products in France.

This transaction, a step toward the subsequent merger of Viva into Marcolin France (effective January 1, 2015), had the stated objective of reducing and streamlining the structures and related costs by integrating the two businesses into one organization with a sole management, in order to manage, including prospectively, the related market more efficiently and effectively.

Through the merger, the operations, assets and liabilities of the absorbed company continue to survive in the acquirer.

A similar transaction took place in Brazil, where two identical sales organizations existed, one for the distribution of Marcolin products (Marcolin do Brasil Ltda) and the other for the distribution of Viva products (Viva Brasil Comercio Produtos Opticos Ltda). In this case as well, after Marcolin do Brasil acquired all Viva Brasil shares (in December 2014), it initiated a merger to absorb such company (on January 1, 2015).

As noted, in North America integration started immediately with the sales organization and rationalization of the sales force, with the objective of reassigning products and markets according to a single, coordinated logic in order to optimize the distribution of Marcolin and Viva products. In October 2014 the switch to a new SAP system (Group ERP) was completed, which resulted in the full replacement of the information systems formerly used by Viva, and operating procedures and processes were revised in the light of the larger Group. On January 1, 2015 the corporate restructuring took effect by way of the dissolution and absorption of American companies Marcolin USA, Inc., Viva Europa, Inc., Viva International, Inc. and Viva IP, Corp. into Viva Optique, Inc., effective as of the close of business on December 31, 2014. Viva Optique's name was changed to Marcolin USA Eyewear, Corp. The structure in North America was defined, which reduces the number of plants currently operating. When the Scottsdale, Arizona location was closed down, the establishment in Somerville, New Jersey ensured service to the U.S. market. In 2015, the operations of Viva Canada were absorbed into the U.S affiliate to complete the organizational and corporate rationalization process.

Now that Viva and Marcolin are fully integrated, the Group's business operations will be concentrated into three geographical hubs:

- the American hub, operated by Marcolin USA Eyewear, Corp. (sole legal entity, which will focus on distribution in the North, Central and South American markets);
- the European hub, directed by Marcolin S.p.A., addressing the European rim and its complementary and neighboring countries (in terms of both geography and business, such as South America and the Middle East), including through direct affiliates and joint ventures;
- the Asian hub, where companies have been set up to manage the Far East markets, distant and difficult to penetrate. Indeed, only by operating there directly may such markets be served.

The reorganization entailed overhauling the logistical flows on an international scale through the establishment of the three main hubs (for distribution management) in order to render the integrated logistics more agile and efficient, thereby reducing costs, shortening the distance to the end customer, and consequently improving the effectiveness of response to the market.

Products and licenses

Within the scope of its brand portfolio consolidation and development, the following activities were carried out in 2015 concerning licensed brands:

- Marcolin stipulated early renewals of the licensing agreements for the design, manufacturing and worldwide distribution of Tom Ford and Timberland eyeglass frames and sunglasses;

- Marcolin U.S.A. Eyewear Corp. extended the licensing agreement for the design, manufacturing and distribution of sunglasses and eyeglass frames for Candie's, Bongo and Rampage;
- Marcolin stipulated an exclusive worldwide licensing agreement for the design, manufacturing and distribution of Moncler brand men's and women's sunglasses and eyeglass frames, and men's, women's and kids' ski masks;
- Marcolin also renewed early the licensing agreement for the design, manufacturing and worldwide distribution of Montblanc eyeglass frames and sunglasses.

Moreover, in early 2016 the product area underwent an important organizational change whereby products are handled within the scope of the license area, putting an emphasis on the significance of harmonious, coherent management of the products in line with their respective licenses.

In general, a great effort was made to enhance the collections, expand the eyeglass frame segment and add new lines and new products. The design and product departments were directly involved with exceptional designing activities aimed to adapt the collections to more international (Asian-fitting) distribution, with stylish and exclusive designs while improving the capacity to produce the new models and focusing on opportunities deriving from the availability of new, original materials.

Sales activities

Sales activities aimed to strengthen relationships with the distribution network continued in 2015, with the objective of greater penetration into the markets sustaining the Group's growth.

Adding to the activities accomplished in 2014 within the scope of the Viva integration plan, at the beginning of 2015 an important process to rationalize the sales and distribution network was completed: the Asia Pacific ("APAC") business was transferred to the new Hong Kong branch. As a result of the transfer, the Hong Kong branch became the third distribution hub for Far East sales in every respect. To complete the reorganization activities, the Viva Canada business was transferred to Marcolin U.S.A. Eyewear, Corp., effective December 1, 2015.

On an international level, in 2015 the joint venture set up at the end of 2014 to improve direct distribution management in mainland China became operational, and began to produce results.

In Europe, Marcolin Nordic, set up at the beginning of the year to manage the Nordic market more closely and effectively (Denmark, Finland, Norway, Iceland and Sweden), began operating at full capacity during the year.

In 2015 reorganization of the sales structure was undertaken at a global level, in order to seize the opportunities offered by the market, creating intermediate levels of responsibility to enable greater flexibility and more efficient management of the respective areas.

A thorough review of the affiliates' sales organization was continued (which led to a change in the top management of the French affiliate at the beginning of the year, and of the German affiliate at the end of the year).

Lastly, in late 2015 the Parent Company launched an important rationalization plan to offer an assortment more targeted to the market, which will also make sample collection and inventory management more efficient.

Logistics and organizational activities

The Group's reorganization process was carried out in the logistical area as well. Investments continued to be made in resources and systems in the production and sales planning areas, strengthening the central supply chain management function in order to better handle the integrated logistics.

The objective is to achieve better allocation of resources by way of more careful and more rational demand planning, exploiting upstream and downstream synergies.

As a result, the organizational activities (focusing on planning processes, which led to the creation of the demand planning function) enabled to improve internal efficiency, effectiveness in responding to the market and customer service, with positive effects on sales.

Successful migration to the new ERP (SAP) system at the U.S. affiliate enabled to combine the distribution centers in North America. In fact, it was possible to reduce as planned the number of plants operating there by closing down the Scottsdale, Arizona facility. Since then, the U.S. market has been served by the facility in Somerville, New Jersey. In 2015, the operations of Viva Canada were taken over by the U.S. affiliate to complete the organizational and corporate rationalization process.

During the year Marcolin inaugurated the new factory in Longarone (Fortogna locality), intended to double the "Made in Italy" production. This will benefit employment levels, with a considerable increase in the resources dedicated to production.

The new factory started operating during May 2015, and makes it possible to meet the demands arising from the influx of new brands in the brand portfolio and the structural expansion of some markets. Consistently with the Company's medium/long-term growth plans, the operation aims to create value by maximizing the opportunities offered by the development of the high-end collections that have always represented Marcolin's design concept.

It enabled to change the production layout of the Longarone plant by overhauling the divisions. This opportunity will enable to immediately undertake the business plan necessary to promote the Group's growth, and has brought savings from the insourcing of production since the second half of 2015.

Reasons for which the consolidation and development of its production capacity in Italy are important to Marcolin include:

- reduced dependence on external suppliers, which will enable to shorten the manufacturing lead time, and thus increase the ability to seize market opportunities (and improve the time to market);
- made in/made out realignment according to the eyewear industry standards (and those of the main competitors);
- expansion of the capacity to produce more Italian-made products, which are increasingly perceived as having added value by the Italian and international clientele;
- as an essential condition for managing the inflation risk in the Chinese sourcing market, production insourcing will allow greater control of production factors, and not only in terms of cost-effectiveness.

The review and monitoring of the Asian suppliers continued from a quantitative and qualitative point of view (quality, reliability and service), in light of the particular social and economic dynamics characterizing that sourcing market.

A new company was established in China that shall monitor the production of Chinese-manufactured products, perform quality control and check production work in progress for all the Group's companies that source from that market: Marcolin S.p.A., Marcolin USA Eyewear Corp., and Marcolin (UK) Hong Kong Branch.

The new company, Marcolin Technical Services (Shenzhen) Co. Ltd, is based in Shenzhen, Guangdong Province, China, and is owned directly by Marcolin S.p.A. It has been operational since 2016, providing technical services regarding production, such as supplier selection in China, quality control and monitoring of production work in progress, and general manufacturing-related services.

INCOME STATEMENT HIGHLIGHTS

As noted, in 2015 Marcolin was involved in many new projects and activities of consolidation and especially of development and global reorganization at all levels.

The activities carried out had a significant impact on the results of the year, requiring the 2015 financial statements to be interpreted in the light of such extraordinary events.

The organizational activities are described previously herein, particularly the Marcolin/Viva integration process, and the sales-related activities, with the rationalization of the distribution networks on an international scale and continued restructuring of the brand portfolio thanks to the stipulation of new prestigious licensing agreements or early renewals, which will bring important results in terms of future sales and margins.

As a result of the extraordinary activities in progress, particularly those referring to Viva integration, the income statement results were adversely affected by some non-recurring events, which need to be highlighted.

For all the foregoing reasons, where significant, the main changes of the year are also reported herein by showing the impact of the extraordinary activities and thus of the non-recurring costs, also providing comparability, with the same consolidation perimeter, of the 2015 data with the 2014 data, by presenting “normalized” income for both years.

Upon completion of the Viva integration process, cost synergies were realized, exceeding those originally estimated.

The synergies, of which some of them were realized by the Group in 2014 and 2015, will continue to benefit future years.

The following table summarizes the Group’s key performance indicators:

Year (euro/000.000)	Net Sales	YOY	EBITDA	% of revenue	EBIT	% of revenue	Net Result	% of revenue	ROS	ROI	ROE
2010	205.7	14.0%	29.9	14.6%	24.9	12.1%	18.6	9.0%	12.1%	28.6%	23.7%
2011	224.1	9.0%	34.2	15.3%	28.9	12.9%	21.0	9.4%	12.9%	29.5%	22.2%
2012	214.0	(4.5)%	11.2	5.2%	11.0	5.1%	6.0	2.8%	5.1%	5.2%	3.8%
2013 *	212.3	(0.8)%	15.9	7.5%	10.0	4.7%	12.0	5.7%	4.7%	2.6%	5.6%
2013 **	346.3	61.8%	28.5	8.2%	19.2	5.6%	(8.6)	(2.5)%	5.6%	5.0%	(4.0)%
2014	362.1	4.6%	29.4	8.1%	19.9	5.5%	0.4	0.1%	5.5%	4.8%	0.2%
2015	434.8	20.1%	39.7	9.1%	28.1	6.5%	(2.5)	(0.6)%	6.5%	6.3%	(1.1)%

EBITDA: earnings before interests, taxation, depreciation and amortization

EPS: Earnings per share = Net result/number of shares

ROS: Return on sales = EBIT/Net sales

ROE: Return on equity = Net result/ Net Equity

* Viva consolidated 1 month

** Pro-forma (Viva consolidated 12 months)

The net revenues of 2015 were euro 434.8 million, compared to the euro 362.1 million of 2014.

Ebitda was euro 39.7 million, or 9.1% of sales (2014: euro 29.4 million, corresponding to 8.1% of sales).

Ebit was euro 28.1 million, or 6.5% of sales (2014: euro 19.9 million, 5.5% of sales).

As noted, the Group's margins were greatly influenced by non-recurring transactions; in 2015, the costs of those transactions reduced Ebitda by euro 10.5 million.

In order to better understand the business performance, those effects, mainly referring to costs incurred for Viva integration, must be eliminated.

In detail, the non-recurring costs were as follows:

- euro 7.5 million incurred for the Viva integration process, reported primarily by subsidiaries Marcolin USA Eyewear Corp., Marcolin France, Marcolin do Brasil, Marcolin UK, Viva Canada, and by the Parent Company, Marcolin S.p.A.; most costs were incurred for termination of redundant personnel, severance benefits paid to employees, restructuring of the sales force particularly regarding terminated or revised agency agreements, and legal, corporate, organizational and logistics consulting services and other professional services rendered by third parties to assist the integration process;
- euro 2.4 million in other extraordinary expenses regarding the costs of discontinuing the two locations in the United States and Canada during the year;
- euro 0.6 million in extraordinary expenses deriving from *ad-personam* agreements for changes in top management positions and mobility within the scope of organizational changes.

Excluding the effects of the transactions described above, the 2015 normalized ("adjusted") Ebitda is euro 50.2 million (11.5% of sales), against the 2014 amount of euro 43.8 million (12.1% of sales).

Excluding such effects, the 2015 adjusted Ebit is euro 38.6 million (8.9% of sales), against the 2014 amount of euro 34.6 million (9.5% of sales).

The normalized (adjusted) key performance indicators, filtered of the effects of the non-recurring costs, are as follows.

Economic indicators - adjusted (euro/000)	2015		2014	
	euro	% of revenue	euro	% of revenue
Ebitda	50,202	11.5%	43,831	12.1%
Operating income - Ebit	38,588	8.9%	34,554	9.5%

SALES REVENUES

The consolidated sales revenues for the year ended December 31, 2014 were euro 362.1 million, compared to euro 434.8 million for 2015.

The euro 72.7 million difference year-on-year corresponds to an increase of 20.1%.

At constant exchange rates, the increase is 11.0%⁵.

The Group continued to invest in brands and in its sales organization under a medium-term strategy, even in difficult markets, where it has decided to keep pace with demand in the short term instead of saturating customers with products, and to focus on credit quality.

In an irregular year, the sales revenues were impacted favorably by the sales realized on new brands (Zegna, Pucci).

The Group's performance in its markets was also affected by the activities added within the scope of the Marcolin/Viva integration plan, especially the sales force reorganization, which involved practically all the Group's strategic markets, except perhaps Italy.

The sales revenues obtained in 2015 by the Marcolin group reflect the sales growth in Europe (especially in Italy, Spain and the U.K., but also in the new Scandinavian and Russian markets), where a 12.4% increase is reported year-on-year (or euro 14.3 million), in North America (up euro 26.3 million), and in some emerging markets; sales in Asia and the Rest of the World grew by euro 19.1 million from the previous year.

The following table sets forth the sales revenues by geographical area.

Net Sales by geographical area					Increase (decrease)	
(euro/000)	2015		2014		Turnover	Change
	Turnover	% on total	Turnover	% on total		
Italy	26,555	6.1%	21,223	5.9%	5,332	25.1%
Rest of Europe	103,303	23.8%	94,297	26.0%	9,007	9.6%
Europe	129,858	29.9%	115,520	31.9%	14,338	12.4%
U.S.A.	188,798	43.4%	149,536	41.3%	39,262	26.3%
Asia	38,573	8.9%	28,137	7.8%	10,436	37.1%
Rest of World	77,613	17.8%	68,941	19.0%	8,672	12.6%
Total	434,842	100.0%	362,133	100.0%	72,709	20.1%

Although Europe was affected by the Viva integration process and fluctuating markets, with uneven trends and growth rates, it represented Marcolin's main market in terms of annual growth (with sales up by euro 14.3 million or 12.4%).

As noted, the sales and distribution organization in Europe underwent important rationalization processes, so it was a year of considerable reorganization in this area.

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Currency	Symbol	Closing exchange rate			Average exchange rate		
		12/31/2015	12/31/2014	Change	2015	2014	Change
Australian Dollar	AUD	1.490	1.483	0.5%	1.478	1.472	0.4%
Brasiliian Real	BRL	4.312	3.221	33.9%	3.700	3.121	18.6%
Canadian Dollar	CAD	1.512	1.406	7.5%	1.419	1.466	(3.2)%
Swiss Franc	CHF	1.084	1.202	(9.8)%	1.068	1.215	(12.1)%
Remimbi	CNY	7.061	7.536	(6.3)%	6.973	8.186	(14.8)%
Danish Krone	DKK	7.463	7.445	0.2%	7.459	7.455	0.1%
English Pound	GBP	0.734	0.779	(5.8)%	0.726	0.806	(9.9)%
Hong Kong Dollar	HKD	8.438	9.417	(10.4)%	8.601	10.302	(16.5)%
Japanese Yen	JPY	131.070	145.230	(9.8)%	134.314	140.306	(4.3)%
Mexican Pesos	MXN	18.915	17.868	5.9%	17.616	17.655	(0.2)%
Norwegian krone	NOK	9.603	9.042	6.2%	8.950	8.354	7.1%
Russian Rublo	RUB	80.674	72.337	11.5%	68.072	50.952	33.6%
Swedish Krone	SEK	9.190	9.393	(2.2)%	9.353	9.099	2.8%
USA Dollar	USD	1.089	1.214	(10.3)%	1.110	1.329	(16.4)%

Some geographic areas performed very well, especially Italy, where sales rose by 25.1%; other countries that performed well are Spain (+23.7%), Portugal (+17.2%), the U.K. (11.8%), and Germany. France, suffering from an adverse economy, presents less favorable results. Overall, Europe accounted for 29.9% of the Group's total net revenues in 2015, compared to 31.9% in 2014.

The U.S. market was positive, with sales up by euro 39.3 million from 2014 (a 26.3% increase, or 6.4% at constant exchange rates).

The performance of this market was affected by Marcolin/Viva integration in terms of operating systems and operations (such as the impact from the combination of the logistics platform in Somerville after the April 2015 discontinuance of the logistics center in Arizona) and the distribution network reorganization (sales force restructuring).

Sales in Asia grew at a double-digit rate, consistently with the positive trend for the Far East markets.

The annual increase was 37.1%, representing euro 10.4 million of the total increase reported.

The Group is continuing to expand in Asia with investments in the sales structure and extension of its distribution network, in a market characterized by high growth potential. The activities carried out to strengthen the Group's structures in Asia, including the establishment of an important organizational structure that will unite the distribution of Viva and Marcolin products (Marcolin UK Ltd - Hong Kong Branch) in the Far East, and other important partnerships with renowned industry players, were designed to promote growth in that geographical area.

In the Rest-of-World segment, sales rose by 12.6%, or euro 8.7 million, assisted by favorable market trends in the Middle East.

These are emerging markets with interesting growth potential, focused on in order to find distribution partners in which to invest for better penetration in a strategic area for growth.

The Americas, Far East and some areas of the Rest of the World, including the Middle East, represent strategic markets for the Group due to their growth trends and because the buying patterns of the consumers there involve fashion and luxury brands, in which Marcolin is specialized.

The consolidated income statement highlights are set forth below.

Consolidated income statement (euro/000)	2015		2014	
	euro	% of revenue	euro	% of revenue
Net revenues	434,842	100.0%	362,133	100.0%
Gross profit	255,861	58.8%	216,773	59.9%
Ebitda	39,730	9.1%	29,384	8.1%
Operating income - Ebit	28,117	6.5%	19,932	5.5%
Financial income and costs	(20,548)	(4.7)%	(12,830)	(3.5)%
Profit before taxes	7,569	1.7%	7,102	2.0%
Net profit for the year	(2,513)	(0.6)%	407	0.1%

Economic indicators - adjusted (euro/000)	2015		2014	
	euro	% of revenue	euro	% of revenue
Ebitda	50,202	11.5%	43,831	12.1%
Operating income - Ebit	38,588	8.9%	34,554	9.5%

As shown by the key performance indicators, gross profit is 58.8% of sales, down in terms of percentage of sales by 1.1% (59.9% in 2014).

The decrease is attributable primarily to i) the stronger U.S. dollar, which had a more decisive effect on the cost of sales than on the increase in sales, and ii) the policy of raising prices, implemented in the second half of the year, which had not boosted margins significantly yet. The adverse effect is partly offset by the effects of a favorable brand mix (due mainly to the inclusion of Pucci and Zegna) and an increase in products sold, enabling to absorb greater overheads.

In a highly irregular year featuring important investments, the Group continued to invest in advertising and marketing to promote the brand portfolio, including both licensed and house brands. Although in some cases the volumes were not at full capacity, Marcolin is aware of the importance of ongoing advertising and promotional support.

The advertising expenditure, along with inadequate absorption of the guaranteed minimum royalties required under certain licensing agreements due to irregular revenue streams, affected the gross profit, which should therefore not be considered typical.

As noted, Ebitda is euro 39.7 million (9.1% of sales), compared to the euro 29.4 million of 2014 (8.1% of sales).

Ebit is euro 28.1 million (2014: euro 19.9 million), representing 6.5% of sales (5.5% in 2014).

The performance indicators are greatly affected by non-recurring events both for 2015 and 2014, so they have been normalized in order to provide margins that disregard the negative effects of the discontinuing organizational and corporate rationalization activities.

The adjusted Ebitda is euro 50.2 million, compared to the euro 43.8 million of 2014, and represents 11.5% of sales (12.1% in 2014).

Adjusted Ebit is euro 38.6 million (8.9% of sales), compared to the euro 34.6 million of 2014 (9.5% of sales).

The net result for the year is a loss of euro 2.5 million, compared to a net profit of euro 0.4 million for 2014. It is affected considerably by net financial costs of euro 20.5 million for the year (2014: net financial costs of euro 12.8 million).

Such net cost, the 2015 balance between finance costs of euro 40.9 million and financial income of euro 20.3 million, was influenced by the following:

- interest payments of euro 17.0 million on the bond notes issued by Marcolin S.p.A., paid semiannually in May and November;
- reversal of bond issue costs, accounted for under IFRS with the financial method of amortized cost over the life of the bond notes (maturing November 2019);
- net interest costs;
- financial discounts, nearly entirely attributable to foreign subsidiaries.

The Group's foreign currency exchange in 2015 was balanced, with a net gain (including fair value measurement of currency hedges in place at the end of the year, and currency translation adjustments to end-of-period trade receivables and payables).

The income tax expense is euro 10.1 million, compared to euro 6.7 million for 2014.⁶

The Parent Company's current taxes amount to euro 1.1 million, consisting mainly of Marcolin S.p.A.'s IRAP (regional business tax) and IRES (corporate income tax) expense.

The foreign affiliates contribute with a net cost for current taxes of euro 1.8 million.

The consolidated tax expense was affected by the adjustment of deferred taxes, for which a large portion of deferred tax assets recognized on accumulated tax losses was used, which were recovered during the year due to the taxable profits generated by some Group companies.

⁶ Marcolin S.p.A., together with the parent company, Cristallo S.p.A. (absorbed through a reverse merger) and its subsidiaries Eyestyle Retail S.r.l. and Eyestyle.com S.r.l., had opted for the Italian tax consolidation regime for IRES (corporate income tax) purposes for 2013, 2014 and 2015, which recognized Marmolada S.p.A. as the parent company.

On June 13, 2014, pursuant to the Italian Income Tax Code ("TUIR"), Presidential Decree no. 917, Article 117 et seq. of December 22, 1986, the ultimate parent company, 3 Cime S.p.A. notified the Italian Revenue Office of its adoption of the Italian tax consolidation regime with its subsidiaries, including Marcolin S.p.A., for years 2014, 2015 and 2016. Accordingly, the tax consolidation in effect in 2013 was replaced with an identical agreement with 3 Cime S.p.A., which involved terminating the previous agreement and stipulating a new one for the three-year period.

From the current year to December 31, 2016, the tax consolidation regime will enable each participant (including the Company), by way of partial recognition of the group's tax burden, to optimize the financial management of corporate income tax, for example by netting taxable income and tax losses within the tax group.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

The consolidated net financial position as at December 31, 2015 compared to the previous year is set forth below.

Net invested capital	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Trade receivables	75,226	66,890
Inventories	120,214	100,075
Trade payables	(120,787)	(102,322)
Operating working capital	74,653	64,643
Other receivables	15,392	14,099
Other payables	(38,667)	(30,960)
Net working capital	51,379	47,782
	-	-
Non-current receivables	37,356	39,382
Equity investments and other financial assets	1,775	1,877
Property, plant and equipment	27,258	24,657
Intangible assets	46,043	37,213
Goodwill	288,225	278,010
Fixed assets	400,658	381,138
Provisions	(9,126)	(10,032)
Net invested capital	442,911	418,887
Current financial payables	58,226	41,353
Non-current financial payables	200,626	199,152
Gross financial indebtedness	258,852	240,504
Cash and cash equivalents	(41,404)	(38,975)
Non-current financial receivables	(4,461)	(5,455)
Net financial position	212,987	196,074
Equity	229,923	222,813

The net financial indebtedness at the reporting date is set forth below against the corresponding data of 2014:

Net financial position / (indebtedness)	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Cash and cash equivalents	40,382	36,933
Financial receivables	5,483	7,497
Short-term borrowings	(54,678)	(40,021)
Current portion of long-term borrowings	(3,548)	(1,332)
Long-term borrowings	(200,626)	(199,152)
Total	(212,988)	(196,074)

The Group's net financial position is indebtedness of euro 213.0 million, compared to the euro 196.1 million indebtedness of 2014, an increase of euro 16.9 million.

As explained subsequently, the deterioration is due to exceptional investments of euro 27.5 million for: i) completion of Viva integration, ii) opening the new factory in Fortogna, and iii) payment of transaction fees to renegotiate and extend some important licensing agreements. Such investments were made to enhance the Group's immediate and future profitability and ensure the long-term visibility and stability of the brand portfolio.

In 2015, to sustain its growth, the Group obtained access to new credit lines, mostly cash credit.

The entire euro 25 million of the revolving credit facility was drawn, whereas euro 20 million was used in 2014.

The net financial position was also affected by the reversal of deferred bond transaction costs of euro 1.5 million.

The increase in indebtedness was offset in part by a euro 4 million increase in cash holdings.

The debt-to-equity ratio at December 31, 2015 is 0.93 (0.88 in 2014).

The composition of net working capital, in comparison with the previous financial year, is detailed in the following table.

Net working capital	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Inventories	120,214	100,075
Trade receivables	75,226	66,890
Trade payables	(120,787)	(102,322)
Other current assets and liabilities	(23,274)	(16,861)
Total	51,379	47,782

With reference to the different items that make up net working capital:

- the value of inventories rose by euro 20.1 million compared to the previous year (U.S. dollar appreciation accounts for more than euro 4.2 million of this). The increase in closing inventories is attributable to an increase in finished product inventories, due to the higher sales. The inventory increase is also attributable to the discontinuity represented by products with new brands, particularly Zegna and Pucci and to the increase in collections offered and models produced. Moreover, the new companies that started operating in 2015 contributed euro 2 million to the stock increase;
- although trade receivables were higher than in the previous year, they were largely affected by the higher sales. Credit quality improved considerably from the previous year. In 2015 the improvement in the average collection period, or "days sales outstanding" (DSO), which had recently slowed down, gained momentum with an improvement of 4 days;
- the balance of trade payables at the end of 2015 was related primarily by the aforementioned increase in closing inventory. The average payment period, or "days payable outstanding" (DPO), for trade payables improved considerably year-on-year, thanks to management actions in the direction of contractual improvement with suppliers.

The working capital-to-sales ratio is 0.12, substantially in line with the 2014 ratio.

Among the non-current assets, in line with the previous year, goodwill was euro 288.2 million (euro 186.2 million of the Parent Company, arising on the reverse merger with Cristallo S.p.A., and the remainder arising on the acquisition of Viva International). Since it is considered an asset with an infinite useful life, it is not amortized.

At December 31, 2014 the total amount was euro 278.0 million. The 2015 increase is attributable to translation differences emerging on the appreciation of the U.S. dollar.

The item was reviewed for impairment; the related assumptions and results are described in the Marcolin group's notes to the consolidated financial statements.

The Marcolin group's net indebtedness increased by euro 16.9 million, and it was impacted by the following factors:

Cash Flow <i>(euro/000)</i>	12/31/2015	12/31/2014
Operating activities		
Profit before income tax expense	7,569	7,102
Depreciation, amortization and impairments	10,954	8,958
Accruals to provisions other accruals	24,593	15,046
Adjustments to other non-cash items	(5,347)	(8,914)
CF from operating activities before changes in WC, tax and int.	37,768	22,192
Movements in Working Capital	(6,822)	(4,127)
Reversal of Funds	(2,884)	(6,892)
Income taxes paid	1,277	(3,609)
Interest paid	(19,043)	(18,253)
Net cash flows provided by operating activities	10,297	(10,688)
Investing activities		
(Purchase) of property, plant and equipment	(7,153)	(6,179)
Proceeds from the sale of property, plant and equipment	68	755
(Purchase) of intangible assets	(14,830)	(6,742)
(Acquisition) of investment - Marcolin e Viva	-	(4,958)
(Acquisition) of investment - Sover M	-	(1,530)
Net cash (used in) investing activities	(21,914)	(18,655)
Adjustments to other non-cash items	(4,723)	(2,492)
Financing activities		
Net proceeds from/(repayments of) borrowings	17,648	26,497
Other cash flows from financing activities	817	-
Net cash from/(used in) financing activities	18,465	26,497
Net increase/(decrease) in cash and cash equivalents	2,124	(5,338)
Effect of foreign exchange rate changes	1,325	3,736
Cash and cash equivalents at beginning of period	36,933	38,536
Cash and cash equivalents at end of period	40,382	36,933

The annual cash flow was affected by the Viva integration process, for which non-recurring costs of euro 10.5 million were incurred in the year.

Cash flows of euro 3.2 million were used for the investment in property, plant and machinery of the new Fortogna manufacturing facility.

Non-recurring cash outflows include transaction fees paid to renegotiate and extend (or early renew) some important licensing agreements in the year.

Financing activities associated with the bond issue used cash flows of euro 17.0 million.

The annual capital expenditures amounted to euro 22.0 million (euro 7.2 million for property, plant and equipment and euro 14.8 million for intangibles), compared to euro 12.9 million in 2014. The investments in tangible and intangible assets are described below:

Property, plant and equipment cash out <i>(euro/000)</i>	12/31/2015	12/31/2014
Land and buildings	3,320	1,361
Plant and machinery	1,151	1,391
Industrial equipment	1,234	1,208
Stand and commercial equipment	289	314
Hardware	501	907
Office furniture and furnishings	590	287
Other	69	711
Total	7,153	6,179

Intangible assets cash out <i>(euro/000)</i>	12/31/2015	12/31/2014
Software	3,840	3,633
Other	10,990	3,109
Total	14,830	6,742

The 2015 capital expenditures regarded mainly the investment in the Parent Company's new manufacturing facility in the Fortogna locality of Longarone and the production equipment installed there, which started operating in the first half of the year. In addition, investments were made to adjust and rationalize the existing business software, especially that of the Parent Company, whereas in the United States important investments were made to implement the new software specified in the Viva/Marcolin integration plan.

Cash outflows for other intangible assets include transaction fees paid to renegotiate and extend (or early renew) some important licensing agreements in the year.

Additional information and comments on the financial statement results are reported in the notes to the consolidated financial statements.

MARCOLIN S.p.A.
REPORT ON OPERATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2015

MARCOLIN S.P.A. REPORT ON OPERATIONS

As described in the section dedicated to the Marcolin group, in the past year Marcolin S.p.A. was involved in many new projects and activities of consolidation and development, which led to global reorganization at all departmental levels.

2015 was a year characterized by discontinuity, change, and investments in initiatives that will bring full returns only in the future.

In this scenario, the non-recurring activities undertaken at the end of 2013 and especially in 2014 and 2015 had a significant impact on the results of the year, requiring the Parent Company's financial statements for the year ended December 31, 2015 to be interpreted in the light of the extraordinary events of the year.

Accordingly, where significant, the main changes of the year are also reported herein net of the impact of the non-recurring transactions (even in the comparison with 2014) in order to provide comparability, with the same consolidation perimeter, of the 2015 data with the 2014 data, by presenting "normalized" income.

INCOME STATEMENT HIGHLIGHTS

The following table sets forth Marcolin S.p.A.'s key performance indicators:

Year				% of		% of		% of
(euro/000.000)	Net Sales	YOY	EBITDA	revenue	EBIT	revenue	Net Result	revenue
2011	142.6	12.7%	27.4	19.2%	31.8	22.3%	24.1	16.9%
2012	128.0	(10.3)%	9.6	7.5%	6.2	4.9%	4.9	3.8%
2013	123.4	(3.6)%	8.1	6.6%	3.8	3.1%	(8.5)	(6.9)%
2014	150.4	21.9%	16.1	10.7%	10.5	7.0%	4.5	3.0%
2015	205.7	36.7%	17.3	8.4%	9.6	4.7%	(2.6)	(1.3)%

In summary, the income statement presents:

- sales revenues of euro 205.7 million (euro 150.4 million in 2014);
- Ebitda of euro 17.3 million, corresponding to 8.4% of sales (euro 16.1 million in 2014, 10.7% of sales);
- Ebit of euro 9.6 million, corresponding to 4.7% of sales (euro 10.5 million in 2014, 7.0% of sales);
- a net loss of euro 2.6 million (compared to a net profit of euro 4.5 million for 2014);
- net financial indebtedness of euro 143.0 million (compared to indebtedness of euro 116.7 million as at December 31, 2014);
- equity of euro 210.3 million, against the euro 213.1 million of 2014.

The Parent Company reports 2015 sales revenues up by 36.7% (by euro 55.2 million), with satisfactory results across all geographical areas.

The sales growth was generated by the Rest of the World (+53.7%), European markets (+41.6%), the United States (+22.7%), and even Asian markets, where sales rose by 11.6%.

As explained for the Group, in order to better understand the 2015 business performance of Marcolin S.p.A., certain non-recurring events that impacted the margins should be taken into account.

The normalized (adjusted) key performance indicators, filtered of the effects of the non-recurring costs, are as follows.

Economic indicators - adjusted	2015		2014	
	euro	% of revenue	euro	% of revenue
(euro/000)				
Ebitda	18,300	8.9%	22,253	14.8%
Operating income - Ebit	10,607	5.2%	16,688	11.1%

In detail, the non-recurring costs were as follows:

- euro 0.6 million for the Viva integration process; the amount consists of distribution and logistics costs incurred for the sales reorganization described in the Group Report on Operations, and costs for legal, administrative, tax and organizational services assisting such activities;
- extraordinary expenses deriving from *ad-personam* agreements referring to changes in top management positions and mobility within the scope of organizational changes, totaling euro 0.6 million.

Excluding the effects of the non-recurring transactions, the 2015 adjusted Ebitda is euro 18.3 million, equal to 8.9% of sales (euro 22.3 million, 14.8% of sales in 2014), whereas the adjusted Ebit is nearly euro 10.6 million, 5.2% of sales (euro 16.7 million and 11.1% of sales in 2014). The apparent loss in margins, which is more than compensated for at a consolidated level, is attributable primarily to the consolidation of the former distributors' margin due to the direct service to the new affiliates and the joint ventures set up during the year.

SALES REVENUES

The 2015 sales revenues were euro 205.7 million, compared to the euro 150.4 revenues of 2014, up by a substantial euro 55.2 million (36.7%) from the prior year.

At constant exchange rates, the year-on-year increase is 30.1%.⁷

The Parent Company's revenues from sales to third parties in were euro 109.1 million in 2015, compared to euro 94.9 million in 2014, up by euro 14.4 million or 15.2%.

The following table sets forth Marcolin S.p.A.'s sales revenues by geographical segment:

Net Sales by geographical area					Increase (decrease)	
(euro/000)	2015		2014		Turnover	Change
	Turnover	% on total	Turnover	% on total		
<i>Italy</i>	26,555	12.9%	20,981	13.9%	5,574	26.6%
<i>Rest of Europe</i>	53,609	26.1%	35,627	23.7%	17,982	50.5%
Europe	80,164	39.0%	56,608	37.6%	23,556	41.6%
U.S.A.	34,254	16.7%	27,928	18.6%	6,326	22.7%
Asia	26,610	12.9%	23,834	15.8%	2,776	11.6%
Rest of World	64,631	31.4%	42,050	28.0%	22,581	53.7%
Total	205,659	100.0%	150,420	100.0%	55,239	36.7%

The Company continued to invest in brands and in its sales organization under a medium-term strategy, even in difficult markets, where it has decided to keep pace with demand in the short term instead of saturating customers with products, and to focus on credit quality.

The Parent Company's performance benefited from the Marcolin/Viva integration process, particularly from the reorganization of the sales and logistical activities based on a rational design consistent with the Group's structure.

In 2015 Marcolin S.p.A. centralized distribution to international clients that had previously been served by Viva Eyewear (UK) Ltd, and to key clients that need to be handled directly from Longarone due to their nature and significance, and for reasons of interdependence.

Marcolin S.p.A.'s revenue performance in 2015 reflects sales growth across all markets.

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Currency	Symbol	Closing exchange rate			Average exchange rate		
		12/31/2015	12/31/2014	Change	2015	2014	Change
Australian Dollar	AUD	1.490	1.483	0.5%	1.478	1.472	0.4%
Brasilian Real	BRL	4.312	3.221	33.9%	3.700	3.121	18.6%
Canadian Dollar	CAD	1.512	1.406	7.5%	1.419	1.466	(3.2)%
Swiss Franc	CHF	1.084	1.202	(9.8)%	1.068	1.215	(12.1)%
Remimbi	CNY	7.061	7.536	(6.3)%	6.973	8.186	(14.8)%
Danish Krone	DKK	7.463	7.445	0.2%	7.459	7.455	0.1%
English Pound	GBP	0.734	0.779	(5.8)%	0.726	0.806	(9.9)%
Hong Kong Dollar	HKD	8.438	9.417	(10.4)%	8.601	10.302	(16.5)%
Japanese Yen	JPY	131.070	145.230	(9.8)%	134.314	140.306	(4.3)%
Mexican Pesos	MXN	18.915	17.868	5.9%	17.616	17.655	(0.2)%
Norwegian krone	NOK	9.603	9.042	6.2%	8.950	8.354	7.1%
Russian Rublo	RUB	80.674	72.337	11.5%	68.072	50.952	33.6%
Swedish Krone	SEK	9.190	9.393	(2.2)%	9.353	9.099	2.8%
USA Dollar	USD	1.089	1.214	(10.3)%	1.110	1.329	(16.4)%

Although Europe was affected by fluctuating markets, with very uneven trends and growth rates, it represented Marcolin's main market in terms of annual growth (with sales up by euro 23.6 million or 41.6%).

As noted, the sales and distribution organization in Europe and particularly in Italy underwent important rationalization processes in 2014, which produced the anticipated results in 2015.

Some geographic areas performed very well: sales rose in Italy by 26.6%, in Spain by 42.6%, in Portugal by 47.7% and in Belgium by 25.7%.

Europe accounted for 39% of the Group's total net revenues in 2015.

Important growth was also achieved in the United States (+22.7%) and Brazil (+28.9%) in the year. Management focused on the U.S. market thanks to its positive macroeconomic situation, a springboard for prospective sales.

As noted, the American market was affected by Marcolin/Viva integration, due to the reorganization of the distribution network (sales force restructuring under one management and coordination unit for the two main American companies). Marcolin collections, particularly the luxury brands but also products in which Marcolin has invested heavily such as Swarovski and Timberland, are benefiting substantially from top-line synergies thanks to the use of Viva's sales organization and its widespread presence in North American markets.

Sales in Asia grew consistently with the positive trend in the Far East markets.

The annual increase was 11.6%, representing euro 2.8 million of the total increase reported from 2014.

As noted, the Company is continuing to expand in Asia, and for this reason it has invested in the creation of local business structures, in a geographical area characterized by high growth potential. The activities carried out to strengthen the structures in the Far East, including the establishment of an important organization that combines the distribution of Viva and Marcolin products (Marcolin UK Hong Kong Branch) and other important partnerships with renowned industry players, were designed to promote growth in that geographical area.

In the Rest-of-World segment, sales rose by 53.7%, or euro 22.6 million.

These are emerging markets with interesting growth potential, focused on in order to find distribution partners in which to invest for better penetration in a strategic area.

In the Rest of the World, South Korea (+23.5%) and the United Arab Emirates (+35.8%) performed very well.

The European market, which performed well overall in 2015, although unevenly (certain countries were more affected by weak domestic demand, especially France), should benefit from Marcolin's sales initiatives undertaken to shore up weak markets and to find more extensive forms of collaboration, including joint ventures, to take on more effectively Northern Europe (with the Marcolin Nordic joint venture) and Eastern Europe (with Sover-M in Russia, called Marcolin-RUS LLC in 2015), where Marcolin had not been present directly.

Russia is a separate matter, where serious political difficulties and social tensions, fueled by the aggravation of the socioeconomic situation in the last few months of the year, have hampered eyewear exports to that country. The close partnership there will enable Marcolin to remain in a market that would be difficult to preserve on its own.

The Americas, Far East and some areas of the Rest of the World, including the Middle East, represent strategic markets for the Group due to their growth trends and because the buying patterns of the consumers there involve fashion and luxury brands, in which Marcolin is specialized.

As noted, American markets are highly stimulated by the strong presence assured by Viva, a critical success factor for Marcolin's geographical expansion and increase in scale, especially in view of the expanding economy and stronger U.S. dollar.

The Company's income statement highlights are reported hereunder.

Ebitda is euro 17.3 million (8.4% of sales), compared to the 2014 amount of euro 16.1 million (10.7% of sales); Ebit is euro 9.6 million, 4.7% of sales, compared to the euro 10.5 million for 2014 (7.0% of sales).

As noted, the 2014 and 2015 results were influenced by exceptional events, so the margins have been "normalized" in order to present the business performance without the non-recurring costs deriving from the organizational and corporate rationalization activities.

The adjusted Ebitda is euro 18.3 million, compared to the euro 22.3 million of 2014, and represents 8.9% of sales (14.8% in 2014).

Adjusted Ebit is euro 10.6 million (5.2% of sales), compared to the euro 16.7 million of 2014 (11.1% of sales).

Consolidated income statement <i>(euro/000)</i>	2015		2014	
	euro	% of revenue	euro	% of revenue
Net revenues	205,659	100.0%	150,420	100.0%
Gross profit	78,904	38.4%	66,366	44.1%
Ebitda	17,328	8.4%	16,110	10.7%
Operating income - Ebit	9,635	4.7%	10,545	7.0%
Financial income and costs	(3,142)	(1.5)%	(823)	(0.5)%
Profit before taxes	3,090	1.5%	9,722	6.5%
Net profit for the year	(2,605)	(1.3)%	4,483	3.0%

According to the key performance indicators, gross profit is 38.4% of sales, down as a percentage of sales by 5.8% from 2014 (44.1%). The dilution is attributable primarily to the transfer of the Asia Pacific business and direct distribution to the People's Republic of China to the new affiliates (Marcolin UK Hong Kong branch and the Chinese joint venture, respectively).

The euro 12.5 million increase in gross profit is substantially attributable by positive volumes and positive effect attributable to brand mix (mainly due to Pucci and Zegna).

Product costs rose due to the appreciation of the U.S. dollar, whereas the prices in foreign currency remained fairly consistent with those of the previous year, thanks to activities undertaken to contain the impact of inflation on margins, especially in international sourcing markets (China).

The margins were also affected by costs of investments made to relaunch collections and enhance the designs of the new brands, and advertising costs incurred by the Company to promote its sales, even when the revenues were not at full capacity.

Despite the impact of the reorganization and sales development, which have not fully produced returns on the top line yet, operating income was a positive euro 9.6 million (4.7% of sales), compared to the euro 10.5 million of 2014 (7.0% of sales).

The bottom line is a net loss of euro 2.6 million (1.3% of sales), compared to a net profit of euro 4.5 million for 2014.

It includes net finance costs of euro 3.1 million, compared to the net finance costs of euro 0.8 million incurred in 2014.

Marcolin S.p.A.'s net finance costs, resulting from finance costs of euro 30.3 million and financial income of euro 27.1 million, were influenced by the following:

- interest payments of euro 17.0 million on the bond notes, paid semiannually in May and November;
- reversal of bond issue costs, accounted for under IFRS with the financial method of amortized cost over the life of the bond notes (maturing November 2019);
- net interest costs on bank loans;

The Parent Company's foreign currency exchange in 2015 was balanced, with a net gain (including the fair value measurement of currency hedges in place at the end of the year and currency translation adjustments made to receivables and payables at the end of the year).

The income tax expense is euro 5.7 million, compared to euro 5.2 million for 2014.⁸

The current taxes amount to euro 1.1 million, consisting mainly of Marcolin S.p.A.'s IRAP (regional business tax) and IRES (corporate income tax) expense.

The tax expense was affected by the adjustment of deferred taxes, for which a large portion of deferred tax assets recognized on accumulated tax losses was used, which were recovered during the year due to the taxable profits generated by the Company.

⁸ Marcolin S.p.A., together with the parent company, Cristallo S.p.A. (absorbed through a reverse merger) and its subsidiaries Eyestyle Retail S.r.l. and Eyestyle.com S.r.l., had opted for the Italian tax consolidation regime for IRES (corporate income tax) purposes for 2013, 2014 and 2015, which recognized Marmolada S.p.A. as the parent company.

On June 13, 2014, pursuant to the Italian Income Tax Code ("TUIR"), Presidential Decree no. 917, Article 117 et seq. of December 22, 1986, the ultimate parent company, 3 Cime S.p.A. notified the Italian Revenue Office of its adoption of the Italian tax consolidation regime with its subsidiaries, including Marcolin S.p.A., for 2014, 2015 and 2016. Accordingly, the tax consolidation in effect in 2013 was replaced with an identical agreement with 3 Cime S.p.A., which involved terminating the previous agreement and stipulating a new one for the three-year period.

From the current year to December 31, 2016, the tax consolidation regime will enable each participant (including the Company), by way of partial recognition of the group's tax burden, to optimize the financial management of corporate income tax, for example by netting taxable income and tax losses within the tax group.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

The Parent Company's financial position as at December 31, 2015 is presented below in comparison with the corresponding results of the previous year:

Net invested capital	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Trade receivables	91,261	69,053
Inventories	74,509	63,061
Trade payables	(114,103)	(98,380)
Operating working capital	51,666	33,733
Other receivables	10,917	7,582
Other payables	(13,473)	(14,478)
Net working capital	49,110	26,837
	-	-
Non-current receivables	11,973	16,722
Equity investments and other financial assets	64,634	64,494
Property, plant and equipment	24,001	19,867
Intangible assets	24,252	19,113
Goodwill	186,227	189,722
Fixed assets	311,086	309,918
Provisions	(6,953)	(7,020)
Net invested capital	353,243	329,735
Current financial payables	83,986	57,412
Non-current financial payables	201,189	196,386
Gross financial indebtedness	285,175	253,798
Cash and cash equivalents	(23,070)	(28,947)
Non-current financial receivables	(119,116)	(108,190)
Net financial position	142,989	116,662
Equity	210,254	213,073

The net financial indebtedness at December 31, 2015 is set forth below against the corresponding data of 2014:

Net financial position / (indebtedness)	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Cash and cash equivalents	15,180	18,879
Financial receivables	127,006	118,257
Short-term borrowings	(80,437)	(56,080)
Current portion of long-term borrowings	(3,548)	(1,332)
Long-term borrowings	(201,189)	(196,386)
Total	(142,989)	(116,662)

The Company's net financial position is indebtedness of euro 143.0 million, compared to the euro 116.7 million indebtedness of 2014, an increase of euro 26.3 million.

As explained subsequently, the deterioration is due to exceptional investments of euro 14.1 million for: i) completion of Viva integration, ii) opening the new factory in Fortogna, and iii) payment of transaction fees to renegotiate and extend some important licensing agreements. Such investments were made to enhance the Group's immediate and future profitability and ensure the long-term visibility and stability of the brand portfolio.

In 2015, to sustain its growth, the Company obtained access to new credit lines of euro 8 million from major financial institutions.

The entire euro 25 million of the revolving credit facility was drawn, whereas euro 20 million was used in 2014.

The net financial position was affected by the reversal of deferred bond transaction costs of euro 2 million, a euro 3.7 decrease in cash and cash equivalents, a euro 11 million currency exchange loss on financial items, and intercompany loans of euro 18 million.

More information on the cash generated by operating activities is reported notes to the financial statements.

The debt-to-equity ratio at December 31, 2015 is 0.68 (compared to 0.55 at December 31, 2014).

Year <i>(euro/000.000)</i>	Net Financial Position	Net equity	Level of indebtedness
2011	(13.6)	93.2	(0.15)
2012	(14.9)	92.0	(0.16)
2013	(102.1)	213.9	(0.48)
2014	(116.7)	213.1	(0.55)
2015	(143.0)	210.3	(0.68)

The level of indebtedness is the ratio between net financial position and equity.

The composition of net working capital, in comparison with the previous year, is set forth in the following table:

Net working capital <i>(euro/000)</i>	12/31/2015	12/31/2014
Inventories	74,509	63,061
Trade receivables	91,261	69,053
Trade payables	(114,103)	(98,380)
Other current assets and liabilities	(2,556)	(6,896)
Total	49,110	26,837

With respect to the various items that make up net working capital:

- the value of inventories rose by euro 11.4 million compared to the previous year. The increase in closing inventories is attributable to an increase in finished product inventories, due to the higher sales. The inventory increase is also attributable to the discontinuity represented by products with new brands, particularly Zegna and Pucci and to the increase in collections offered and models produced;
- although trade receivables were higher than in the previous year, they were largely affected by the increased sales. Credit quality improved from the previous year. In 2015 the improvement in the average collection period, or "days sales outstanding" (DSO), which had lost recently slowed down, gained momentum with a solid improvement year-on-year;
- the balance of trade payables at the end of 2015 was affected primarily by the aforementioned increase in closing inventory. The average payment period, or "days payable outstanding" (DPO), for trade payables improved considerably year-on-year, thanks to management actions in the direction of contractual improvement with suppliers.

The working capital-to-sales ratio is 0.25 (up considerably from the 0.18 ratio of 2014).

Among the non-current assets, in line with the previous year, the Parent Company recognized goodwill of euro 186.2 million at the end of 2014 (arising on the reverse merger with Cristallo S.p.A.) as an asset with an indefinite useful life, and thus not amortized.

Goodwill was reviewed for impairment. The related assumptions and results are described in the notes to the separate financial statements of Marcolin S.p.A.

In 2015 goodwill was reduced by euro 3.5 million due to Marcolin S.p.A.'s transfer to Marcolin UK Ltd of the customer list and related distribution contracts with such parties in the Asia Pacific region, a value of euro 3.5 million. As consideration, Marcolin UK Ltd assigned and issued to Marcolin S.p.A. a number of shares corresponding to the British pound equivalent of the value of assets transferred.

The annual capital expenditures regarded mainly the investment in the new manufacturing facility in Fortogna, regarding both the purchase of the property and the purchase and installation of new machinery and equipment.

Investments in intangibles were made to adjust and rationalize the existing business software and to renew some licenses, as noted previously.

Between January 1, 2015 and December 31, 2015 the Company incurred costs for investments in new capital goods for which it intends to obtain the tax credit provided by Decree-Law n. 91, Article 18 of June 24, 2014, converted with amendments into Law n. 116 of August 11, 2014, (known as the "competitiveness decree"), the amount of which will be reported in the tax return.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The performance of the companies affiliated with the Group is summarized briefly hereunder. The financial statement results of the affiliates as at December 31, 2015 compared to December 31, 2014 are reported extensively at the end of this document.

Marcolin France Sas

Marcolin France Sas (Paris) is 76.9%-owned by Marcolin S.p.A. and 23.1%-owned by Marcolin International B.V. The company distributes Marcolin products in France, and in 2015 it produced sales revenues of euro 33.0 million (euro 18.5 million in 2014).

It reports a net loss of euro 0.8 million for 2015 (net loss of euro 0.2 million for 2014).

In 2015 the company absorbed subsidiary Viva France Sas, the distributor of Viva brand products in France with sales revenues of euro 18.6 million in 2014. That company had been wholly owned by Viva Eyewear (UK) Ltd, whose stake was sold to Marcolin France Sas on October 31, 2014.

The transaction, a step toward the subsequent merger of Viva France into Marcolin France (by way of the “dissolution sans liquidation” of Viva France and “trasmision universelle du patrimoine de Viva France à Marcolin France”, effective on January 1, 2015), had the objective of reducing and streamlining the structures and related costs of the French companies by integrating the two businesses into one organization with a sole management, in order to manage the market more efficiently and effectively.

By way of the merger, the operations, assets and liabilities of the absorbed company continue to survive within the acquirer.

Marcolin Iberica S.A.

Marcolin Iberica S.A., located in Barcelona, is wholly owned by Marcolin S.p.A.

A distributor of Marcolin products in Spain and Andorra, in 2015 it produced sales revenues of euro 11.5 million (euro 8.1 million in 2014, showing an increase of about 42%).

In 2015 it reports a net profit of euro 0.2 million (net profit of euro 0.2 million for 2014).

Marcolin Portugal-Artigos de Optica Lda

Marcolin Portugal-Artigos de Optica Lda is based in Lisbon and is 99.82%-owned by Marcolin S.p.A. In 2015 it produced sales revenues of euro 2.5 million (euro 1.8 million in 2014).

It broke even in 2015 (net profit of euro 0.1 million for 2014).

Marcolin Deutschland Gmbh

Marcolin Deutschland Gmbh, Ludwigsburg, distributor for the German market (wholly owned by Marcolin S.p.A.), produced sales revenues of euro 8.5 million in 2015 (euro 7.5 million in 2014).

It reports a net profit of euro 0.1 million for 2015 (net loss of euro 0.2 million for 2014).

Marcolin Schweiz Gmbh

Marcolin Schweiz Gmbh, based in Fuellinsdorf (wholly owned by Marcolin S.p.A.), produced sales revenues of euro 2.0 million (euro 2.0 million in 2014 as well), mainly in Switzerland.

It broke even in 2015, as in 2014.

Marcolin Benelux Sprl

Marcolin Benelux Sprl (Faimes), wholly owned by Marcolin S.p.A., produced sales revenues of euro 5.9 million in 2015 (euro 5.0 million in 2014) in Belgium, Luxembourg and the Netherlands.

It reports a net profit of euro 0.1 million for 2015 (it broke even in 2014).

Marcolin (UK) Ltd

Marcolin U.K. Ltd, based in Thatcham, Berkshire, wholly owned by Marcolin S.p.A., produced sales revenues of euro 13.4 million in 2015 (euro 6.1 million in 2014) in the United Kingdom and Ireland.

It should be recalled that under the Marcolin group's sales reorganization plan in UK during 2014, Viva Eyewear UK Ltd's operating divisions were transferred to Marcolin UK (domestic market) and Marcolin S.p.A. (international market).

Moreover, as part of the international distribution reorganization required for Viva/Marcolin integration, on January 1, 2015 Marcolin S.p.A. transferred the "Asia Pacific Distribution" business division (distribution of Marcolin products in the Far East) to subsidiary Marcolin UK Ltd – Hong Kong Branch. It reports a net profit of euro 0.6 million for 2015 (net profit of euro 0.3 million for 2014).

Viva Eyewear UK Ltd

Viva Eyewear U.K. Ltd, before Marcolin group acquisition of Viva Group, was the domestic and international distributor of Viva products; it is wholly owned by Marcolin USA Eyewear, Corp. In September 2014 Marcolin S.p.A. and Marcolin UK Ltd took over its business divisions (international and domestic distribution, respectively). In 2014 it had produced sales of euro 19.9 million.

As a result of the foregoing, during the year the company was effectively non-operating, but acted solely as a holding company for some Group companies. This enabled to produce a profit of euro 0.2 million in 2015 (euro 12.0 million in 2014, mostly referring to non-recurring capital gains deriving from corporate transactions carried out during the year).

Marcolin USA Eyewear Corp.

Marcolin USA Eyewear Corp. is the new name of Viva Optique Inc. following the Marcolin group's reorganization in the United States. On January 1, 2015 the corporate restructuring took effect by way of the dissolution and absorption of American companies Marcolin USA, Inc., Viva Europa, Inc., Viva International, Inc. and Viva IP, Corp. into Viva Optique, Inc., effective as of the close of business on December 31, 2014. The new company was set up in Somerville, New Jersey in 2015 and produced revenues of \$ 207.8 million (euro 189.5 million), compared to the \$ 100.7 million in 2014 (euro 75.8 million) of Viva Optique Inc. and \$ 101.6 million (euro 76.5 million) of Marcolin USA Inc.

The American company is the Group's most important affiliate. It produced sales primarily in the United States, Canada.

In North America Viva/Marcolin integration started in early 2014, beginning with the sales organization and rationalization of the sales force, with the objective of reassigning products and markets according to a unitary logic in order to optimize the distribution of Viva and Marcolin products in the various markets.

During 2015 Scottsdale (Arizona) plant has been ceased, as per reorganizational plan. U.S. market will be served by Somerville (New Jersey) plant.

Viva Canada Inc.

Viva Canada Inc. is wholly owned by Marcolin USA Eyewear, Corp.

In 2015 it produced sales of euro 5.4 million (euro 5.7 million in 2014), realizing a net profit of euro 2.0 million (net loss of euro 1.0 million in 2014). This result derives largely from the capital gain realized during the year on the transfer of the sales and logistics business division in Canada to parent Marcolin USA Eyewear Corp., within the broader scope of Viva/Marcolin integration, with clear benefits in terms of marketing and logistical efficiency.

Marcolin Do Brasil Ltda

Marcolin Do Brasil Ltda, based in Barueri and wholly owned by Marcolin S.p.A. (pursuant to the 2015 acquisition of the residual 0.1% from Marcolin Portugal-Artigos de Optica Lda), produced sales revenues of euro 8.9 million (euro 6.2 in 2014) in the Brazilian market.

It reports a net loss of euro 6.4 million for 2015 (net loss of euro 1.8 million in 2014), affected by heavy unrealized foreign exchange losses due to the depreciation of the local currency against the euro.

Within the scope of Viva/Marcolin integration, a transaction similar to the one in France took place in Brazil, where two identical sales organizations existed, one for the distribution of Marcolin products (Marcolin do Brasil Ltda) and the other for the distribution of Viva products (Viva Brasil Comercio Produtos Opticos Ltda).

In this case as well, after the new parent Marcolin do Brasil acquired all Viva Brasil Comercio Produtos Opticos Ltda shares (at the end of December 2014), it initiated a merger to absorb such company (which took place on January 1, 2015).

Marcolin Asia HK Ltd

Marcolin Asia Ltd Hong Kong (wholly owned by Marcolin International B.V.), based in Hong Kong, produced sales revenues of euro 3.0 million in 2015 (euro 6.9 million in 2014).

The turnover decrease is due to the transfer to Marcolin UK Hong Kong Branch of the commercial business starting from July 1, 2015 in order to concentrate commercial activities in Far East under the branch for a better market management.

It reports a net profit of euro 0.9 million for 2015 (net profit of euro 1.5 million for 2014).

Marcolin Technical Services Co. Ltd

In October 2015 a new company was established in China Asia Pacific operations to monitor the production of Chinese-manufactured products, perform quality control and check production work in progress for the Group's companies (Marcolin S.p.A., Marcolin USA Eyewear Corp., and Marcolin UK Hong Kong Branch).

The company is owned directly by Marcolin S.p.A. and based in Shenzhen, Guangdong Province, China.

Marcolin UK Ltd Hong Kong Branch and Viva Eyewear HK Ltd

In 2015 Marcolin UK Ltd Hong Kong Branch (branch of Marcolin UK Ltd) produced sales of euro 28.6 million (euro 1.5 million in 2014), and a net profit of euro 2.5 million (net loss of euro 0.8 million in 2014).

The company had been set up in Hong Kong, with the objective of combining the distribution of Marcolin and Viva products in a structure operating directly in the Far East.

That structure, established in July 2014 through a transfer of Viva Eyewear HK Ltd's operating division, was the object of a subsequent business transfer by Marcolin S.p.A., which continued to serve the Asian market directly until the end of 2014, when it transferred the entire Asia Pacific business to the new structure (effective January 1, 2015).

The Hong Kong branch sources directly from Chinese suppliers thanks to the size and scale achieved, thereby saturating overheads by distributing into outlying markets autonomously and fully exploiting the cost benefits arising on operational gearing to improve sales.

Eyestyle Trading (Shanghai) Co. Ltd

In 2015 Eyestyle Trading (Shanghai) Co. Ltd (wholly owned by Marcolin S.p.A.) produced sales of euro 0.9 million and a net profit of euro 0.4 million (net loss of euro 0.1 million in 2014, its first year of operation).

It was restructured to assist the importing and distribution of the Zegna line to the Zegna boutiques in China, starting in February 2015 and continuing throughout the year.

Marcolin International B.V.

Marcolin International B.V. (Amsterdam), wholly owned by Marcolin S.p.A., reports a net loss of euro 0.1 million for 2015 (net loss of euro 0.1 million for 2014).

It does not perform operating activities.

Eyestyle Retail Srl and Eyestyle.com Srl

Eyestyle Retail Srl, based in Milan, ran the Marcolin store in downtown Milan, a prestigious showcase that completed the Group's marketing activities with a direct retail business. It enables to test Marcolin and Viva collections directly with the consumer and obtain useful information for understanding consumer tastes and trends.

Eyestyle.com Srl, based in Longarone (Belluno), was founded in March 2012, when it started to develop the web portal dedicated to sales of sunglasses, eyeglass frames, optical products and materials and similar products.

Pursuant to the rationalization and streamlining of the Group's structure, on December 1, 2015 the two companies merged through absorption directly into Marcolin S.p.A.; the absorption merger was backdated to January 1, 2015 for accounting and tax purposes.

former Sover-M ZAO, now Marcolin-RUS LLC

Still regarding the Group's international development, a joint venture was set up with Sover-M, a well-established, prestigious company operating in the eyewear business in Russia, for the distribution of all Marcolin and Viva products. Sover-M's shares were acquired in December 2014. On July 10, 2015 the company name was changed to Marcolin-RUS LLC.

The Italian Parent Company owns 51% of Marcolin-RUS LLC.

In 2015 it produced sales revenues of euro 5.1 million and broke even.

Marcolin Nordic AB

In Europe, at the beginning of 2015 an affiliate was established in Frösundaviks (Stockholm), Sweden. Marcolin Nordic began operating at the end of February 2015, and its mission is to manage closely and directly the Nordic market (Denmark, Finland, Norway, Iceland and Sweden) in order to distribute all brands in the Marcolin/Viva portfolio there.

In the first half of 2015 its structure was provided with branches to operate in the main countries of interest in the area.

The company and its branches produced sales revenues of euro 3.5 million in 2015 and a net loss of euro 1.3 million.

Ging Hong Lin International Co. Ltd and Shanghai Jinlin Optical Co. Ltd

In order to improve the management of direct distribution in mainland China, in the second half of 2014 a joint venture was set up with the Gin Hong Yu International Co. Ltd group, a well-known and respected business operating in the Chinese eyewear market.

The operations are managed by Shanghai Jinlin Optical Co. Ltd, a company based in Shanghai and wholly owned by Gin Hong Lin International Co. Ltd.

The Hong Kong company is 50%-owned directly by Marcolin S.p.A.

The Joint Venture overall produced sales revenues of euro 5.5 million in 2015 and a net profit of euro 0.5 million.

Viva Deutschland GmbH

In November 2014 the Marcolin group stipulated an agreement with Viva Deutschland GmbH to extend the (Guess and Gant) product distribution agreement expiring on December 31, 2014 to December 31, 2015 for Germany, Austria and Switzerland. During the year the agreement was renewed until December 31, 2017.

Consequently, the joint venture with Viva UK Eyewear Ltd will continue operating until the new expiration of the renewed distribution agreement, as will subsidiaries Viva Schweiz AG and Viva Eyewear Brillenvertriebs GmbH, whereas Viva Nederland B.V. was liquidated in August 2015.

The Joint Venture overall produced sales revenues of euro 2.7 million in 2015 and a net profit of euro 0.3 million.

ASSOCIATES

Viva Eyewear Australia Pty Ltd

This company is a joint venture between Viva Eyewear HK Ltd (50%) and General Optical (distributor of optical products in the Australian market).

In March 2014, Viva Eyewear HK Ltd formally notified General Optical that it would not renew the distribution agreement expiring on June 30, 2014. Accordingly, the company was put into liquidation on February 5, 2015.

Viva Optique de Mexico SA de CV

The company is a joint venture between Marcolin USA Eyewear Corp. (50%) and a major distributor of optical products in the Mexican market.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP AND THE COMPANY ARE EXPOSED

Economic risks and competitive risks associated with the sectors in which the Group and the Company operate

The financial position and performance of the Marcolin group and Marcolin S.p.A. are influenced by macroeconomic factors of the various countries in which they operate. Economic recession has been present on an international level for the past few years, which has caused some major markets to contract, in some cases to record minimums. Recently, some economies have shown signs of significant improvement and have resumed growth; others are still in recession and continue to experience slow growth or even stagnation.

In this critical moment it is difficult to predict the size and duration of economic cycles and make forecasts of future demand in the various countries; it is certain that, at least in the near future, the economies of certain countries will continue to have slow growth.

Significant declines in consumer spending showing up across markets and product lines could impact the Group's and the Company's financial position and performance, although the diversification of our markets and the Marcolin product/brand portfolio limits such risk considerably compared to companies that are more concentrated in certain markets or segments.

The balance achieved in 2014 by Marcolin with the Viva acquisition not only expands the possibilities to grow in markets having higher growth than Europe (particularly Viva's American markets, where much of the product is offered), it also accelerates the sales channel diversification (balance between eyeglass frames and sunglasses, luxury and diffusion, men's and women's), thereby reducing the risk of potential contraction of sales volumes due to economic recession.

Other uncertain factors could create negative consequences for the Group's and the Company's performance, such as rising energy prices and/or fluctuating raw material prices, but in such circumstances the effects could be transferred to sales prices, eliminating or at least limiting the impact on performance and thus on self-financing capability.

If sales volumes and/or selling prices were to fall significantly, the Group and the Company are able to implement actions in the short term to contain their cost structures in order to minimize any effects on financial position and performance.

The tough economies/financial situations of some markets may lead to greater risks regarding the collection of trade receivables, at least in the most troubled situations.

For this purpose, within the scope of its policy to manage risks regarding customer accounts, the Company has set up an internal credit management department headed by a designated manager, which takes every action to manage credit risk at the time of customer evaluation and at delivery, sending payment notices for delinquent accounts and monitoring new accounts, risky accounts, and sales credit and payment extensions granted, in collaboration of the sales functions.

Cash flow risk

At the end of 2013 the Parent Company's financial structure changed significantly due to the transactions described herein.

The bond issue of November 2013 completely changed Marcolin's funding activities, which had been through the ordinary financial market, i.e. short-term and medium/long-term loans with major banks, often with bilateral agreements.

The bond issue refinanced the existing debt, providing the Group and the Company with conditions of relative stability at least until the notes mature at the end of 2019.

The transaction involved a super senior revolving credit facility to be used to manage the timing mismatch between receipts and payments, and cash requirements for normal operating activities such as those involving ordinary investments.

The credit facility, a total of euro 25 million, expandable by an additional euro 5 million, is considered adequate to support the Group's and the Company's ordinary funding needs.

On December 31, 2015 additional undrawn credit facilities totaling some euro 11 million were present at major banks, consisting of revolving credit available for short-term cash flow requirements.

In 2015, the Parent Company accessed new bank financing and other forms of financing through leasing, factoring and reverse factoring to assist investments in new projects and manage working capital.

Any significant, sudden reductions of sales volumes could have negative effects on the ability to generate cash flow from its operating activities. In the current circumstances the Group and the Company expect to maintain an adequate capacity to generate cash flows through operating activities.

The Marcolin group plans to meet its cash requirements for repayment of its financial debts due and for the approved budget by using cash flows from operating activities (annual self-financing), cash and bank balances, use of the aforementioned revolving credit facility, use of credit lines currently available, and funding through leasing, factoring and reverse factoring.

Currency and interest rate risks

The Marcolin group and Marcolin S.p.A. operate in various markets throughout the world and thus are exposed to market risks connected with fluctuations of foreign exchange rates and interest rates.

Exposure to currency risk arises from the different geographic locations of its manufacturing and commercial activities. The Group and the Company are primarily exposed to fluctuations of the U.S. dollar on supplies received from Asia and on sales conducted in U.S. dollars.

The cash flows deriving from such transactions partly offset each other, creating natural hedging on this currency, so the risk is more limited and manageable.

In the past two years, due to Viva/Marcolin integration, the Group's and Parent Company's distribution and logistical flows changed dramatically, resulting in a need to overhaul the comprehensive structure and control systems and set up effective monitoring tools.

In keeping with its risk management policies, the Marcolin group and Marcolin S.p.A. use hedging instruments to manage risks of adverse exchange rate and interest rate fluctuations (currency forwards, on the basis of budget forecasts monitored during the year).

With respect to interest rate risk, the Marcolin group uses types of financing mainly with fixed interest rates, the bond notes in particular (which have a fixed interest rate of 8.50%).

Therefore, changes in market interest rates should not significantly affect current borrowing costs.

Additional information concerning the risks and hedging instruments used by the Group is provided in the notes to the financial statements.

Licensing risks

The markets in which the Group and the Parent Company operate are highly competitive in terms of product quality, innovation and business conditions.

Marcolin's success is partially due to its capacity to introduce products with innovative and new designs, its continuous search for new materials and modern productive processes and its ability to adapt to consumers' changing tastes, anticipating fashion shifts and reacting to such shifts in a timely manner.

The Company has signed long-term licensing agreements that enable it to produce and distribute eyeglass frames and sunglasses under trademarks owned by third parties. If in the long-term the Group and the Company were unable to maintain or renew their licensing agreements at market conditions, or if they were unable to stipulate new licensing agreements for other successful labels, the growth prospects and operating results of the Marcolin group and Marcolin S.p.A. could be negatively impacted.

For this reason the Group and the Company work constantly toward renewing existing licenses and procuring new licenses in order to maintain their long-term prospects.

In 2015 these activities produced positive results, as described in the Group Report on Operations. Many initiatives were carried out successfully in terms of extending license durations and acquiring new, prestigious licenses.

Moreover, all licensing agreements require payment of annual minimum guaranteed royalties (the “guaranteed minimum”) to the licensor, even if the sales should fall below certain thresholds, with possible negative effects on the Group’s financial position and performance.

The Group and the Company monitor these situations closely in order to safeguard the business performance when overheads are not adequately absorbed by sales revenues.

In 2015, initiatives regarding the revision of minimum guaranteed royalties due over the term of the licensing agreement were successfully implemented.

Supplier risks

The Group and the Company use contract manufacturers and third-party suppliers to manufacture and/or process some of their products.

The use of contract manufacturers and third-party suppliers involves additional risks, such as cancellation and/or termination of contracts, poor quality in the supplies and services provided and delivery delays.

Delays or defects of products supplied by third parties, or the cancellation or termination of supplier contracts without having adequate alternative sourcing available, could have a negative impact on the Group’s business operations, financial position and performance.

Contract manufacturers and third-party suppliers, located mainly in Italy and Asia, are submitted to continuous controls by the responsible functions to verify compliance with quality and service standards, including those relating to delivery timing and methods, and fair prices with respect to target margins.

The Group and the Company manage this risk by constantly monitoring the sourcing markets, also in order to identify alternative manufacturers and suppliers in case of temporary or structural difficulties with the current suppliers.

In 2014 and also in 2015 the Asian suppliers were reviewed and monitored from a quantitative and qualitative point of view (quality, reliability and service), in light of the particular social and economic dynamics characterizing that sourcing market.

Marcolin started up a manufacturing project aimed to double its Italian manufacturing operation with the purchase of a new 3,500 square meter factory in Longarone (Fortogna locality), in the heart of the eyewear district. In the second half of 2015 the factory began to ensure the new production capacity necessary to meet the demands arising from both the new brands added to the brand portfolio and the structural expansion of some markets.

Reasons for which the consolidation and development of its production capacity in Italy are important to Marcolin include reduced dependence on external suppliers (both Italian and Asian), which will enable to shorten the manufacturing lead time and thus increase the ability to seize market opportunities (and improve the time to market), and the possibility to manage the inflation risk regarding the Chinese sourcing market, as production insourcing will result in greater control of production factors.

For the Asia Pacific area, a new company was set up in China to monitor the production of Chinese-manufactured products, perform quality control and check production work in progress for the Group’s companies, specifically Marcolin S.p.A., Marcolin USA Eyewear Corp., and Marcolin (UK) Hong Kong Branch.

The new company, Marcolin Technical Services (Shenzhen) Co. Ltd, established and owned directly by Marcolin S.p.A., is based in Shenzhen, Guangdong Province, China. It began operating in mid-2015, providing technical services regarding production, such as supplier selection in China, quality control and monitoring of production work in progress, and general manufacturing-related services.

OTHER INFORMATION

Human resources

Marcolin considers the value of human resources to be a critical success factor. Training and personnel enhancement constitute an investment in the Group's and the Company's business consolidation and development.

In 2015 the Company increased the awareness of corporate values and launched a plan ("MES") to evaluate qualifications and technical skills in line with the corporate vision.

The values on which the Group is building its future are based on the concept of active, effective contributions from our people, teamwork, and the satisfaction of customer demands through well-informed decision-making, relying on excellent skills and know-how and constantly keeping an eye and ear out for external changes.

The Company worked on plans to reinforce and implement the corporate values in order to incorporate them more profoundly into the set of tools used to achieve business results.

This objective was pursued through an engagement and performance survey, and through action plans managed within each department (the Murmur plan).

2015 was another year of feedback and corrective measures, featuring job rotation at the headquarters and effective support to the main corporate areas, in terms of new hires and development plans to meet the Group's changing demands.

During the year the Group and the Company continued to recruit and hire competent, motivated personnel with leadership qualities and potential in line with the career paths.

In 2015 Marcolin worked intensely on the company integration process within the scope of the Viva/Marcolin integration plan, as described in the Group Report on Operations.

On December 31, 2015, the Group had 1,709 employees (1,583 at the end of 2014), as presented below.

The table presents the employees in service as at December 31, 2015, excluding independent agents that work exclusively for the Group and the Company.

Employees Category	Final number	
	12/31/2015	12/31/2014
Managers	63	57
Staff	931	868
Manual workers	715	658
Total	1,709	1,583

The annual increase is 126 employees.

The increase is attributable mainly to hiring in the manufacturing area due to the new manufacturing facility opened in Fortogna, and in the business area due to the new joint ventures set up in China, Russia and the Scandinavian Peninsula.

With the end of the Viva integration process, the Group has been reorganized with a consequential reduction of employees in the Finance, Distribution and Procurement areas.

On December 31, 2015, Marcolin S.p.A. had 820 employees (709 in 2014) in the following categories:

Employees Category	Final number	
	12/31/2015	12/31/2014
Managers	15	15
Staff	275	238
Manual workers	530	456
Total	820	709

The data includes the temporary workers employed to meet the demand peaks. As noted, the increase is attributable mainly to the higher number of employees at the manufacturing and distribution divisions in Longarone.

Italian and second-level collective bargaining agreements

The supplementary agreement (whose last expiration date was on December 31, 2013), has been amended during previous years until December 31, 2015.

The focus was on improvement of measures aimed to balance work and personal life (part-time and flexible hours) and optimal use of initiatives to cover production peaks in line with market demands (planned overtime incentives).

Moreover, performance bonuses were reviewed in accordance with the new parameters of the Group. Activities for renewal of the new supplementary agreement for 2016 are still at an initial stage, as the trade union delegates were elected on March 3, 2016.

Employee welfare and assistance to families

In 2013 Marcolin S.p.A. participated in a bid for "Conciliazione dei tempi di vita e di lavoro" (Work-Life Balance) subsidies called by the Ministry of Family Policy.

From June 2013 the subsidies enabled to provide a tangible contribution to the reimbursement of costs incurred by Marcolin employees for services assisting a work-life balance (babysitting, daycare, after-school, services for the elderly).

In 2015 Marcolin S.p.A. launched its first employee welfare plan, called "*Marcolin Welfare - costruito a modo mio*", created in 2014 on the basis of a survey distributed to and compiled by all Marcolin's employees. The plan consists of a euro 400 budget for each employee, to be managed autonomously using a "Flexible Benefits" web portal to access the various services of the plan. Each employee may customize his or her own package with services such as medical expense refunds, services relating to education, sports, assistance to the elderly/children, store coupons and others. The welfare program had three windows from which to choose, during which the employee could select the services that interested him or her. The last window closed at the end of November 2015, and over the period more than euro 250,000 was distributed. Most of the selections regarded medical expense refunds, additional retirement contributions and store coupons. At the end of 2015 a second survey was distributed to evaluate the satisfaction with the plan, which resulted in general appreciation for the initiative and some ideas to improve access to the online platform and the customer service of the firm that assisted us in the implementation of the plan in particular. The ideas will be taken into consideration when the 2016 Welfare Plan is developed.

Research and development

The Company continued with its research and development activities in 2015.

Research and development activities are carried out by the Parent Company, Marcolin S.p.A., through two divisions.

The first division works in close partnership with licensors to come up with new collections, hone style and research new materials for sunglasses and eyeglass frames.

The second division, which works closely with the first, oversees the subsequent development of collections and manufacturing of products.

In 2010, the research, development and innovation project "Industria 2015" -- New Technologies for Made in Italy, from the District to the Production Line was launched: Eyewear and industrial innovation, Objective B Area, Project Number MI00153. The purpose of the project was to create a platform for supply chain integration that operates on the technical and operational aspects of the companies, which should encourage the competitive and technological development of Italian eyewear business systems. The platform should enable marketing and supply chain events to be communicated quickly to the entire production process, and any critical issues leading to changes in supply chain planning to be made visible rapidly to all interested parties. The platform will also create interactive communications between the various parties in the supply chain.

Under the Ministry of Economic Development decree n. 00098MI01 dated December 21, 2013, expenses of euro 13,747,949 and total facilities of euro 4,247,627 were granted. Marcolin S.p.A.'s investment is euro 849,686.49 with a total contribution to expenses of euro 182,790.90, as budgeted.

Related party transactions

Related party transactions, including intra-Group transactions, cannot be defined as either atypical or unusual, as they are part of the Group companies' normal business activities.

Such transactions take place on an arm's length basis, taking into account the nature of the goods and services supplied.

Detailed information on related party transactions is provided in the notes to the consolidated financial statements and in the notes to the separate financial statements of Marcolin S.p.A.

Treasury shares

On December 31, 2012, Marcolin S.p.A. owned 681,000 treasury shares, for a nominal value of euro 354,120 (the carrying amount, entered at purchase cost, was euro 947 thousand), representing 1.1% of Marcolin S.p.A.'s share capital.

At the Extraordinary General Meeting of October 31, 2013, with the vote of the sole Shareholder representing all shares with voting rights, a resolution was passed that canceled all treasury shares owned by the Company, transferring the nominal value directly to the sole Shareholder, and eliminating the nominal value of the Company's shares in accordance with Italian Civil Code Article 2346, paragraphs 2 and 3, and changing the By-Laws accordingly.

No other Group company owns shares of Marcolin S.p.A.

Personal data protection

Pursuant to Legislative Decree 196/03, known as the "Personal Data Protection Code," activities were implemented to evaluate the data protection systems of the Group companies subject to such legislation.

The activities found substantial compliance with the legislative requirements for the protection of the personal data processed by such companies, including the preparation of the Security Planning Document, which is constantly updated.

Branches

Marcolin S.p.A. operates from its headquarters in Longarone and with qualified contract manufacturers.

The operational premises are as follows:

- its headquarters in Longarone (Belluno), in zona industriale Villanova n. 4 (registered office, executive offices and operations);
- a logistics center and warehouse in Longarone (Belluno), in zona industriale Villanova n. 20 H;
- a new production plant in Longarone (Belluno) in via Fortogna 184/C (località Fortogna);
- a showroom and representative office in Milan, in corso Venezia, n. 36;
- the former Fintec premises in zona industriale Villanova S.N. (not operational);
- non-operational premises in Via Noai, 31, Vallesella locality of Domegge di Cadore (Belluno).

SUBSEQUENT EVENTS

NOTICE OF CALLING TO GENERAL MEETING

PROPOSED RESOLUTION

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

At the end of 2015 downside risks emerged relating to the continuing slowdown in major emerging market economies, a direct consequence of the geopolitical tensions currently present in some Middle Eastern countries.

2016 began in a climate of financial market turbulence, as demonstrated by falling major stock market indexes, raw material prices (including oil) and euro exchange rates.

This scenario makes 2016 all the more challenging, although some data confirms favorable trends in the United States and in the euro zone, the eyewear industry's main markets.

China's economy is slowing down, but less than the economies of Brazil, Russia and India.

The pace of recovery in Italy will be impacted by this scenario; however exports are performing well and will continue to be sustained by euro zone markets in 2016. Domestic demand in Italy is recovering, being driven by consumer spending. In fact, domestic orders have increased considerably. Given the structural characteristics of the eyewear industry, inclined toward exports, and the renewed momentum in the domestic market, it is possible to view 2016 with modest enthusiasm.

For Marcolin, after years dedicated to repositioning, reorganization and above all development activities, and the initiatives undertaken in 2015, the current year will bring consolidation and additional growth thanks to the unfolding of the benefits of the successful initiatives, particularly Viva integration, which was effectively completed in the past year.

Indeed, Viva integration has been accomplished successfully after engaging Marcolin as a top priority throughout 2014 and part of 2015 to optimize the complementary aspects of the two Groups and to release synergies that will enable to face market challenges with greater competitiveness and focus. Therefore, it will be possible to benefit from the synergies expected from the acquisition of the Viva group.

The strategy for the Italian eyewear industry and for Marcolin remains one of internationalization, the capacity to seize opportunities offered on international markets. This will be pursued by continuously developing the partnerships established with renowned local players, mainly in Russia, Northern Europe and China, in order to strengthen the business presence in markets deemed strategic for the Group.

Today Marcolin is the result of a well-balanced product offering (between luxury and diffusion segments, men's and women's lines, and eyeglasses and sunglasses) and geographical presence, also thanks to Viva's widespread presence in America and dominance of the vision segment and mainstream brands.

The important scale and balance achieved in the organizational structure are strengths that will enable the Group to pursue more effectively the consolidation of its existing brand portfolio and the launching of new licenses, in keeping with the Group's growth targets in strategic markets, particularly in the more dynamic areas (United States, Middle East, Far East and emerging markets).

Marcolin's strategy includes an increasing focus on innovation, certified quality, and exclusive and original designs that add value and convey added value. This strategy was followed in 2015 with the inauguration of the new manufacturing plant in Italy that enabled to reorganize the production and logistics space in Longarone, in order to foster market growth and reduce dependence on Asian suppliers, a fundamental move given that international consumers increasingly seek out "Made in Italy" goods as a reference point for high-end and luxury products.

Milan; March 10, 2016

for the Board of Directors

C.E.O

Giovanni Zoppas

NOTICE OF CALLING TO GENERAL MEETING

The Marcolin S.p.A. Shareholders are hereby called to the General Meeting to be held in Milan, corso Venezia n. 36 on April 20, 2016, at 09:30 a.m. at a first calling, and April 28, 2016, same place and same time, at a second calling, to discuss and resolve upon the following

Agenda

- Approval of Annual Financial Statements for the year ended December 31, 2015, Board of Directors' Report, Board of Statutory Auditors' Report, Independent Auditors' Report;
- Presentation of the Marcolin group's Consolidated Statements for the year ended December 31, 2015 and related Reports;
- Appointment of members of the Board of Directors after determining their number and remuneration; resolutions thereon;
- Appointment of members of the Board of Statutory Auditors; determination of remuneration;
- Assignment of independent audit, in accordance with Italian Civil Code Article 2409-bis and Legislative Decree n. 39/2010, and determination of fees;
- Resolutions thereon.

Shareholders satisfying the legal conditions and complying with the requirements set out in Italian Civil Code Article 2370 at least two business days before the date of the meeting are entitled to attend the General Meeting.

The General Meeting may be attended through electronic means of communication enabling participation in discussions and equal information for all attendees, in accordance with Article 12.3 of the Corporate By-Laws currently in effect.

Milan; March 10, 2016

for the Board of Directors

the Chairman
Vittorio Levi

PROPOSED RESOLUTION

Shareholders,

The Financial Statements of Marcolin S.p.A. submitted to you present a true and fair view of the Company's financial position, financial performance and cash flows for the year.

Therefore, we request the Company's sole Shareholder, Marmolada S.p.A., to approve the proposed Financial Statements for the year ended December 31, 2015.

We also propose to carry forward the Company's net loss of euro 2,604,761.
After such allocation, the retained earnings will have a balance of euro 104,140,321.

Milan; March 10, 2016

for the Board of Directors

the Chairman
Vittorio Levi

CONSOLIDATED FINANCIAL STATEMENTS
OF THE MARCOLIN GROUP
FOR THE YEAR ENDED DECEMBER 31, 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
CONSOLIDATED INCOME STATEMENT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(euro/000)</i>	Notes	12/31/2015	12/31/2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	27,258	24,657
Intangible assets	2	46,043	37,213
Goodwill	2	288,225	278,010
Investments in subsidiaries and associate:	3	1,775	1,877
Deferred tax assets	4	36,793	38,536
Other non-current assets	5	563	846
Non-current financial assets	6	4,461	5,455
Total non-current assets		405,119	386,593
CURRENT ASSETS			
Inventories	7	120,214	100,075
Trade receivables	8	85,115	80,576
Other current assets	9	15,392	14,099
Current financial assets	10	1,022	2,042
Cash and bank balances	11	40,382	36,933
Total current assets		262,125	233,725
TOTAL ASSETS		667,244	620,318
EQUITY			
	12		
Share capital		32,312	32,312
Additional paid-in capital		151,994	151,994
Legal reserve		4,077	3,853
Other reserves		59,017	50,447
Retained earnings (losses)		(16,903)	(17,086)
Profit (loss) for the year		(2,543)	407
Non-controlling interests		1,969	886
TOTAL EQUITY		229,924	222,813
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	13	200,626	199,152
Non-current provisions	14	8,703	8,919
Deferred tax liabilities	4	10,379	7,387
Other non-current liabilities	15	5,758	4,742
Total non-current liabilities		225,465	220,200
CURRENT LIABILITIES			
Trade payables	16	120,787	102,322
Current financial liabilities	17	58,226	41,353
Current provisions	18	10,312	14,799
Tax liabilities	28	4,375	5,004
Other current liabilities	19	18,156	13,827
Total current liabilities		211,856	177,305
TOTAL LIABILITIES		437,321	397,505
TOTAL LIABILITIES AND EQUITY		667,244	620,318

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

(euro/000)	Note	2015	%	2014	%
NET REVENUES	21	434,842	100.0%	362,133	100.0%
COST OF SALES	22	(178,981)	(41.2)%	(145,360)	(40.1)%
GROSS PROFIT		255,861	58.8%	216,773	59.9%
DISTRIBUTION AND MARKETING EXPENSES	23	(199,598)	(45.9)%	(169,250)	(46.7)%
GENERAL AND ADMINISTRATION EXPENSES	24	(32,013)	(7.4)%	(31,711)	(8.8)%
Other operating income / expenses:	26				
- other operating income		4,069	0.9%	4,928	1.4%
- impairment / reversals of equity investments		250	0.1%	205	0.1%
- other operating expenses		(452)	(0.1)%	(1,014)	(0.3)%
TOTAL OPERATING INCOME / EXPENSES		3,867	0.9%	4,120	1.1%
OPERATING INCOME - EBIT		28,117	6.5%	19,932	5.5%
Financial income and costs:	27				
- financial income		20,347	4.7%	18,203	5.0%
- financial costs		(40,895)	(9.4)%	(31,033)	(8.6)%
TOTAL FINANCIAL INCOME AND COSTS		(20,548)	(4.7)%	(12,830)	(3.5)%
PROFIT BEFORE TAXES		7,569	1.7%	7,102	2.0%
Income tax expense	28	(10,082)	(2.3)%	(6,695)	(1.8)%
NET PROFIT FOR THE YEAR		(2,513)	(0.6)%	407	0.1%
Profit attributable to:					
Parent company		(2,543)	(0.6)%	407	0.1%
Non-controlling interests		30	0.0%	-	0.0%

(euro/000)	2015	2014
NET PROFIT FOR THE YEAR	(2,513)	407
Other items that will not subsequently be reclassified to profit or loss:		
Effect (actuarial gains/losses) on defined benefit plans, net of taxes of euro 39 thousand	103	(236)
Other effects	-	(265)
TOTAL OTHER ITEMS THAT WILL NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	103	(501)
Other items that will be subsequently reclassified to profit or loss		
Change in foreign currency translation reserve	8,271	7,045
TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	8,271	7,045
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR	5,861	6,952

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Legal Reserve	Other reserves					Period result	Capital and reserves net total	Non-controlling interests in equity	Total
				Shareholders deposit in s/capital	Translation reserve	Other reserves	Retained earnings/(losses)	Profit/(loss) for the year				
(euro/000)												
December 2013	32,312	151,994	3,853	46,108	(2,592)	-	122	(4,811)	(12,011)	214,975	-	214,975
Allocation of 2013 profit	-	-	-	-	-	-	-	(12,011)	12,011	-	-	-
Change in consolidation perimeter	-	-	-	-	-	-	-	-	-	-	886	886
- <i>Period result</i>	-	-	-	-	-	-	-	-	407	407	-	407
- <i>Other components of comprehensive income</i>	-	-	-	-	7,045	-	(236)	(265)	-	6,544	-	6,544
Total comprehensive income	-	-	-	-	7,045	-	(236)	(265)	407	6,952	-	6,952
December 2014	32,312	151,994	3,853	46,108	4,454	-	(114)	(17,086)	407	221,927	886	222,813
Allocation of 2013 profit	-	-	224	-	-	-	-	183	(407)	-	-	-
Change in consolidation perimeter	-	-	-	-	-	(93)	-	-	-	(93)	1,091	998
Other movements	-	-	-	-	-	216	-	-	-	216	36	252
- <i>Period result</i>	-	-	-	-	-	-	-	-	(2,543)	(2,543)	30	(2,513)
- <i>Other components of comprehensive income</i>	-	-	-	-	8,345	-	103	-	-	8,448	(74)	8,374
Total comprehensive income	-	-	-	-	8,345	-	103	-	(2,543)	5,904	(44)	5,861
December 2015	32,312	151,994	4,077	46,108	12,799	123	(12)	(16,903)	(2,543)	227,954	1,969	229,924

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2015	2014
<i>(euro/000)</i>			
OPERATING ACTIVITIES			
<i>Profit for the period</i>		(2,513)	407
Depreciation and amortization	12	10,954	8,958
Provisions	14.17	4,044	2,216
Income tax expense	28	10,082	6,695
Accrued interest expense	27	20,548	12,830
Adjustments to other non-cash items		(5,347)	(8,914)
<i>Cash generated by operations</i>		37,768	22,192
(Increase) decrease in trade receivables	8	(7,068)	(10,553)
(Increase) decrease in other receivables	9	(2,159)	(2,653)
(Increase) decrease in inventories	7	(18,932)	(27,821)
(Decrease) increase in trade payables	16	20,063	33,787
(Decrease)/increase in other liabilities	15.19	5,016	3,113
(Use) of provisions	14.18	(2,884)	(6,892)
(Decrease)/increase in current tax liabilities	28	(3,742)	-
Adjustments to other non-cash items		(4,723)	(2,492)
Income taxes paid		1,277	(3,609)
Interest paid		(19,043)	(18,253)
<i>Cash used for current operations</i>		(32,195)	(35,373)
Net cash from /(used in) operating activities		5,574	(13,181)
INVESTING ACTIVITIES			
(Purchase) of property, plant and equipment	1	(7,153)	(6,179)
Proceeds from the sale of property, plant and equipment	1	68	755
(Investimento) in immobilizzazioni immateriali	2	(14,830)	(6,742)
Net cash outflow on business combinations net of the liquidity acquired (Viva)		-	(4,958)
Net cash outflow on business combinations net of the liquidity acquired (SoverM)		-	(1,530)
Net cash from /(used in) investing activities		(21,914)	(18,655)
FINANCING ACTIVITIES			
Loans granted			
- Increase		-	-
- Decrease	6	2,015	1,676
Net increase (decrease) in bank borrowings		(2,629)	(7,448)
Loans taken out	13.17		
- new loans		74,046	47,190
- repayments		(55,784)	(14,921)
Capital increase		1,005	-
Dividends paid		(188)	-
Net cash from /(used in) financing activities		18,465	26,497
Net increase/(decrease) in cash and cash equivalents		2,124	(5,338)
Effect of foreign exchange rate changes		1,325	3,736
Cash and cash equivalents at beginning of year		36,933	38,536
Cash and cash equivalents at end of year		40,382	36,933

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

The Parent Company's share capital ⁹is euro 32,312,475.00, fully paid-in, comprised of 61,458,375 ordinary shares, without par value. The share capital is wholly owned by the sole shareholder, Marmolada S.p.A., a single-member company based in Milan.

Marcolin shares have normal dividend rights and they continue to be encumbered by liens. At the end of 2013, Marcolin issued bond notes, secured by collateral for the same amount of the obligations assumed with the bondholders, including a lien on the shares of the Issuer, Marcolin, representing 100% of share capital.

No changes occurred during the years ended December 31, 2014 and 2015 that changed the composition of equity, which therefore is in line with the equity composition reported at December 31, 2014.

⁹ Resulting from the 2013 restructuring reported in the 2013 Annual Report.

General Information

The explanatory notes set out below form an integral part of the annual Consolidated Financial Statements of the Marcolin group and were prepared in accordance with the accounting documents updated to December 31, 2015.

For the purpose of providing exhaustive financial information, the Report on the Operations of the Marcolin group and Marcolin S.p.A. has been prepared, which contains additional information regarding the main events of the year, subsequent events, business outlook and other important financial and operational information of the business.

The consolidated financial statements were prepared on the basis of the going-concern assumption, the accrual basis of accounting and the historical cost basis, except for the measurement of financial assets and liabilities, which are required to be accounted for at fair value (and except for some revaluations performed in previous periods).

The consolidated financial statements for the year ended December 31, 2015 include the financial statements of the Parent Company, Marcolin S.p.A., and those of its Subsidiaries and well as the Group's interests in jointly controlled entities and in Associates.

Marcolin S.p.A. is incorporated under Italian law, listed in the Belluno Companies Register with no.01774690273, and has shares that until February 14, 2013 were traded in Italy on the *Mercato Telematico Azionario* (electronic stock exchange) organized and managed by Borsa Italiana S.p.A.

Marcolin S.p.A. is the Parent Company of the Marcolin group, which operates in Italy and abroad in the design, manufacturing and distribution of prescription frames and sunglasses, including by way of direct and indirect management of affiliates and partnerships located in major countries of interest worldwide, and through the management of qualified contract manufacturers.

The addresses of the locations from which the Parent Company's main operations are performed are listed in the Report on Operations. The addresses of the subsidiaries and associates are as follows.

Company	Headquarters	Address
Marcolin Asia HK Ltd	Hong Kong	Units 2207-11, Tower I, Level 22 - Metroplaza, 223 Hing Fong Road - Kwai Fong, N.T.
Marcolin Benelux Sprl	Falmees, Benelux	Rue al Cadorette, 2 - 4317
Marcolin do Brasil Ltda	Barueri - SP, Brasil	Av Tamboré, 1180 - 06460-000
Marcolin Deutschland GmbH	Ludwigsburg, Germany	Monreposstrasse, 55
Marcolin France Sas	Parigi, France	45, rue Saint Sébastien - 75011
Marcolin GmbH	Fullinsdorf, Switzerland	Rheinstrasse, 26 - 4414
Marcolin Iberica SA	Barcelona, Spagna	Juan De Austria, 116 - 4a Planta - 08018
Marcolin International BV	Amsterdam, Netherlands	Herikerbergweg 238
Marcolin Portugal Lda	Lisbona, Portogallo	Rua Jose Travassos, 15/B 1600-410
Eyestyle Trading (Shanghai) Co Ltd	Shanghai, PRC	Unit 313, no.555 Anyuan Road, Jingan District
Marcolin Technical Services (Shenzhen) Co. Ltd	Shenzhen, PRC	4018 Jin Tian Road, Futian District
Marcolin UK Ltd	Newbury, UK	Building 107 - New Greenham Park-RG19 6HN
Marcolin USA Eyewear Corp.	Somerville, Usa	Route 22 west, 3140 - 08876 NJ
Viva Canada Inc	New Brunswick, Canada	671 Malenfant Blvd., Dieppe, NB, E1A 5T8
Viva Eyewear Hong Kong Ltd	New Territories, Hong Kong	Workshop A-E, 8th Floor, Block 1, Kwai Tak Industrial Centre, Nos. 15-33 Kwai Tak Street, Kwai Chung
Viva Eyewear UK Ltd	North Yorkshire, UK	1-2 Milner Court, Hornbeam Square South, Hornbeam Business Park, Harrogate, North Yorkshire, HG2 8NB
Joint Ventures		
Viva Optique de Mexico SA de CV	Edo, Mexico	Boulevard Toluca No. 128, Col. San Andres Atoto, C.P. 53500, Naucalpan, Edo
Viva Eyewear Australia Pty Ltd	Rosebery NSW, Australia	110 Dalmeny Avenue, Rosebery NSW2018
Viva Deutschland GmbH	Schwaebisch Gmund, Germany	Oderstrasse 2, Schwaebisch Gmund
Viva Eyewear Brillenvertriebs GmbH	Voklabruck, Austria	Teichstrasse 12, 4863 Seewalchen
Viva Schweiz AG	Wallis, Switzerland	Route d'Anchettes 6, 3973 Venthône
Marcolin-RUS LLC	Moscow, Russia	Building 1, 8 Bolshoy Chudov Pereulok
Gin Hong Lin International Co Ltd	Hong Kong	Ocean Centre 609, Harbour City 5, Canton Road Tst Kowloon
Shanghai Ginlin Optics Co Ltd	Shanghai, PRC	Shanghai Jinlin Optical Co Ltd
Marcolin Nordic AB	Solna, Stockholm	Frosundavisk Alle 1, 169 70 Solna

Presentation currency

These financial statements are presented in the Parent Company's presentation currency (Euro). For the sake of a clear understanding of these consolidated financial statements, the amounts in the Statement of Financial Position, Income Statement, Cash flow Statement, Statement of Changes in

Equity and explanatory Notes are presented in thousands of Euros. As a result of presenting the amounts in thousands of Euros, immaterial differences in the totals may emerge due to rounding off.

Italian tax consolidation

Marcolin S.p.A., together with the parent company, Cristallo S.p.A. (absorbed through a reverse merger) and its subsidiaries Eyestyle Retail S.r.l. and Eyestyle.com S.r.l. (both of which were merged through absorption directly into Marcolin S.p.A. on December 1, 2015), had opted for the Italian tax consolidation regime for IRES (corporate income tax) purposes for 2013, 2014 and 2015, which recognized Marmolada S.p.A. as the parent company.

On June 13, 2014, pursuant to the Italian Income Tax Code ("TUIR"), Presidential Decree no. 917, Article 117 *et seq* of December 22, 1986, the ultimate parent company, 3 Cime S.p.A. notified the Italian Revenue Agency of its adoption of the Italian tax consolidation regime with its subsidiaries, including Marcolin S.p.A., for 2014, 2015 and 2016. Accordingly, the tax consolidation in effect in 2013 was replaced with an identical agreement with 3 Cime S.p.A., which involved terminating the previous agreement and stipulating a new agreement for the new three-year period.

From the current year to December 31, 2016, the tax consolidation regime will enable each participant (including the Company), by way of partial recognition of the group's tax burden, to optimize the financial management of corporate income tax (IRES), for example by netting taxable income and tax losses within the tax group.

Tax consolidation transactions are summarized below:

- in years with taxable income, the subsidiaries pay 3 Cime S.p.A. the additional tax due to the tax authorities;
- the consolidated companies with negative taxable income receive from 3 Cime S.p.A. a payment corresponding to 100% of the tax savings realized, accounted for on an accruals basis;
- The payment is made only at the time of actual use by 3 Cime S.p.A. for itself and/or for other Group companies;
- if 3 Cime S.p.A. and the subsidiaries do not renew the tax consolidation option, or if the requirements for continuance of tax consolidation should fail to be met before the end of the three-year period in which the option is exercised, tax loss carryforwards resulting from the tax return are split up proportionally among the companies that produced them.

Issuance

The financial statements were authorized for issue by the Board of Directors on March 10, 2016.

ACCOUNTING STANDARDS

Basis of preparation

The consolidated financial statements were prepared according to the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union.

The IFRS include all the revised international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), the former Standing Interpretations Committee (SIC), which at the date of approval of the consolidated financial statements had been authorized by the European Union according to Regulation (EC) no. 1606/2002, enacted by the European Parliament and European Council on July 19, 2002.

The accounting policies adopted to prepare the consolidated financial statements for the year ended December 31, 2015 are the same as those used in the prior year except as regards the adoption of the following new or revised IFRS or IFRIC.

Accounting standards, amendments and interpretations effective from January 1, 2015

Application of the following new IFRS standards and/or standards revised by the International Accounting Standards Board and IFRIC interpretations became mandatory in 2015.

Description	Approved as of the date of this document	Effective date of the standard
<i>Amendment to IAS 19 regarding defined benefit plans</i>	Yes	Annual periods beginning on or after July 1, 2014
<i>Annual improvements cycles 2010-2012 and 2011-2013</i>	Yes	Annual periods beginning on or after July 1, 2014

The adoption of the accounting standards, amendments and interpretations listed in the table above did not have any material effects on the Marcolin group's financial position or performance.

Accounting standards, amendments and interpretations not applicable yet and not adopted early by the Group for the annual period beginning January 1, 2015

The following IFRSs, interpretations, amendments to existing standards and interpretations, or special provisions contained in the standards and interpretations approved by the IASB, and information with respect to their adoption in Europe as at the date of approval of the consolidated financial statements, are set forth below:

Description	Approved as of the date of this document	Effective date of the standard
IFRS 9 Financial Instruments	No	Annual periods beginning on or after January 1, 2018
IFRS 14 Regulatory deferral accounts	No	Annual periods beginning on or after January 1, 2016
IFRS 15 Revenue from contracts with customers	No	Annual periods beginning on or after January 1, 2018
IFRS 16 Leases	No	Annual periods beginning on or after January 1, 2019
Amendments to IFRS 10, IFRS 12 and IAS 28: Applying the consolidation exception (issued in December 2014)	No	Annual periods beginning on or after January 1, 2016
Amendments to IAS 1: Disclosure Initiative (issued on December 18, 2014)	No	Annual periods beginning on or after January 1, 2016
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (issued in January 2016)	No	Annual periods beginning on or after January 1, 2017
Amendments to IAS 7: Disclosure Initiative (issued in January 2016)	No	Annual periods beginning on or after January 1, 2017
Annual Improvements to IFRSs 2012–2014 Cycle (issued in September 2014)	No	Annual periods beginning on or after January 1, 2016

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No	Date postponed by IASB in December 2015, to be determined
Amendments to IAS 27: Equity Method in Separate Financial Statements (issued in August 2014)	No	Annual periods beginning on or after January 1, 2016
Amendments to IAS 16 and IAS 41: Bearer Plants (issued in June 2014)	No	Annual periods beginning on or after January 1, 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization (issued in May 2014)	No	Annual periods beginning on or after January 1, 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014)	No	Annual periods beginning on or after January 1, 2016

No accounting standards and/or interpretations with mandatory application in annual periods beginning after December 31, 2015 were adopted early.

The Marcolin group is evaluating the effects of the application of the above new standards, which are not currently considered to cause an impact.

Financial statement format

The consolidated financial statements consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and the related explanatory Notes.

In order to provide comparability, the previous period data was restated as necessary, with explanations given of the restatements.

The Company and the Group prepared the financial statements on the basis of the following accounting policies.

Statement Of Financial Position

Assets and liabilities are classified separately as either current or non-current as envisaged by IAS 1.

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realized in, or is intended for sale or consumption in, the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realized within twelve months from the end of the reporting period; or
- (d) it is cash or a cash equivalent.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months from the end of the reporting period; or
- (d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

All other liabilities are classified as non-current.

As necessary, in accordance with IFRS 5, assets (and related liabilities) for which the book value will be recovered mainly through sale rather than continuing use are classified as “assets held for sale” and “liabilities relating to assets held for sale”.

Income statement

Costs are classified by function, stating separately the cost of sales, marketing and distribution expenses and administration expense in order to provide readers with more meaningful and relevant information than the alternative classification of costs by nature, in view of the business sector.

In addition, it was decided to present two separate statements: the Income Statement and the Statement of Comprehensive Income.

Statement of Changes in Equity

The statement was prepared presenting items in individual columns with reconciliation of the opening and closing balances of each item forming equity.

Statement of Cash Flows

Cash flows from operating activities are presented using the indirect method.

Based on this approach, the net profit for the year was adjusted to account for the effects of non-cash items on operating, investing and financing activities.

Segment reporting

Segment information was prepared on the basis of the geographical areas in which the Group operates, through its companies, by identifying the geographical areas as the primary segments of business.

Basis of consolidation

The scope of consolidation includes direct and indirect subsidiaries.

Below is a list of the companies consolidated on a line-by-line basis and, for the sake of comprehensive disclosure, a list of the companies accounted for using the equity method.

A summary of the 2015 reclassified financial statements of the subsidiaries (Income Statement and Statement of Financial Position), in comparison with the corresponding results of the previous year, is provided at the end of this Annual Report.

List of Subsidiaries and Associates

Company	Currency	Share capital	Equity	Net profit / (loss)	Consolidation method	% ownership	
						Direct	Indirect
Marcolin Asia HK Ltd	HKD	1,539,785	53,113,637	7,839,757	Full		100.00%
Marcolin Benelux Sprl	EUR	280,000	542,894	102,590	Full	100.00%	
Marcolin do Brasil Ltda	BRL	9,575,240	(22,101,852)	(23,865,408)	Full	100.00%	
Marcolin Deutschland GmbH	EUR	4,650,000	1,486,102	58,584	Full	100.00%	
Marcolin France Sas	EUR	1,054,452	2,203,473	(825,682)	Full	76.89%	23.11%
Marcolin GmbH	CHF	200,000	243,804	43,123	Full	100.00%	
Marcolin Iberica SA	EUR	487,481	3,504,893	221,696	Full	100.00%	
Marcolin International BV	EUR	18,151	(1,419,071)	(97,634)	Full	100.00%	
Marcolin Portugal Lda	EUR	420,000	57,108	48,146	Full	99.82%	
Eyestyle Trading (Shanghai) Co Ltd	CNY	3,001,396	4,443,553	2,662,435	Full	100.00%	
Marcolin Technical Services (Shenzhen) Co. Ltd	CNY	1,000,000	1,000,000	-	Full	100.00%	
Marcolin UK Ltd	GBP	3,572,718	7,454,101	2,274,630	Full	100.00%	
Marcolin USA Eyewear Corp.	USD	121,472,262	75,241,627	107,029	Full		100.00%
Viva Canada Inc	CAD	347,640	2,991,938	2,782,659	Full		100.00%
Viva Eyewear Hong Kong Ltd	HKD	100	54,364,956	(1,282,496)	Full		100.00%
Viva Eyewear UK Ltd	GBP	-	21,493,171	172,622	Full		100.00%
Joint Ventures							
Viva Optique de Mexico SA de CV	MXN	3,694,685	39,930,784	11,500,137	Equity		50.00%
Viva Eyewear Australia Pty Ltd	AUD	1,000,000	2,143,456	(225,826)	Equity		50.00%
Viva Deutschland GmbH	EUR	25,000	203,479	178,479	Full		50.00%
Viva Eyewear Brillenvertriebs GmbH	EUR	35,000	49,097	14,097	Full		50.00%
Viva Schweiz AG	CHF	100,000	267,931	117,718	Full		50.00%
Marcolin-RUS LLC	RUB	372,583	139,968,788	2,400,122	Full	51.00%	
Gin Hong Lin International Co Ltd	HKD	16,962,203	15,509,356	(1,452,847)	Full	50.00%	
Shanghai Ginlin Optics Co Ltd	CNY	14,354,200	19,145,785	4,791,585	Full		50.00%
Marcolin Nordic AB	SEK	50,000	(12,182,161)	(12,418,161)	Full	70.00%	

The following changes since December 31, 2014 are reported:

- a new company, Marcolin Technical Services (Shenzhen) Co. Ltd, wholly owned by Marcolin S.p.A., has been included in the consolidation perimeter;
- Eyestyle Retail Srl and Eyestyle.com Srl are no longer consolidated due to their merger through absorption into Marcolin S.p.A. on December 1, 2015;
- Marcolin USA Inc., Viva Optique Inc. d/b/a Viva International Group, Viva Europa Inc., Viva IP Inc., and Viva International Inc d/b/a Viva Japan are no longer consolidated due to their direct absorption or reverse merger (the latter solely for Marcolin USA Inc.) into Viva Optique Inc., which subsequently changed its name to Marcolin USA Eyewear Corp.;
- Viva Brasil Comercio Produtos Opticos Ltda and Viva France Sas are no longer consolidated due to their direct absorption into their respective parent companies, Marcolin do Brasil Ltda and Marcolin France Sas;
- Viva Italia Srl and Viva Nederland B.V. are no longer consolidated because their liquidation procedures have ended.

Basis of consolidation

The consolidation method adopted is as follows:

- the equity method is used to consolidate the companies in which the Group has more than 20% ownership ("associates") or over which the Group has significant influence even in another way; due to the use of the equity method, the carrying amount of the investee is aligned with the equity adjusted, as necessary to reflect the adoption of the IFRS approved by the European Commission and, includes the recognition of any goodwill identified at the time of the acquisition. The interest in the profits/losses realized by the associate after the acquisition date is recognized in the income statement, whereas the interest in changes in reserves after the acquisition date is recognized in the equity reserves. If the Group's interest in the losses of an associate is equal to or in excess of its interest in the associate itself, taking into account all unsecured receivables, the value of the associate is written off and the Group does not recognize additional losses with respect to those attributable to it except and to the extent that the Group is required to answer for them. Unrealized profits and losses on transactions with associates are eliminated on the basis of the Group's interest therein;
- companies are consolidated on a line-by-line basis when the Group exercises control over them ("subsidiaries") by virtue of direct or indirect ownership of the majority of shares with voting rights or by exercise of dominant influence expressed by the power to govern, whether directly or indirectly, the company's financial and operating policies, obtaining the related

benefits regardless of any equity ownership. Any potential voting rights exercisable at the reporting date are considered for the purpose of determining control. Subsidiaries are consolidated from the date on which control is gained and are deconsolidated on the date from which such control ceases;

- the financial statements of the subsidiaries, associates and joint ventures are incorporated using the accounting policies of the Parent Company; consolidation adjustments are made as necessary to create consistency between items influenced by the application of different accounting policies;
- on consolidation, balances and transactions between consolidated subsidiaries are eliminated in full, i.e. receivables and payables outstanding at the end of the period, expenses and income, finance costs and financial income. Significant profits and losses realized between fully consolidated subsidiaries are also eliminated in full;
- significant profits included in products in stock originating from intercompany transactions are eliminated;
- any non-controlling interests in equity or net profit/(loss) are stated separately as non-controlling interests under the consolidated equity;
- dividends distributed by fully consolidated companies are eliminated from the income statement, which incorporates the net profits or losses realized by such companies;
- financial statements presented in a different functional currency from that of the Parent Company are translated into euros by applying the current exchange rates in force on the reporting date to assets and liabilities, and the average exchange rates for the reporting period to revenues, costs, income and expenses. The related currency exchange differences are recognized in the changes in equity.¹⁰

The following table lists the exchange rates used for translation:

Currency	Symbol	Closing exchange rate			Average exchange rate		
		12/31/2015	12/31/2014	Change	2015	2014	Change
Australian Dollar	AUD	1.490	1.483	0.5%	1.478	1.472	0.4%
Brasilian Real	BRL	4.312	3.221	33.9%	3.700	3.121	18.6%
Canadian Dollar	CAD	1.512	1.406	7.5%	1.419	1.466	(3.2)%
Swiss Franc	CHF	1.084	1.202	(9.8)%	1.068	1.215	(12.1)%
Remimbi	CNY	7.061	7.536	(6.3)%	6.973	8.186	(14.8)%
Danish Krone	DKK	7.463	7.445	0.2%	7.459	7.455	0.1%
English Pound	GBP	0.734	0.779	(5.8)%	0.726	0.806	(9.9)%
Hong Kong Dollar	HKD	8.438	9.417	(10.4)%	8.601	10.302	(16.5)%
Japanese Yen	JPY	131.070	145.230	(9.8)%	134.314	140.306	(4.3)%
Mexican Pesos	MXN	18.915	17.868	5.9%	17.616	17.655	(0.2)%
Norwegian krone	NOK	9.603	9.042	6.2%	8.950	8.354	7.1%
Russian Rublo	RUB	80.674	72.337	11.5%	68.072	50.952	33.6%
Swedish Krone	SEK	9.190	9.393	(2.2)%	9.353	9.099	2.8%
USA Dollar	USD	1.089	1.214	(10.3)%	1.110	1.329	(16.4)%

Business combinations

The Group's business combinations are accounted for with the acquisition method in accordance with IFRS 3, "Business Combinations".

¹⁰ *Translation of foreign-currency financial statements*

Financial statements presented in a different functional currency are translated into euros in accordance with IAS/IFRS as follows:

- assets and liabilities are translated at the current exchange rates in force on the reporting date;
- revenues, costs, income and expenses are translated at the average exchange rate for the reporting period, considered to be a reasonable approximation of the actual exchange rates of the dates of the transactions;
- currency exchange differences arising from translation of opening equity and the annual changes in equity are recognized in the "foreign currency translation reserve" under "other reserves".

The cost of an acquisition is the fair value, at the control transfer date, of assets acquired, liabilities assumed, and equity instruments issued in exchange for the control of the acquired entity.

Based on the acquisition method, the cost of the business combination is allocated to the identifiable acquired net assets, at the acquisition date, through the fair value measurement of the assets acquired and liabilities and contingent liabilities assumed, and goodwill is recognized to the extent of the excess of the business combination cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the initial accounting for a business combination can be determined only provisionally, adjustments to the values initially attributed are made within twelve months of the acquisition date. Non-controlling interests are recognized at the fair value of the net acquired assets.

When a business combination is achieved in stages with subsequent share purchases, each stage is measured separately based on the cost and fair value of the assets, liabilities and contingent liabilities at each transaction date to determine the amount of any difference.

If a subsequent acquisition enables to obtain control of an entity, the previously owned interest is restated based on the fair value of identifiable assets, liabilities and contingent liabilities, determined at the date on which control was obtained.

With respect to the Group's business combinations, the aggregation of the former Sover-M (now Marcolin-RUS LLC), acquired in December 2014, was treated as provisional as at December 31, 2014. At December 31, 2015, no differences emerged in the fair value of the assets acquired and liabilities and contingent liabilities assumed with respect to the provisional values recognized in the previous annual financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted to prepare the consolidated financial statements are described hereunder:

Property, plant, and equipment ("PP&E" or "tangible assets")

Property, plant, and equipment are recorded at their acquisition or production cost, inclusive of ancillary costs incurred to bring the assets to working condition for their intended use, excluding land and buildings for which the deemed cost model was used on the transition date or business combination date based on the market value determined through an appraisal performed by an independent qualified appraiser.

PP&E are stated net of depreciation except for land, which is not depreciated, and net of any impairment losses.

Costs incurred for routine and/or cyclical maintenance and repairs are recognized directly in the income statement of the period in which they are incurred. Costs concerning the extension, renovation or upgrading of owned or leased assets are capitalized to the extent that they can be separately classified as an asset or part of an asset. The carrying value is adjusted by depreciation using the straight-line method calculated on the basis of estimated useful life.

If the depreciable asset consists of distinctly identifiable components with useful lives that differ significantly from the other components of the asset, each component of the assets is depreciated separately, according to the component approach.

Profits and losses deriving from the sale of assets or groups of assets are determined by comparing the sale price with the relevant net book value.

Government grants relating to tangible assets are recorded as deferred revenues and credited to the income statement over the depreciation period for the assets concerned.

Finance costs relating to purchases of a fixed asset are charged to the income statement, unless they are directly attributable to the acquisition, construction or production of an asset which justifies capitalizing them.

Assets held under finance leases are recognized as tangible assets against the related liability. The lease payment is broken down into a finance cost, recognized in the income statement, and repayment of principal, recognized as a reduction of the relevant financial liability.

Leases in which the lessor does not transfer substantially all the risks and rewards incidental to legal ownership are classified as operating leases. Lease payments under operating leases are recognized in the income statement on a straight-line basis over the duration of the operating lease.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, using the depreciation rates listed below:

Category	Depreciation Rate
Buildings	3%
Non-operating machinery	10%
Depreciable equipment	40%
Operating machinery	15.5%
Office furniture and furnishings	12%
Exhibition stands	27%
Electronic machines	20%
Vehicles	25%
Trucks	20%

Intangible assets

Intangible assets consist of controllable, non-monetary assets without physical substance that are clearly identifiable and able to generate future economic benefits. These assets are recognized at purchase and/or production cost, inclusive of directly attributable expenses to bring the asset to working condition for its intended use, net of accumulated amortization (except for those assets with an indefinite useful life) and any impairment losses. Amortization commences when the asset is available for use and is systematically distributed over the asset's useful life.

If there is any indication that the assets have suffered an impairment loss, the recoverable amount of the asset is estimated and any impairment loss is recognized in the income statement. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the net carrying value that the asset would have had if there had been no impairment loss and if the asset had been amortized, recognizing the reversal of the impairment loss as income.

Goodwill

Goodwill is recognized at cost less any impairment losses.

Goodwill acquired in a business combination is represented by the excess of the cost of the combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

Goodwill is not amortized, but it is reviewed for impairment annually, and whenever events or circumstances give rise to the possibility of an impairment loss, the recoverable amount is reviewed in accordance with IAS 36 ("Impairment of Assets"). If the recoverable amount is less than its carrying amount, goodwill is reduced to its recoverable amount. If goodwill has been allocated to a cash-generating unit that is partially disposed of, the goodwill associated with the unit disposed of is included in the determination of any gain or loss on disposal.

Trademarks and licenses

Trademarks and licenses are recognized at cost.

They have a finite useful life and are recognized at cost net of accumulated amortization. Amortization is calculated on a straight-line basis so as to allocate the cost of trademarks and licenses over their remaining useful lives.

If, aside from amortization, impairment should emerge, the asset is written down accordingly; if the reasons for the writedown should cease to exist in future financial years, the carrying amount of the asset is increased to the net carrying value that the asset would have had if there had been no impairment loss and if the asset had been amortized.

Trademarks are amortized on a straight-line basis over their estimated useful lives, ranging from 15 to 20 years.

Software

Software licenses acquired are capitalized on the basis of the costs incurred for their purchase and the costs necessary to make them serviceable. Amortization is calculated on a straight-line basis over

their estimated useful lives (ranging from 3 to 5 years). Costs associated with software development and maintenance are recognized as costs in the period they are incurred. The direct costs include the costs for the personnel to develop the software.

Research & development costs

Research and development costs for new products and/or processes are recognized as an expense as incurred unless they meet the conditions for capitalization under IAS 38.

Impairment of tangible and intangible assets

IAS 36 requires impairment testing of tangible and intangible assets when there is any indication that those assets have suffered an impairment loss.

For intangible assets with an indefinite life, such as goodwill, testing for impairment is performed at least annually. The recoverable amount is determined by comparing the carrying amount of the asset with its fair value less costs to sell and value in use, whichever is greater. Value in use is determined on the basis of the present value of estimated future cash flows from operating activities. For purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

If an asset's recoverable value is less than its carrying value, the carrying value is reduced to its recoverable value. This reduction is an impairment loss that is recognized as an expense immediately. If there are indications that an impairment loss should be reversed, the recoverable amount of the asset is recalculated and the carrying value is increased to that new value. The increased carrying value must not exceed the net carrying value the asset would have had without any impairment loss. An impairment loss with respect to goodwill may not be reversed.

Financial derivatives

Derivative financial instruments are used by the Group solely for hedging purposes, in order to reduce Companies' exposure to currency risks.

All financial derivatives are measured at fair value, in compliance with IAS 39. Under IAS 39, financial derivatives qualify for hedge accounting only if, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, the effectiveness of the hedge can be reliably measured and the hedge is highly effective throughout the financial reporting periods for which the hedge was designated.

If the hedge is effective, the following accounting policies apply:

Fair value hedge – If a financial derivative is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability due to a particular risk, and could affect profit or loss, the gain or loss from remeasuring the hedging instrument at fair value is recognized in the income statement. The hedged item is adjusted to fair value for the portion of risk hedged, and the adjustment is recognized in profit or loss;

Cash flow hedge – If a financial derivative is designated as a hedge of the exposure to the future cash flow variability of a recognized asset or liability, the effective portion of changes in fair value of the financial derivative is recognized directly in equity. The cumulative gain or loss is reversed from equity and recognized in profit or loss in the period in which the hedged transaction is recognized. The profit or loss associated with a hedge (or part of a hedge) that has become ineffective is entered in the income statement immediately. If a hedged instrument or a hedging relationship is terminated, but the hedged transaction has not occurred yet, the cumulative gain or loss that has remained recognized in equity from the period when the hedge was effective is reclassified into profit or loss when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the related cumulative gain or loss that has remained recognized in equity is immediately recognized in the income statement.

If hedge accounting cannot be applied, the gains or losses arising on changes in the fair value of the financial derivative are recognized immediately in the income statement.

Fair value measurement

The Group measures financial instruments (derivatives) at their fair values at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes that a transaction to sell an asset or to transfer a liability takes place:

in the principal market for the asset or liability; or

in absence of a principal market, the most advantageous market for the asset or liability.

The principal market or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured adopting assumptions that market participants would use to determine the price of the asset or liability, assuming that they act to best satisfy their economic interest.

Fair value measurement of a non-financial asset considers a market participant's capacity to generate economic benefits from the highest and best use of the asset or from the sale to another participant that can obtain its highest and best use.

The Group uses valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or stated in the financial statements are categorized into the following levels of the fair value hierarchy:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - valuation techniques for which the inputs are unobservable for the asset or liability.

The fair value measurement is categorized entirely in the same level of the fair value hierarchy of the lowest level input used for measurement.

For recurring assets and liabilities, the Group determines whether there have been any transfers between levels of the fair value hierarchy and reviews the categorization (based on the lowest level input that is significant to the entire measurement) at the end of each reporting period.

Inventories

Inventories are stated at the lower of average purchase or production cost and the corresponding estimated realizable value based on market prices. Estimated realizable value represents the estimated selling price in normal market conditions less all direct selling costs.

Purchase cost was adopted for products purchased for resale and for materials directly or indirectly used, purchased and used in the production process, whereas production cost was adopted for finished and semi-finished products.

Purchase cost is determined on the basis of the cost actually incurred, inclusive of directly attributable ancillary costs, including transport and customs expenses and excluding trade discounts.

Production cost includes the cost of materials used, as defined above, and all directly and indirectly attributable manufacturing costs.

Obsolete and slow-moving inventories are written down to reflect their useful life or realizable value.

Financial assets – Loans and receivables

Trade receivables, current loan receivables and other current receivables with fixed maturities, excluding those assets arising on financial derivatives and all financial assets for which prices on an active market are unavailable and whose fair value cannot be determined reliably, are stated at amortized cost calculated using the effective-interest method. Financial assets without fixed maturities are stated at cost. Receivables maturing after more than a year that do not accrue interest or that accrue interest at below-market rates are discounted using market rates and recognized as non-current assets. Reviews are carried out regularly to determine the presence of any objective evidence that the financial assets taken individually or within a group of assets may have suffered an impairment loss. If such evidence exists, the impairment loss is shown as a cost in the income statement for the period.

Trade receivables are adjusted to their realizable value by means of a provision for irrecoverable amounts when there are objective indications that the Group will not be able to collect the receivable at its original value.

Cash and bank balances

Cash and bank balances include cash, demand deposits at banks and other highly liquid short-term investments, i.e. with an original duration of up to three months, and are stated at the amounts actually on hand at the reporting date.

Assets held for sale and related liabilities

These items include non-current assets (or disposal groups of assets and liabilities) whose carrying value will be recovered mainly through sale rather than through continuing use. Assets held for sale (or disposal groups) are recognized at their net carrying value or fair value less costs to sell, whichever is less.

If those assets (or disposal groups) should cease to be classified as assets held for sale, the amounts are not reclassified or presented for comparative purposes with the classification in the most recent Statement of Financial Position.

Equity

Share capital

Share capital consists of the subscribed and paid-up capital.

Direct issue costs of new share issues are classified as a direct reduction of equity after deferred taxes.

Treasury shares

Treasury shares are shown as a deduction of equity. The original cost of treasury shares and revenues arising on subsequent sale are recognized as changes in equity. The nominal value of the treasury shares owned is directly deducted from share capital, while the value exceeding the nominal value is used to reduce the treasury share reserve included in the retained earnings/(losses) reserves.

Share-based payments (stock option plan)

Currently there are no such payments.

Employee benefits

Post-employment benefit plans are classified, according to their characteristics, as either defined contribution plans or defined benefit plans.

Defined benefit plans, such as that of the "fondo trattamento di fine rapporto" ("TFR", severance indemnity provision) in place until the 2007 Italian Financial Law became effective, are plans under which guaranteed employee benefits are paid upon termination of employment. The defined benefit plan obligation is determined on the basis of actuarial assumptions and is recognized on an accruals basis consistently with the employment service necessary to obtain the benefits; the obligation is measured annually by independent actuaries.

The benefits accrued in the year, determined with actuarial methodology, are recognized in the income statement with the personnel costs, whereas the notional interest cost is recognized in net financial income/(costs).

Actuarial gains and losses from changes in actuarial assumptions are recognized directly in the equity of the year they emerge, in accordance with Revised IAS 19, effective from January 1, 2013.

On January 1, 2007, the 2007 Financial Law and related enactment decrees brought significant changes to employee severance indemnity regulations, including the possibility for the employee to choose, by June 30, 2007, how to allocate his or her accruing benefits. New accruing severance indemnities may be assigned by the employee to selected pension funds or kept within the company (in the latter case the company will pay the severance pay contributions into a treasury account held at the INPS).

Pursuant to these changes, the severance indemnity provision accrued up to the date of the employee's decision (defined benefit plans) was recalculated by independent actuaries, excluding the component of future salary raises. Severance indemnities accruing from the date of the employee's decision, and in any case from June 30, 2007, are considered a defined contribution plan, so the accounting treatment is similar to that in effect for all other contribution payments.

Provisions for risks and charges

Provisions for risks and charges consist of allowances for present obligations (either legal or constructive) toward third parties that arise from past events, the settlement of which will probably require an outflow of financial resources, and the amount of which can be estimated reliably.

Provisions are stated at the discounted best estimate of the amount the company should pay to settle the obligation or to transfer it to third parties as at the reporting date.

Changes in estimates are reflected in the income statement of the period in which the change occurs.

Risks for which the emergence of a liability is merely possible are identified in the section relating to commitments and guarantees without making any allowances for them.

Trade payables and other non-financial liabilities

Payables with settlement dates that are consistent with normal terms of trade are not discounted to present value and are recorded at their face value.

Financial liabilities

Borrowings (loans) are initially recognized at cost, corresponding to the fair value of the liability less their transaction costs.

They are subsequently measured at amortized cost; any difference between the amount financed (net of transaction costs) and the nominal value is recognized in the income statement over the life of the loan, using the effective interest method. If there is a change in the anticipated cash flows and management is able to estimate them reliably, the value of borrowings is recalculated to reflect such changes.

Loans are classified among current liabilities if they mature in less than 12 months from the end of the reporting period and if the Group does not have an unconditional right to defer their payment for at least 12 months.

Loans are derecognized when they are paid off or when all risks and costs associated with them have been transferred to third parties.

Revenues and income

Revenues are measured at their fair value net of returns, sales, discounts, allowances, and bonuses.

The Group recognizes sales revenues when all risks and rewards of ownership of the goods are effectively transferred to the customers under the terms of the sales agreement.

The revenues are recognized net of an allowance representing the best estimate of lost margin due to any product returns from customers. The allowance is calculated based on past experience.

Revenues are stated net of returns, discounts, vouchers, bonuses and taxes directly connected with the sale of the goods and supply of the services.

Revenues from services are recognized by reference to the state of completion of the transaction at the end of the reporting period.

Interest income is accrued on a time basis by reference to the effective interest rate applicable to the related asset.

Dividends are recognized when the shareholder's rights to receive payment are established. This normally occurs when the dividend distribution resolution is approved at the General Meeting.

Cost of sales

The cost of sales includes the cost of producing or acquiring the goods and products sold. It includes all the costs of materials, processing, and expenses directly associated with production. It also includes the depreciation of buildings, plant and equipment, the amortization of the intangible assets used in production and inventory impairment losses.

Royalties

The Group accounts for royalty expense on an accruals basis according to the substance of the agreements stipulated.

Other costs

The costs are recognized according to the relevance and matching principles.

Financial income and costs

Interest is accounted for according to the accrual concept on the basis of the interest rate established by contract. If not established by contract, interest is recognized using the effective interest method, i.e. using the interest rate that makes all inflows and outflows of a specific transaction financially equivalent.

Translation of foreign currency amounts

Transactions in currency other than the Euro are translated into local currency using the exchange rates in force on the transaction date. Foreign exchange differences realized in the period are recognized in the income statement.

Foreign currency receivables and payables are adjusted at the exchange rate in force on the reporting date, recognizing the entire amount of profit or loss arising on exchange as financial income or finance costs in the income statement.

Income tax expense

Income taxes are stated in the income statement, except for those regarding items recognized directly in equity, for which the tax effect is also recognized directly in equity.

Deferred taxes are calculated on the temporary differences generated between the value of the assets and liabilities reported in the financial statements and the value attributed to those assets and liabilities for tax purposes.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which they may be recovered. The carrying value of deferred tax assets is reviewed at the end of each reporting period and, as necessary, is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Any such reductions are reversed if the conditions causing them should cease to exist.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply when the assets are realized or the liabilities are settled, considering the tax rates in force and those that have been enacted or substantially enacted by the reporting date.

Other taxes not relating to income, such as property and equity taxes, are included in the operating items.

FINANCIAL RISK FACTORS

Financial risks

Financial risk management is an integral part of the Marcolin group's activities and is performed centrally by the Parent Company based on strategies to cover specific areas, i.e. through hedges of foreign exchange risks and risks deriving from fluctuations of interest rates.

The Group also uses some derivative instruments to minimize the impact of such risks on its results. Although the derivatives were designated exclusively to hedge against the risk of exchange rate variability on purchases from suppliers in U.S. dollars, they do not qualify for hedge accounting because they do not fully meet the strict requirements, including formal ones, of the applicable accounting standard.

Currency risk

The Group operates on an international level, so it is exposed to foreign exchange risk (particularly as regards the U.S. dollar). Currency risk is managed centrally by the Parent Company, which examines and monitors fluctuations in the balances of its various foreign currency items in order to evaluate whether to apply hedges through dealings on the derivatives market.

The Company has a specific policy in place for managing currency risk. This activity makes it possible to keep under control the main currency positions not covered by natural hedging.

According to the sensitivity analysis performed, a change in exchange rates should not significantly impact the Group's consolidated financial statements.

Details of the hedging contracts in place on the reporting date are as follows.

Currency hedges (euro/000)					
Type	Financial Institution	Notional	Currency	Maturity date	Mark to Market
Currency forward purchase	Veneto Banca	2,000	USD	February/April 2016	(22)
Currency forward sell	Veneto Banca	4,000	USD	January/March 2016	64
Currency forward sell	Banca Popolare di Vicenza	2,000	USD	February/March 2016	5
Currency forward sell	Banca Nazionale del Lavoro	1,000	USD	March 2016	0
Currency forward sell	Deutsche Bank	3,000	USD	January/February 2016	26

The Group is exposed mainly with the U.S. dollar on sales of finished and semi-finished products to clients in U.S. dollars, net of the cash flows for purchases from suppliers in the Far East.

The hedging instruments in place on December 31, 2015 have a fair value of euro 74 thousand, accounted for in "short-term borrowings" in these financial statements.

To determine the fair value of the currency forwards purchased, the Group used valuation techniques that are appropriate in the circumstances and for which sufficient information is available on the market. Level 2 inputs of the fair value hierarchy defined by IFRS 7 are used in the valuation techniques.

For the currency derivatives, the potential decrease in the fair value of the currency forwards held by the Group as at December 31, 2015, due to a hypothetical sudden adverse change of 5% in the Euro-to-Dollar exchange rate (depreciation of the Dollar), would be euro 290 thousand. Conversely, the potential increase in fair value arising on appreciation of the Dollar would be euro 262 thousand.

Interest rate risk

As a result of the fixed-rate euro 200 million bond issue subscribed in November 2013, the Group's debt structure changed significantly, and the Group now has low interest rate risk.

The section on liquidity risk provides a quantitative analysis of the Group's exposure to cash flow risk relating to interest rates on loans.

Information on outstanding loans is provided subsequently in these notes.

Interest rate sensitivity analysis

Interest rate sensitivity analysis was performed, assuming a 25 basis-point increase and a 10 basis-point decrease of the Euribor/Swap yield curves, published by Reuters for December 31, 2015. In this manner, the Group determined the impact that such changes would have on income and on equity.

The sensitivity analysis excluded financial instruments that are not exposed to significant interest rate risk, such as short-term trade receivables and payables.

The interest on bank borrowings was recalculated using the above assumptions and the investment position in the year, recalculating the higher/lower annual finance costs.

For cash and bank balances, the average balance of the period was calculated using the book values at the beginning and end of the year. The effect on income of a 25 basis-point increase/10 basis-point decrease in the interest rate from the first day of the period was calculated on the amount thus determined.

According to the sensitivity analysis performed on the basis of the above criteria, the Group is exposed to interest rate risk on its expected cash flows. If interest rates should rise by 25 basis points, income would decrease by euro 161 thousand due to higher interest expense with banks and third parties with respect to the increase in financial income on bank accounts.

If interest rates should fall by 10 basis points, income would increase by euro 64 thousand.

Credit risk

The Group has no significant concentration of credit risk. Receivables are recognized net of writedowns for risk of counterparty default, calculated based on available information regarding the customer's solvency and any useful statistical records.

Guidelines have been implemented for managing customer credit, supervised by the designated business function (Credit Management), to ensure that sales are conducted only with reasonably reliable and solvent parties, and through the setting of differentiated credit exposure ceilings.

Receivables and other current assets are set forth below by the main areas in which the Group operates in order to evaluate country risk.

Receivables by geographical area and other current assets	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Italy	28,815	19,969
Rest of Europe	17,636	17,577
North America	24,972	26,959
Rest of World	29,085	29,653
Total	100,507	94,157

Liquidity risk

Prudent management of liquidity risk entails keeping a sufficient level of liquidity and having sources of funding available to meet working capital requirements by means of adequate credit lines.

Due to the dynamic nature of its business, the Group has always preferred the flexibility of obtaining funding through the use of credit lines. As noted in the Report on Operations, since 2013 the Parent Company has had a revolving credit facility of nominal euro 25 million available for short-term cash flow requirements.

At present, based on its available sources of funding and credit facilities, the Group considers its access to funding to be sufficient for meeting the financial requirements of ordinary operations and for the capital expenditures planned.

The types of credit lines available and the base rate on the reference date are reported herein.

Liquidity analysis

Liquidity analysis was performed on loans and trade payables. Principal repayments and non-discounted interest were specified by time brackets. Future interest amounts were determined using forward interest rates taken from the spot-rate curve published by Reuters at the end of the reporting period.

None of the cash flows included in the table were discounted.

	Within 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
<i>(euro/000)</i>				
Loans and bonds (excluding capital lease)	57,922	-	199,687	-
Interest expense on loans and bonds	17,315	34,254	17,008	-
Capital lease	305	852	87	-
Trade payables	120,787	-	-	-

Fair value measurement of loans

For the fair value measurement of loans, future cash flows were estimated using implicit forward interest rates from the yield curve of the measurement date, and the latest Euribor fixing was used to calculate the current coupon.

The values calculated in this manner were discounted based on discount factors related to the different maturities of such cash flows.

Borrowings-maturity	Within 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Totals
<i>(euro/000)</i>					
Credit lines used	17,116	-	-	-	17,116
Loans	35,903	6,267	-	-	42,170
Other financiers	5,206	714	193,645	-	199,565
12/31/2015	58,226	6,981	193,645	-	258,852

USE OF ESTIMATES

The preparation of consolidated financial statements requires making estimates that could affect the carrying value of some assets, liabilities, income and expenses, and disclosures concerning contingent assets and liabilities at the reporting date.

Estimates were used mainly to determine the recoverability of intangible assets, the useful lives of tangible assets, the recoverability of receivables (including deferred tax assets), the valuation of inventories and the recognition or measurement of provisions.

The estimates and assumptions are based on data that reflect currently available information.

The estimates and assumptions that involve a significant risk of changes in the carrying values of assets and liabilities are described hereunder.

Goodwill

Pursuant to IAS 36, the Group performs impairment tests annually.

Recoverable values are calculated based on "value in use".

The calculations require using estimates of the future performance of the cash-generating units (CGUs) to which goodwill belongs (business plan forecasts), the discount rate (WACC) and the prospective growth rate to be applied to the forecast cash flows ("g" rate).

Impairment of non-current assets

When there is indication that the net carrying value could exceed the recoverable value, non-current assets are reviewed to determine whether they have suffered impairment losses, in accordance with the accounting standards adopted. The recoverable amount is analyzed by comparing the carrying amount of the asset with its fair value less costs to sell and value in use, whichever is greater.

If any such indication exists, management is required to perform subjective evaluations based on information available within the Group and on the market, and based on the management's knowledge.

If indications of impairment should exist, the Group calculates the potential impairment using the valuation techniques it considers to be the most appropriate.

Proper identification of impairment indications and estimates of potential impairment are dependent on factors that may vary over time, affecting the measurements and estimates made by management.

Provision for doubtful debts

The provision for doubtful debts reflects management's estimates of future losses on trade receivables. The Group estimates the provision for doubtful debts on the basis of expected losses, determined according to knowledge of the customer, past experience for similar receivables, current and historic past-due receivables, losses and collected receivables, careful monitoring of credit quality and forecasts of economic and market conditions.

Provision for inventory impairment

The provision for inventory impairment reflects management's estimates regarding the losses expected by the Group, determined on the basis of past experience and both past and anticipated market trends.

Deferred tax assets

Recognition of deferred tax assets is based on expectations of profits in future years.

Estimates of future earnings used to recognize deferred tax assets are dependent on factors that may vary over time and significantly affect estimates of deferred tax assets.

ANALYSIS OF CONSOLIDATED FINANCIAL POSITION

Comments and the most significant changes in the items compared to the consolidated financial statements for the year ended December 31, 2014 are described hereunder (the amounts are in thousands of euros, unless specified otherwise).

BUSINESS COMBINATIONS

Acquisition of former Sover-M, now called Marcolin-RUS LLC

On December 15, 2014 in Moscow, Marcolin S.p.A. signed a joint-venture agreement with Victoria Chizhova, Founder and General Manager of Sover-M, a long-standing company based in Moscow operating in the Russian eyewear market.

As of December 31, 2014 Marcolin owned 51% of Sover-M, thereby controlling it. The share capital on that date was 306 thousand rubles, and its equity was 130,893 thousand rubles. The financial statements are presented in Russian rubles. On July 10, 2015 the company name was changed to Marcolin-RUS LLC.

Goodwill recognized pursuant to the business combination

Goodwill of euro 610 thousand (as at December 31, 2014) emerged as the difference between the cost of the business combination and the acquirer's interest in the net fair value of the acquired assets and liabilities, resulting from the difference between the euro 1,532 thousand price paid and the corresponding interest in equity of euro 922 thousand, translated at the December 31, 2014 exchange rate.

The goodwill represents the future economic benefits arising from the business combination, due primarily to the company's legacy of expertise and knowledge of the local market.

The joint venture is part of Marcolin's international expansion plan, which by increasing the distribution of its products in Russia to satisfy customer demands, creates the basis for direct, effective management of the Russian market, representing a potential contribution to future profitability and to the generation of cash flows, quantifiable in terms of higher earnings and cash flows.

The fair value of the net assets acquired was determined only provisionally as at December 31, 2014. In 2015 the above business combination was definitively accounted for with respect to the identification and measurement of the assets and liabilities acquired. No changes in the acquired values emerged, so the value of goodwill has remained the same as the provisional value recognized in the previous annual financial statements.

1. PROPERTY, PLANT, AND EQUIPMENT

The composition of and annual changes in the item are set forth below:

Property, plant and equipment <i>(euro/000)</i>	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other PP & E	Assets under construction	Total
Net value at beginning of 2014	13,907	4,688	973	3,286	103	22,957
Increases	1,361	1,391	1,208	1,558	661	6,179
Decreases	50	-	1	(440)	(60)	(450)
Depreciation	(1,358)	(979)	(794)	(1,205)	-	(4,336)
Translation difference	215	-	50	149	-	414
Impairment	-	-	-	-	1	1
Reclassification and other movements	(34)	14	114	(123)	(79)	(108)
Net value at end of 2014	14,141	5,114	1,552	3,225	625	24,657
Net value at beginning of 2015	14,141	5,114	1,552	3,225	625	24,657
Increases	2,117	3,398	1,516	1,166	336	8,532
Decreases	(1,227)	(0)	-	(50)	(18)	(1,295)
Depreciation	(1,038)	(1,312)	(1,248)	(1,313)	-	(4,911)
Translation difference	120	-	65	34	1	221
Impairment	-	-	-	-	-	-
Reclassification and other movements	430	-	357	137	(871)	54
Net value at end of 2015	14,543	7,199	2,242	3,200	73	27,258

The Group's 2015 capital expenditures totaled euro 8.532 million and regarded mainly the following investments:

- the increase of euro 2.117 million for land and buildings refers primarily to the purchase of the new manufacturing plant in Fortogna;
- plant and machinery purchases of euro 3.398 million refer to industrial plant and machinery purchased by the Parent Company to renew existing production lines and for the new production lines at the new Fortogna factory;
- equipment purchases of euro 1.516 million refer mainly to the Parent Company;
- other purchases totaling euro 1.166 million consist of computer hardware for euro 501 thousand and office furniture for euro 590 thousand;
- the euro 336 thousand increase in assets under construction and advances refers largely to business materials of the American affiliate.

Depreciation is euro 4.911 million and consists of:

- euro 2.625 million recognized in the components of cost of sales;
- euro 1.113 million recognized in distribution and marketing expenses;
- euro 1.173 million recognized in general and administration expenses.

The undepreciated values of property, plant and equipment and their accumulated depreciation as at December 31, 2015 are shown in the following table:

Property, plant and equipment <i>(euro/000)</i>	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other PP & E	Assets under construction	Total
Undepreciated value	25,536	21,576	16,081	11,027	73	74,294
Accumulated depreciation	(10,993)	(14,377)	(13,839)	(7,827)	-	(47,036)
Net Value	14,543	7,199	2,242	3,200	73	27,258

2. INTANGIBLE ASSETS AND GOODWILL

The composition of and changes in this item are set forth below:

Intangible assets and goodwill (euro/000)	Software	Concessions, licenses and trademarks	Other	Intangible assets under formation and advances	Total	Goodwill
Net value at beginning of 2014	1,567	25,983	1,744	46	29,341	266,833
Increases	3,633	10	6,792	117	10,552	-
Decreases	(16)	-	-	(12)	(28)	-
Amortization	(1,143)	(277)	(3,151)	-	(4,571)	-
Increases from Business Combination (Sover-M)	-	-	-	-	-	610
Translation difference	(142)	1,266	630	107	1,862	10,569
Reclassification and other movements	2,907	(14,802)	12,000	(48)	57	(3)
Net value at end of 2014	6,807	12,180	18,015	210	37,213	278,010
Net value at beginning of 2015	6,807	12,180	18,015	210	37,213	278,010
Increases	2,966	-	4,346	6,067	13,380	-
Decreases	-	-	-	-	-	-
Amortization	(2,179)	(287)	(3,576)	-	(6,043)	-
Translation difference	530	676	274	7	1,487	10,215
Reclassification and other movements	167	(125)	51	(88)	6	-
Net value at end of 2015	8,292	12,444	19,110	6,196	46,043	288,225

The annual increase of euro 13.380 million is attributable mainly to the following:

- euro 2.966 million for software, euro 1.035 million of which refers to the Parent Company and euro 1.822 million to Marcolin USA Eyewear Corp. for new business software and the implementation thereof;
- Other intangible assets include a lump sum paid by the Parent Company to some licensors to extend licenses;
- Assets under formation and advances of euro 6.067 million, of which euro 3.084 million refers to the Parent Company and euro 2.897 million to Marcolin USA Eyewear Corp. regarding amounts paid by the Parent Company and the American subsidiary to some licensors to extend licenses and software classified as assets under formation as at December 31, 2015.

Amortization is euro 6.043 million and consists of:

- euro 70 thousand recognized in the components of cost of sales;
- euro 4.299 million recognized in distribution expenses;
- euro 1.674 million recognized in general and administration expenses.

The unamortized value of intangible assets and goodwill and their accumulated amortization as at December 31, 2015 are shown in the following table:

Intangible assets and goodwill (euro/000)	Software	Concessions, licenses and trademarks	Other	Intangible assets under formation and advances	Total 12/31/2015	Goodwill
Undepreciated value	21,399	18,108	35,057	6,196	80,761	288,225
Accumulated depreciation	(13,107)	(5,664)	(15,947)	-	(34,718)	-
Net Value	8,292	12,444	19,110	6,196	46,043	288,225

Goodwill is affected exclusively by an increase for translation differences on the component regarding the Viva International acquisition, currently recognized in the financial statements of Marcolin USA Eyewear Corp.

Goodwill was tested for impairment to assess the fairness of the carrying amount as at December 31, 2015.

The recoverable amount of goodwill was estimated using the Marcolin group's value in use, assumed as the enterprise value emerging from the application of the unlevered free cash flow method to the projected cash flows of the Marcolin group's continuing operation.

The following assumptions were made to determine value in use:

- the cash-generating unit was identified in the Marcolin group (cash flows from projected operating/financing activities of Marcolin S.p.A. and its Italian and foreign subsidiaries). The Group's new organizational structure resulting from Viva International integration represents the full integration of all Viva structures into Marcolin; Viva's previous structures lost their identity in the integration process through acquisitions, mergers and business division transfers conducted within the vast international reorganization of the Group, which is now managed as a single unit coordinated by the Parent Company using a centralized model;
- the main data sources used were the Group's 2016 - 2018 business plan projections, the draft financial statements for the year ended December 31, 2015, the 2016 Budget and the 2015 - 2017 business plan¹¹;
- the terminal value was calculated by capitalizing the available cash flow expected perpetually from 2018 (estimated on the basis of the last year in the business plan, given an increase in the "g" rate from the last year stated), assuming that it will grow at an annual "g" rate of 2.5%, conservatively considering the inflation projections for the countries in which Marcolin is present. The terminal value was adjusted to account for the Parent Company's transfer of the provision for severance indemnities;
- the cash flow discount rate (WACC) is 8.8%, calculated in line with the Capital Asset Pricing Model (CAPM) used for valuation in doctrine and in standard practice. This rate reflects current market estimates referring to: 1) the cost of capital for debt (Kd = 3.1%, after taxes); 2) the expected return on the risk capital invested in Marcolin (Ke = 9.5%), weighted considering the source of the Group's main cash flows. Weighted Kd/Ke was determined under the applicable accounting standards by considering the average financial structure of Marcolin's main comparables, assuming that the value of the entity's projected cash flows does not derive from its specific debt/equity ratio.

Based on the results of the analysis performed, goodwill did not suffer any impairment losses.

Moreover, sensitivity analysis was performed on the Group's enterprise value, determined with the previously described methods, assuming:

- changes in WACC;
- changes in the g rate.

In this case, a half-percentage point increase in WACC would result in a euro 45 million decrease in the enterprise value (given the same g), whereas a half-percentage point decrease in the g rate would result in an euro 42 million decrease in the enterprise value (given the same WACC). Neither case would result in an impairment loss.

In the case of conservative 100 bp reductions of WACC and the g rate, the impairment test and sensitivity analysis results produced recoverable amounts in line with the invested capital presented at December 31, 2015 for the Marcolin group, without any impairment losses, even considering the combined reduction of such parameters.

In addition, a stress test was performed assuming higher capital expenditures than those budgeted, and estimating possible cash outflows that the Group could incur to renew certain licenses upon their expiration.

The stress test confirmed that the coverage amounts remain positive, with broad safety margins.

Accordingly, it is reasonable to conclude that the carrying value of goodwill stated in the December 31, 2015 financial statements is consistent with its fair value.

Concessions, licenses and trademarks include the Web trademark. This asset, which was obtained in November 2008 for euro 1.8 million and whose purchase price was determined by an independent professional appraiser, is amortized over 18 years.

¹¹ approved by the Parent Company's Board of Directors on February 26, 2015.

Concessions, licenses and trademarks also include euro 10 million for an option, already exercised, that enabled the Group to extend a licensing agreement beyond its expiration date (2015) to December 2022. This cost will be amortized over 7 years starting from 2016.

3. INVESTMENTS IN ASSOCIATES

The investments in associates, totaling euro 1.775 million, consist primarily of investments in non-controlled companies of the former Viva group, including euro 719 thousand in Viva Australia (a 50%-owned distributor) and euro 1.056 million in (50%-owned) Viva Mexico.

4. DEFERRED TAX ASSETS AND LIABILITIES

The net deferred tax assets as at December 31, 2015 are euro 26.415 million (euro 31.148 million in 2014), the balance of euro 36.793 million in deferred tax assets and euro 10.379 million in deferred tax liabilities.

The amount is primarily attributable to the Parent Company, for euro 5.854 million (euro 9.555 million in 2014), Marcolin USA Eyewear Corp. for euro 17.190 million (euro 16.273 million in 2014 for the two American companies, Marcolin USA, Inc. and Viva Optique, Inc., which merged and became Marcolin USA Eyewear Corp. in 2015), and Marcolin France sas for euro 1.278 million (same amount in 2014).

The amount refers to:

- euro 17.249 million (euro 2.074 million referring to the Parent Company) in temporary differences generated between the value of the assets and liabilities reported in the financial statements and the value attributed to those assets and liabilities for tax purposes;
- euro 9.166 million (euro 3.780 million referring to the Parent Company) in deferred tax assets recognized on tax losses generated in periods before 2015. Recognition of deferred tax assets was made possible by the prospect of realizing the assets due to the expectation of future taxable profits according to the business plans prepared by the Group.

More information is provided in Note 28, regarding income taxes.

5. OTHER NON-CURRENT ASSETS

The balance at December 31, 2015 is euro 563 thousand (euro 846 thousand in 2014), and refers primarily to prepaid commissions on the Parent Company's euro 25 million senior revolving credit facility.

6. NON-CURRENT FINANCIAL ASSETS

This item amounted to euro 4.461 million on December 31, 2015, referring primarily to euro 4.300 million for a loan granted by the Parent Company to a third party, on which interest accrues at market rates and whose repayments began in 2013 (with installments until 2022); The current portion receivable, recognized among current financial assets, is euro 948 thousand.

7. INVENTORIES

Inventories are detailed below:

Inventories (euro/000)	12/31/2015	12/31/2014
Finished goods	117,982	96,745
Raw material	15,337	17,927
Work in progress	16,831	11,633
Gross inventory	150,150	126,305
Inventory provision	(29,937)	(26,230)
Net inventory	120,214	100,075

The net value of inventories rose by euro 20.138 million compared to the previous year (the U.S. dollar appreciation accounts for more than euro 4.2 million of this). The increase in closing inventories is due primarily to an increase in finished product inventories, due to the higher sales. The inventory increase is also attributable to the discontinuity represented by products with new brands, particularly Zegna and Pucci, and to the increase in collections offered and models produced. Moreover, the new companies that started operating in 2015 contributed euro 2 million to the stock increase.

The euro 23.845 million increase in gross inventories is attributable to:

- Finished products, up by euro 21.238 million due to articles of new collections and with new (mainly luxury) brands to satisfy the order increase, and to the products in stock at the new joint ventures;
- Raw materials and semi-finished goods, down by euro 2.590 million, a temporary effect of production management, similarly to the work-in-progress increase;
- Work in progress, up by euro 5.197 million, reflecting the greater production needed as a result of the factors described for finished products.

The inventory impairment provision provides adequate coverage for obsolete and slow-moving inventory, taking into account the composition of and possibility to sell such inventory.

The provision has fallen as a percentage of gross inventories due to the scrapping of obsolete components.

8. TRADE RECEIVABLES

The composition of the trade receivables is as follows

Trade receivables (euro/000)	12/31/2015	12/31/2014
Gross trade receivables	91,064	86,374
Provision for bad debts	(5,949)	(5,798)
Net trade receivables	85,115	80,576

Net trade receivables rose by euro 4.539 million. The trade receivables, up from those of the prior year, were largely affected by the sales increase. Credit quality improved from the previous year. In 2015 the improvement in the average collection period, or "days sales outstanding" (DSO), which had recently slowed down, gained momentum with an improvement of 4 days.

The amount of receivables recognized was not discounted, since all receivables are due within 12 months.

Trade receivables not past-due are set forth below by geographical area (IFRS 7) below:

Receivables not overdue by geographical area	12/31/2015	31.12.2014
<i>(euro/000)</i>		
Italy	16,550	11,382
Rest of Europe	14,852	13,546
North America	19,197	16,516
Rest of World	19,680	23,497
Total	70,279	64,941

The following table shows the undisputed trade receivables due and past due (in an aging analysis):

Ageing analysis of trade receivables not protested	Gross	Provision	Net value
<i>(euro/000)</i>			
December 31, 2014			
Not past due	64,941	(34)	64,907
Past due by less than 3 months	11,336	(428)	10,909
Past due by 3 to 6 months	3,762	(573)	3,189
Past due by more than 6 months	3,482	(2,178)	1,304
Total	83,521	(3,213)	80,308
December 31, 2015			
Not past due	70,279	(20)	70,259
Past due by less than 3 months	11,407	(962)	10,445
Past due by 3 to 6 months	3,118	(464)	2,654
Past due by more than 6 months	2,962	(1,212)	1,750
Total	87,766	(2,658)	85,108

In some markets in which the Group operates, receivables are regularly collected after the date stipulated by contract, without this necessarily indicating collection issues or financial difficulties. Consequently, there are trade receivable balances that were not considered impaired even though they were past due.

The balance of these trade receivables is set forth in the table below by past-due category:

Trade receivables overdue but not impaired	12/31/2015	31.12.2014
<i>(euro/000)</i>		
Past due by less than 3 months	3,821	10,324
Past due by more than 3 months	694	4,213
Total	4,515	14,536

For the sake of exhaustive disclosure, an aging analysis of disputed receivables and the related writedowns is set forth below:

Ageing analysis of protested trade receivables (euro/000)	Gross value	Provision	Net value
December 31, 2014			
Past due by less than 12 months	139	(98)	41
Past due by more than 12 months	2,714	(2,487)	227
Total	2,853	(2,586)	268
December 31, 2015			
Past due by less than 12 months	112	(80)	32
Past due by more than 12 months	3,252	(3,211)	41
Total	3,364	(3,291)	73

The changes in the provision for doubtful debts are set forth below:

Provision for doubtful debts (euro/000)	12/31/2015	12/31/2014
Opening amount	5,798	5,991
Provisions	665	494
Use / reversal	(523)	(660)
Reclassification and others	27	(370)
Translation difference	(19)	344
Period end Total	5,948	5,798

The provision for doubtful debts increased by euro 150 thousand from the prior year. The provision is deemed adequate for presenting receivables at their estimated realizable value given their composition and age and the related guarantees.

Some trade receivables are covered by the types of guarantees typically used for sales on international markets.

9. OTHER CURRENT ASSETS

The composition of other current assets is shown below:

Other receivables (euro/000)	12/31/2015	12/31/2014
Tax credits	9,016	8,414
Other receivables	4,871	3,660
Other	1,505	2,024
Total other receivables	15,392	14,099

This item, euro 15.392 million (euro 14.099 million in 2014), presents an increase of euro 1.294 million from the prior year.

As noted, in 2014 Marcolin S.p.A. and Italian companies Eyestyle Retail and Eyestyle.com (the latter two companies were merged directly into Marcolin S.p.A. on December 1, 2015) adopted the Italian tax consolidation regime for corporate income tax (IRES) purposes, which recognizes 3 Cime S.p.A. as the ultimate parent company. The balance of other receivables consists mainly of receivables of euro 3.285 million due from 3 Cime S.p.A. for the tax consolidation income accrued on the annual tax losses considered recoverable.

Tax credits increased by euro 602 thousand mainly on account of the higher VAT credit reported by the Parent Company near the end of the year.

10. CURRENT FINANCIAL ASSETS

This item, euro 1.022 million at December 31, 2015 (euro 2.042 million in 2014), includes the euro 948 thousand portion currently due on a loan granted by the Parent Company to a third party on which interest accrues at market rates, and whose repayments began in 2013 (with installments until 2022), and the euro 74 thousand mark-to-market adjustment of the hedging instruments used by the Parent Company.

11. CASH AND BANK BALANCES

This item represents the value of cash deposits and highly liquid financial instruments, i.e. those with a maturity of up to three months.

It rose by euro 3.449 million in the period. The change in this item is described in the Consolidated Statement of Cash Flows, which provides information on the 2015 movements in cash and bank balances.

12. EQUITY

The Parent Company's share capital is euro 32,312,475 and is composed of 61,458,375 ordinary shares without par value.

The composition of share capital did not change in 2015.

The consolidated statement of changes in equity provides more detailed information on this item.

13. NON-CURRENT FINANCIAL LIABILITIES

This item, euro 200.626 million, was euro 199.152 million at the end of 2014; it has increased by euro 1.474 million.

The difference is due primarily to a net decrease in financial payables of euro 54 thousand, euro 1.528 million for the annual deferred transaction cost on the bond issue (under the amortized cost method), and reclassification to current financial liabilities of loan balances whose repayment became due within the next 12 months.

The liability consists mainly of the bond notes issued by the Parent Company, subscribed for a nominal euro 200 million in 2013.¹²

The notes issued, maturing in 2019, were classified as medium/long-term liabilities, and the related payable was accounted for in accordance with IAS 39 (amortized cost) in order to defer the transaction costs pertaining to future periods and to recognize them with the effective interest rate method.

As noted, within the scope of the refinancing transaction, a super senior revolving credit facility was granted, for a maximum amount of euro 25 million, by Banca IMI S.p.A., IKB Deutsche Industriebank

¹² The notes, which have a six-year maturity and provide for voluntary early redemption, were issued in a single tranche on November 14, 2013. The key features are summarized below:

Purchasers: the notes may be offered and placed (1) in the United States, solely with qualified institutional buyers pursuant to Rule 144A of the U.S. Securities Act; (2) in Europe and in Italy solely with qualified investors pursuant to Directive 2003/71/EC, as subsequently amended and integrated, Italian Legislative Decree 58/1998 and CONSOB Regulation 11971/1999 for Issuers, unless in circumstances which are exempt from public offer rules.

Listing: (1) on the Luxembourg Stock Exchange for trading on the Euro MTF Market, and (2) with Borsa Italiana S.p.A. for trading on the extramot pro multilateral trading facility.

Issue Price: 100% (one hundred percent) of the nominal value of the notes, plus any accrued interest from the issue date.

Maturity Date: November 15, 2019.

Form: notes issued in registered form represented by (1) a global certificate representing the notes issued pursuant to Regulation S of the 1933 U.S. Securities Act, and (2) a global certificate representing the notes issued pursuant to Rule 144A of the 1933 U.S. Securities Act.

Interest Rate: annual fixed rate of 8.5% (eight point five percent), payable semi-annually.

Interest Payment Dates: May 15 and November 15 of each year, from May 15, 2014 to the maturity date.

AG, Natixis S.A., UniCredit S.p.A. and Goldman Sachs, to be used for ordinary cash flow demands. The credit facility had used for euro 25 million at the end of 2015. With respect to this financing, costs totaling euro 635 thousand were deferred, including euro 108 thousand pertaining to 2015, for a total amount of euro 418 thousand in costs deferred so far.

	Currency	Original amount (euro)	Residual amount (euro)	Maturity date	Interest rate	Notes
BOND	euro	200,000,000	200,000,000	11/14/2019	8.5%	Bond issued the 14th November 2013 - Half-yearly interests in 15th of May and 15th of November
Intesa San Paolo S.p.A., Goldman Sachs International, IKB Deutsche Industrie Bank AG, Natixis S.A., Unicredit S.p.A.	euro	25,000,000	25,000,000	06/03/2019	Euribor 1/2/3 months + spread 4%	Super Senior RCF - Revolving facility agreement - Euro 25,000,000 - signed the 18th November 2013
Unicredit S.p.A.	euro	5,000,000	3,750,000	12/31/2018	Euribor 3 months + spread	Loan guaranteed by SACE, granted on December 18, 2014, repayable in 16 quarterly installments from March 31, 2015
Banca Popolare FriulAdria S.p.A.	euro	3,000,000	2,269,417	03/04/2018	Euribor 3 months + spread	Loan granted on March 4, 2015, repayable in 12 quarterly installments from June 4, 2015
Banco Popolare s.c.r.l.	euro	1,500,000	1,375,000	09/30/2018	Euribor 3 months + spread	Loan granted on September 16, 2015, repayable in 12 quarterly installments from December 31, 2015
Banca Popolare di Vicenza s.c.p.a.	euro	2,500,000	2,500,000	12/31/2018	Euribor 3 months + spread	Loan granted on December 23, 2015, repayable in 12 quarterly installments from March 31, 2016
BCC delle Prealpi Soc. Coop.	euro	1,000,000	1,000,000	12/31/2016	Euribor 6 months + spread	Loan granted on December 10, 2015, repayable in monthly installments from January 10, 2016
Ministry of productive activities (technological innovation)	euro	793,171	82,959	06/26/2016	1.0%	Subsidized loan obtained under the law 46/82, repayable in 10 annual installments from June 26, 2007

For the sake of exhaustive disclosure, the net financial position is set forth below. More information is provided in the Report on Operations.

Net financial position / (indebtedness)	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Cash and cash equivalents	40,382	36,933
Financial receivables	5,483	7,497
Short-term borrowings	(54,678)	(40,021)
Current portion of long-term borrowings	(3,548)	(1,332)
Long-term borrowings	(200,626)	(199,152)
Total	(212,988)	(196,074)

In addition to the commitments described subsequently (see Note 20), for the revolving credit facility, commitments to comply with financial covenants exist at a consolidated level for Marcolin S.p.A. and its subsidiaries. According to an analysis conducted at the time of preparation of this report, all the covenants were complied with as at December 31, 2015.

14. NON-CURRENT PROVISIONS

This item amounts to euro 8.703 million (euro 8.919 million in 2014), a decrease of euro 216 thousand.

The amounts of the long-term provisions and the relevant changes are shown below:

Long term provision (euro/000)	Provision for severance employee indemnities	Provision for agency terminations	Provision for other risks	Total
12/31/2014	3,678	1,690	3,551	8,919
Allowances	42	815	1,200	2,057
Use / reversal	(118)	(1,567)	(909)	(2,594)
Actuarial loss / (gain)	(134)	(48)	-	(182)
Translation difference	-	(61)	282	221
Other changes	(20)	513	(211)	282
12/31/2015	3,448	1,342	3,913	8,703

The employee severance indemnity provision ("TFR") recognized in the Parent Company's financial statements for euro 3.448 million¹³, was measured with an actuarial calculation at the end of the year.¹⁴

The additional information required under Revised IAS 19 is provided hereunder:

- sensitivity analysis of each significant actuarial assumption at the end of the year, showing effects of changes in actuarial assumptions reasonably possible at that date, in absolute terms:

Sensitivity analysis	DBO* at 12/31/2015
Inflation rate +0.25%	3,493
Inflation rate - 0.25%	3,407
Actuarial rate +0.25%	3,381
Actuarial rate - 0.25%	3,520
Turnover rate -1%	3,430
Turnover rate +1%	3,471

* Defined Benefit Obligation

- next year's service cost and average vesting period of the defined benefit obligation:

Next year service cost Vesting period	
2016 Service cost	-
Resting period	8.70

- payments foreseen under the plan:

Years	Payments foreseen
1	355
2	236
3	246
4	210
5	224

The provision for agency termination presents principally the liability with respect to agents, and is calculated in accordance with the applicable regulations.

¹³ The provision consists of the benefits that accrued to employees until December 31, 2006 to be paid upon or subsequent to termination of employment: the TFR accruing from January 1, 2007 is treated as a defined contribution plan. By paying the contributions into (public and/or private) social security funds, the Company complies with all relevant obligations.

¹⁴ The parameters used for the actuarial calculation are: 1) mortality rate: Table RG 48 of the Public Accounting Office; 2) disability rates: INPS table by age and gender; 3) personnel turnover rates: 5%; 4) frequency of severance payments: 2%; 5) discount/interest rate: 1.39%; 6) TFR growth rate: 2.63% for 2016, 2.9% for 2017, 2.8% for 2018, 2.7% for 2019, 3% for 2020 on; 7) inflation rate: 1.5% for 2016, 1.8% for 2017, 1.7% for 2018, 1.6% for 2019, 2% for 2020 on.

The provision for risks and charges presents the estimated amount, in a medium/long-term time horizon, of future obligations toward third parties for liabilities arising in previous periods.

15. OTHER NON-CURRENT LIABILITIES

At the end of the period the amount of other non-current liabilities was euro 5.758 million (compared to the euro 4.742 million of 2014), an increase of euro 1.015 million year on year, primarily concerning other non-trade payables due after 12 months by Marcolin USA Eyewear Corp.

16. TRADE PAYABLES

The following table sets forth the trade payables by geographical area:

Trade payables by geographical area (euro/000)	12/31/2015	12/31/2014
Italy	35,278	30,654
Rest of Europe	10,437	9,946
North America	20,977	19,047
Rest of World	54,095	42,652
Total	120,787	102,299

The euro 18.488 million increase in trade payables is attributable to the inventory increase of the end of the year.

The average payment period for suppliers, or days payable outstanding (DPO), improved considerably thanks to initiatives taken to improve contractual conditions with suppliers.

The recognized trade payables were not subject to discounting, as the amount is a reasonable representation of their fair value in consideration of the fact that there are no payables due beyond the short term.

In compliance with the disclosure requirements of IFRS 7, it is reported that on December 31, 2015 there were no past-due trade payables, excluding the accounts being disputed by the Company with suppliers, which are of immaterial amounts.

17. CURRENT FINANCIAL LIABILITIES

The current financial liabilities amount to euro 58.226 million (compared to the euro 41.353 million of 2014), up by euro 16.873 million year on year.

The item includes:

- euro 53.020 million in short-term borrowings from banks (euro 35.532 million in 2014);
- euro 2.584 million due to other financiers, primarily the interest accrued on the bond notes;
- euro 2.622 million in other financial payables due within 12 months, including euro 1.837 million for financial liabilities with the HVHC, Inc. group for the acquisition of Viva, owed by Marcolin USA Eyewear Corp.

The following table presents the maturities of the financial payables, which are classified as either current financial liabilities or non-current financial liabilities.

Borrowings-maturity	Within 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
<i>(euro/000)</i>					
Credit lines used	17,116	-	-	-	17,116
Loans	35,903	6,267	-	-	42,170
Other financiers	5,206	714	193,645	-	199,565
12/31/2015	58,226	6,981	193,645	-	258,852

The disclosures regarding the hedges in place on December 31, 2015 are presented below. All the agreements in effect were stipulated by the Parent Company, Marcolin S.p.A.

Financial liabilities at fair value through profit and loss

During the year, the Parent Company stipulated derivative contracts regarding the U.S. dollar exchange rate with some banks to mitigate the risk of exchange rate variability, some of which were still in effect on the reporting date.

The fair value of such instruments on December 31, 2015 was a positive euro 74 thousand.

Although the derivatives were designated exclusively to hedge against the risk of exchange rate variability on purchases from suppliers in U.S. dollars, they do not qualify for hedge accounting because they do not fully meet the strict requirements, including formal ones, of the applicable accounting standard.

On the reporting date, no derivatives to hedge against interest rate risk were in place.

18. CURRENT PROVISIONS

The following table presents the most significant changes of the year:

Current provisions	Provisions for sales returns	Other provisions	Total
<i>(euro/000)</i>			
12/31/2014	13,686	1,113	14,799
Allowances	245	68	313
Use /reversal	(4,837)	(564)	(5,401)
Actuarial loss / (gain)	-	-	-
Translation difference	925	66	991
Other changes	(130)	(259)	(389)
12/31/2015	9,889	424	10,313

The provisions for sales returns reflect the estimate made, on the basis of the best available information, of potential losses emerging on product returns from customers and product warranties, for euro 9.889 million.

Apart from the Parent Company, the provisions were reported mainly by Marcolin USA Eyewear Corp and Marcolin France Sas.

The other provisions, which totaled euro 424 thousand, refer to potential risks originating mainly from legal obligations.

19. OTHER CURRENT LIABILITIES

Below are the details of the other liabilities:

Other current liabilities (euro/000)	12/31/2015	12/31/2014
Payables to personnel	13,598	11,073
Social security payables	2,960	2,276
Other accrued expenses and deferred income	1,599	479
Total	18,156	13,827

The other current liabilities consist primarily of euro 13.598 million due to personnel (euro 11.073 million in 2014) and euro 2.960 million in social security (euro 2.276 million in 2014).

20. COMMITMENTS AND GUARANTEES

Guarantees associated with the bond issue

With a notarial deed dated October 31, 2013, the Board of Directors passed a resolution to issue non-convertible senior-secured notes; with a determination deed drawn up by a specifically designated director on November 7, 2013, and in implementation of the Board of Directors' mandate of October 31, 2013, the terms and conditions for the issuance of notes of nominal euro 200,000,000 were established.

The notes are secured by collateral provided by Marcolin S.p.A. (the "Issuer"), controlling shareholder Marmolada S.p.A. and some subsidiaries of the Issuer for the exact amount of the payment obligations assumed by the Issuer with the bondholders:

- a pledge over the shares of the Issuer representing 100% (one hundred percent) of share capital;
- a pledge over the Issuer's intellectual property rights;
- a security assignment over insurance policy receivables due to the Issuer;
- a security assignment over trade receivables due to the Issuer;
- a security assignment over receivables due to the Issuer by the former Marcolin USA, Inc. (now Marcolin USA Eyewear Corp.) originating from loans granted to provide the company with the financing necessary to pay the purchase price/acquire the share capital of Viva Optique Inc.;
- a pledge over all Marcolin (UK) Limited shares owned by the Issuer;
- a pledge over all Marcolin France S.a.s. shares owned by the Issuer;
- a pledge over all Marcolin (Deutschland) GmbH shares owned by the Issuer;
- a pledge over all the Issuer's shares of Marcolin U.S.A. Eyewear Corp (formerly Viva Optique Inc.), which on December 18, 2014 absorbed companies Marcolin USA Inc, Viva Europa Inc., Viva International Inc., and Viva Ip Corp, whose shares have all the previous pledges and security agreements assumed by Marcolin U.S.A. Eyewear Corp, i.e.:
 - a pledge over all Marcolin USA, Inc. shares owned by the Issuer;
 - a pledge over all Marcolin USA, Inc.'s shares of Viva Optique Inc., directly controlled by Marcolin USA, Inc.;
 - a pledge over 65% of the shares of Viva Europa Inc., controlled indirectly by the Issuer, through Viva Optique Inc.;
 - a pledge over 65% of the shares of Viva Eyewear Ltd (UK), controlled indirectly by the Issuer, through Viva Europa Inc.;
 - a security agreement over all material assets of Marcolin USA, Inc.;
 - a security agreement over all material assets of Viva Optique, Inc.

Licenses

The Group has contracts in effect to use trademarks owned by third parties for the production and distribution of eyeglass frames and sunglasses.

Those contracts require payment of guaranteed minimum royalties over the duration of the contracts; at December 31, 2015 these future commitments amounted to euro 329.424 million (euro 323.395 million in 2014), including euro 66.041 million falling due within the next year.

Guaranteed minimum Royalties due	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Within one year	66,041	57,464
In one to five years	224,359	222,444
After five years	39,024	43,487
Total	329,424	323,395

Rent and leases

Details of the rent and operating lease commitments are shown below, in accordance with IAS 17:

Commitments	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Rent due		
Within one year	3,582	2,053
In one to five years	8,340	3,826
After five years	7,410	1,266
Total	19,332	7,145
Operating lease payments		
Within one year	490	961
In one to five years	662	514
After five years	-	-
Total	1,152	1,475
Total commitments	20,484	8,620

The rent commitments refer mainly to the office leases of the American company.

The Group also has guarantees for third parties of euro 152 thousand (euro 162 thousand in 2014).

MARCOLIN GROUP CONSOLIDATED INCOME STATEMENT

The Group's consolidated income statement results are presented in comparison with the 2014 results.

21. REVENUE

The following table sets forth the 2015 net sales revenue by geographical area:

Net Sales by geographical area					Increase (decrease)	
(euro/000)	2015		2014		Turnover	Change
	Turnover	% on total	Turnover	% on total		
Italy	26,555	6.1%	21,223	5.9%	5,332	25.1%
Rest of Europe	103,303	23.8%	94,297	26.0%	9,007	9.6%
Europe	129,858	29.9%	115,520	31.9%	14,338	12.4%
U.S.A.	188,798	43.4%	149,536	41.3%	39,262	26.3%
Asia	38,573	8.9%	28,137	7.8%	10,436	37.1%
Rest of World	77,613	17.8%	68,941	19.0%	8,672	12.6%
Total	434,842	100.0%	362,133	100.0%	72,709	20.1%

The 2015 revenue is euro 434.842 million, compared to euro 362.133 million in 2014. The Report on Operations provides a description of revenue by geographical area.

22. COST OF SALES

The following table shows a detailed breakdown of the cost of sales:

Cost of sales (euro/000)	2015	% of revenue	2014	% of revenue
Purchase of materials and finished products	146,442	33.7%	125,668	34.7%
Changes in inventories	(17,874)	(4.1)%	(25,398)	(7.0)%
Cost of personnel	20,246	4.7%	19,480	5.4%
Outsourced processing	11,773	2.7%	10,478	2.9%
Amortization, depreciation and writedowns	2,694	0.6%	2,091	0.6%
Other costs	15,700	3.6%	13,041	3.6%
Total	178,981	41.2%	145,360	40.1%

The cost of sales is euro 178.981 million, compared to euro 145.360 for 2014. The other expenses refer principally to purchasing charges (transport and customs) and business consulting services.

23. DISTRIBUTION AND MARKETING EXPENSES

Below is a detailed breakdown of the 2015 distribution and marketing expenses:

Distribution and marketing expenses (euro/000)	2015	% of revenue	2014	% of revenue
Cost of personnel	63,188	14.5%	59,152	16.3%
Commissions	11,034	2.5%	9,831	2.7%
Amortization	5,511	1.3%	4,828	1.3%
Royalties	53,616	12.3%	44,391	12.3%
Advertising and PR	31,318	7.2%	23,845	6.6%
Other costs	34,932	8.0%	27,202	7.5%
Total	199,598	45.9%	169,250	46.7%

They amount to euro 199.598 million, against euro 169.250 million for 2014.

The personnel expenses include non-recurring costs of euro 592 thousand deriving from *ad-personam* agreements referring to changes in certain positions, and costs for reorganizing the business functions.

With respect to advertising and public relations ("PR") expenses, the Group continued to invest in advertising and marketing to promote the brands it handles, including both portfolio and house brands. Although in some cases the volumes were not at full capacity, Marcolin is aware of the importance of ongoing advertising and promotional support, so it maintained its level of advertising expense planned in 2015 to foster the sales of the brands in the portfolio.

Other costs include mainly business expenses such as:

- shipping costs on sales;
- marketing expenses incurred for the sales network;
- services regarding the sales area;
- rent payments;
- travel expenses;
- telephone and insurance expenses;
- entertainment expenses.

24. GENERAL AND ADMINISTRATION EXPENSES

The general and administrative expenses are set forth below:

General and administration expenses (euro/000)	2015	% of revenue	2014	% of revenue
Cost of personnel	14,107	3.2%	12,685	3.5%
Writedowns of receivables	660	0.2%	494	0.1%
Amortization and writedowns	2,749	0.6%	2,039	0.6%
Other costs	14,498	3.3%	16,493	4.6%
Total	32,013	7.4%	31,711	8.8%

The 2015 general and administrative expenses amount to euro 32.013 million, against euro 31.711 million for 2014.

The other costs include:

- compensation of directors, statutory auditors, the independent auditing firm and other external professionals;
- general and administrative services;
- information technology expenses;
- general and administrative consulting services;

- other general and administrative expenses (sundry purchases, telephone expenses, insurance, travel expenses, rent and rentals).

25. EMPLOYEES

The 2015 end-of-period and average number of employees of the various Group companies (including the work force on temporary contracts) is broken down below in comparison with the previous year:

Employees Category	Final number		Average number	
	12/31/2015	12/31/2014	2015	2014
Managers	63	57	65	61
Staff	931	868	903	877
Manual workers	715	658	659	563
Total	1,709	1,583	1,627	1,500

26. OTHER OPERATING INCOME AND EXPENSES

The other operating income and expenses are set forth below:

Other operating income and expenses (euro/000)	2015	% of revenue	2014	% of revenue
Transport refund	2,984	0.7%	3,069	0.8%
Release of provision	246	0.1%	146	0.0%
Other income	839	0.2%	1,713	0.5%
Total other income	4,069	0.9%	4,928	1.4%
Losses on receivables	-	-	-	-
Other expenses	(187)	(0.0)%	(808)	(0.2)%
Total other expenses	(187)	(0.0)%	(808)	(0.2)%
Total operating income and expenses	3,882	0.9%	4,120	1.1%

The balance of this item is net operating income of euro 3.882 million.

The other operating income consists mainly of euro 392 thousand charged to clients for advertising materials, other charges to clients, contingent gains (unrealized costs regarding previous periods, costs that were less than the amount originally estimated for them) and insurance compensation.

The other operating expenses, down considerably from the previous amount, refer primarily to the lump sum paid by Marcolin USA Eyewear Corp. for Viva integration expenses.

27. FINANCIAL INCOME AND COSTS

The financial income and costs are presented below:

Financial income and costs <i>(euro/000)</i>	2015	2014
Financial income	20,347	18,203
Financial costs	(40,895)	(31,033)
Total	(20,548)	(12,830)

The composition of financial income is shown below:

Financial income <i>(euro/000)</i>	2015	2014
Interest income	-	-
Other income	640	634
Gains on currency exchange	19,707	17,569
Total	20,347	18,203

The composition of finance costs is shown below:

Financial costs <i>(euro/000)</i>	2015	2014
Interest expense	(21,485)	(20,944)
Financial discounts	(2,201)	(2,029)
Losses on currency exchange	(17,209)	(8,060)
Total	(40,895)	(31,033)

Financial income and costs result in net finance costs of euro 20.548 million.

This item, the balance between costs of euro 40.895 million and income of euro 20.347 million, was influenced by the following components:

- gains on currency exchange of euro 19.707 million, consisting of euro 4.914 million realized and euro 14.793 million referring to end-of-period translation differences on trade and financial accounts in foreign currency, mainly the adjustment to a receivable due to Marcolin S.p.A. from Marcolin USA Eyewear Corp. denominated in U.S. dollars, which increased due to the appreciation of the U.S. dollar;
- interest expense of euro 21.485 million, comprising euro 17.0 million on the bond notes issued by Marcolin S.p.A., paid semiannually in May and November, euro 1.488 million for the reversal of bond issue transaction costs, accounted for under IFRS with the financial method of amortized cost over the life of the bond notes (maturing November 2019), euro 2.971 million in net interest costs (euro 2.032 million referring to the Parent Company, Marcolin S.p.A., and euro 939 thousand referring to subsidiaries) regarding to bank interest expense and actualization differences;
- financial discounts of euro 2.201 million, nearly entirely attributable to foreign subsidiaries;
- losses on currency exchange of euro 17.209 million, consisting of euro 8.855 million realized and euro 8.354 million referring to end-of-period translation differences on trade and financial accounts in foreign currency.

28. INCOME TAX EXPENSE

Income taxes are euro 10.082 million, including current taxes of euro 2.161 million, deferred taxes of euro 6.671 million, tax consolidation expense of euro 476 thousand and tax referring to the previous period of euro 774 thousand.

Income tax expense (euro/000)	12/31/2015	12/31/2014
Current taxes	(2,161)	(4,254)
Deferred taxes	(6,671)	(5,795)
Income/(Expenses) from Tax Consolidation	(476)	2,597
Taxes relating to prior year	(774)	758
Total income taxes	(10,082)	(6,695)

The Parent Company's current taxes of 2015 are euro 597 thousand, and those of foreign subsidiaries are euro 1.564 million. The Parent Company's deferred taxes are euro 3.871 million, and those of foreign subsidiaries are euro 2.800 million.

The tax consolidation expense refers entirely to the amount due by the Parent Company to 3 Cime S.p.A.

The current tax burden was determined on the basis of the taxable income of each company, taking into account the use of any accumulated tax losses and applying the tax rules and tax rates in force in each country.

On June 13, 2014, pursuant to the Italian Income Tax Code ("TUIR"), Presidential Decree no. 917, Article 117 *et seq.* of December 22, 1986, the ultimate parent company, 3 Cime S.p.A. notified the Italian Revenue Agency of its adoption of the Italian tax consolidation regime with its subsidiaries, including Marcolin S.p.A., for 2014, 2015 and 2016. Accordingly, the tax consolidation in effect in 2013 was replaced with an identical agreement with 3 Cime S.p.A., which involved terminating the previous agreement and stipulating a new agreement for the new three-year period.

From the current year to December 31, 2016, the tax consolidation regime will enable each participant (including the Company), by way of partial recognition of the group's tax burden, to optimize the financial management of corporate income tax (IRES), for example by netting taxable income and tax losses within the tax group.

Deferred tax amounts and the changes therein are presented in the following tables:

Deferred tax assets (euro/000)	Temporary differences 12/31/2015	Tax on temporary differences 12/31/2015	Temporary differences 12/31/2014	Tax on temporary differences 12/31/2014
Accumulated tax losses	28,677	9,166	40,458	12,438
Grants and compensation deductible on a cash basis	23,486	8,326	24,242	8,977
Inventory provisions	24,972	8,125	20,474	7,029
Provision for return risks	7,799	2,815	11,618	4,404
Intangible assets subject to taxation	14,677	5,412	8,090	2,993
Taxed provision for doubtful debts	3,088	955	3,500	1,120
Unrealized currency exchange differences	2,224	633	2,538	705
Income from CFC (controlled foreign companies)	2,098	504	2,098	577
Non-deductible temporary amortization	1,676	618	(1,029)	(392)
Supplementary client indemnity provision	538	145	978	307
Other	183	45	879	329
Provisions for risks and charges	155	49	155	49
Total deferred tax assets	109,573	36,793	114,001	38,536

Deferred tax liabilities	Temporary differences 12/31/2015	Tax on temporary differences 12/31/2015	Temporary differences 12/31/2014	Tax on temporary differences 12/31/2014
<i>(euro/000)</i>				
Unrealized currency exchange differences	(12,408)	(3,403)	(12,951)	(3,558)
Property, plant and equipment and intangible assets	(7,655)	(2,591)	(9,363)	(15)
Equity-method accounting of JV and other equity investments	(9,557)	(3,823)	(8,665)	(2,946)
Finance costs deducted on a cash basis	(6,703)	(1,658)	(8,069)	(2,219)
Other	(2,001)	(805)	(689)	53
Discounting of receivables/payables to present value	(549)	(202)	(598)	(197)
Actuarial gain / losses on TFR under IAS	(598)	16	(460)	53
Intercompany profit	6,073	2,089	4,592	1,442
Total deferred tax liabilities	(33,399)	(10,378)	(36,204)	(7,387)
Total deferred assets / liabilities	76,174	26,415	77,797	31,148

29. FINANCIAL INSTRUMENTS BY TYPE

The financial instruments are set forth by uniform category in the table below, which presents their fair value in accordance with IFRS 7.

For the fair value measurement of loans, future cash flows were estimated using implicit forward interest rates from the yield curve of the reporting date, and the latest Euribor fixing was used to calculate the current coupon.

The values calculated in this manner were discounted based on discount factors related to the different maturities of such cash flows.

The hedging agreements used by the Group are classified as O.T.C. (over-the-counter) instruments, so they do not have a public price available on official exchange markets. Discounted cash flow models were used to measure such derivatives.

Categories of financial assets			
<i>(euro/000)</i>	Credit commerciali	Attività finanziarie	Disponibilità liquide
2015			
Loans and other financial receivables	85,115	5,483	40,382
Financial assets at fair value through P/L	-	-	-
Held to maturity investments	-	-	-
Financial assets available for sale	-	-	-
Total	85,115	5,483	40,382
Categories of financial liabilities			
<i>(euro/000)</i>	Trade payables	Financial liabilities	Bond
2015			
Financial liabilities at fair value through P/L	-	-	-
Derivatives used for hedging	-	-	-
Other financial liabilities at amortized cost	120,787	62,056	195,552
Liabilities as under IAS 17	-	1,244	-
Total	120,787	63,300	195,552

DISCLOSURE OF ATYPICAL, UNUSUAL AND RELATED-PARTY TRANSACTIONS

The information with respect to atypical and unusual transactions and transactions with related parties is disclosed in this section.

Significant non-recurring events and transactions

Significant non-recurring events and transactions that impacted the Group's financial position, financial performance and cash flows in 2015 have to do with the Viva group integration and reorganization activities, described in detail in the Report on Operations.

Atypical and unusual transactions

There were no atypical and/or unusual transactions, including with other Group companies, nor were there any transactions outside the scope of the ordinary business activity in 2015 that could significantly impact the financial position, financial performance or cash flows of Marcolin S.p.A. and the Group.

Transactions with related parties with and equity-accounted associates

In addition to the transactions between the consolidated companies, during the year transactions took place with the equity-accounted associates and other related parties.

They were of a trade nature, conducted on an arm's length basis; the related-party transactions regarded licensing agreements in particular.

The transactions and outstanding balances with respect to related parties as at December 31, 2015 are shown below, as required by IAS 24:

Company (euro/000)	Expenses	Revenues	Payables	Receivables	Type
Other related parties					
Tod's S.p.A	2,268	597	916	236	Related party
Pai Partners Sas	-	2	81	-	Related party
Top Management	-	1	-	-	Related party
Coffen Marcolin Family	664	0	42	-	Related party
O.T.B. Group	2,451	243	1,701	11	Related party
3 Cime S.p.A.	-	-	-	3,285	Consolidating
Total	5,383	843	2,739	3,532	

All related party transactions are carried out at arm's length.

The remuneration of the Group's Directors, Statutory Auditors and Strategic Management (Others) is reported below:

(euro/000)	2015			2014		
	Board of Directors	Statutory Auditors	Other	Board of Directors	Statutory Auditors	Other
Base fee	389	100	-	389	100	-
Salaries and benefits	668	-	-	674	-	-
Total	1,057	100	-	1,063	100	-

Other information pursuant to Italian Civil Code Article 2427, point 6 bis

The following table presents the 2015 fees of the auditing firm, Pricewaterhouse Coopers S.p.A., for audit services performed by that firm, as required under Italian Civil Code Article 2427, point 6 bis.

Audit and other services	
<i>(euro/000)</i>	Amount
Audit	170
Other consulting services	8
Total	178

SEGMENT REPORTING

The following information is set forth according to the geographical areas in which the Group operates. Segment reporting is based on aggregation by geographical area according to the location of the Group's companies.

Accordingly, the sales by geographical segment refer to the source of the sales rather than to the end market.

Segment reporting	ITALY		FRANCE		REST OF EUROPE		
	<i>(euro/000)</i>	2015	2014	2015	2014	2015	2014
Net sales		205,659	150,531	32,979	37,145	55,324	50,337
Intersegment sales		-	-	-	-	-	-
Net sales third parties		205,659	150,531	32,979	37,145	55,324	50,337
Gross profit		78,904	66,415	16,259	21,654	26,292	24,241
In % of net sales		38.4%	44.1%	49.3%	58.3%	47.5%	48.2%
Operating profit		6,232	9,915	(266)	558	1,122	13,366
Interes in P / (L) of equity-accountes associated		3,403	-	-	-	4	-
Assets		631,071	590,806	18,250	17,696	61,792	46,980
Investments in Associates		-	-	-	-	14	(4,208)
Liabilities		(420,817)	(376,806)	(16,046)	(13,457)	(17,121)	(15,411)
Capital expenditure		18,835	14,382	5	4	316	241
Amortization and depreciation		(7,652)	(5,952)	(209)	(434)	(1,225)	(385)
Other non cash items		(861)	2,585	211	(446)	(345)	(779)

Segment reporting	NORTH AMERICA		OTHER & CONSOLIDATION		MARCOLIN GROUP		
	<i>(euro/000)</i>	2015	2014	2015	2014	2015	2014
Net sales		194,875	158,059	(53,995)	(33,938)	434,842	362,133
Intersegment sales		-	-	-	-	-	-
Net sales third parties		194,875	158,059	(53,995)	(33,938)	434,842	362,133
Gross profit		115,050	82,404	19,355	22,059	255,861	216,773
In % of net sales		59.0%	52.1%	-35.8%	-65.0%	58.8%	59.9%
Operating profit		17,036	(3,612)	3,993	(296)	28,117	19,932
associated		118	192	(3,525)	(192)	-	-
Assets		271,663	338,139	(315,532)	(373,304)	667,244	620,318
Investments in Associates		821	951	(821)	3,257	14	-
Liabilities		(200,572)	(176,415)	217,236	184,584	(437,321)	(397,505)
Capital expenditure		1,837	1,403	919	702	21,913	16,732
Amortization and depreciation		(2,786)	(4,214)	258	1,533	(11,613)	(9,452)
Other non cash items		(169)	(3,148)	(854)	4,366	(2,017)	2,578

No secondary segments were identified.

INDEPENDENT AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL IN ACCORDANCE WITH LEGISLATIVE DECREE N. 39, ARTICLE 14 OF JANUARY 27, 2010



INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the sole shareholder of
Marcolin SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Marcolin Group, which comprise the statement of financial position as of 31 December 2015, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

PricewaterhouseCoopers SpA

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Marcolin Group as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union.

Report on compliance with other laws and regulations

Opinion on the consistency of the report on operations with the consolidated financial statements

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the directors of Marcolin SpA, with the consolidated financial statements of the Marcolin Group as of 31 December 2015. In our opinion, the report on operations is consistent with the consolidated financial statements of the Marcolin Group as of 31 December 2015.

Bologna, 5 April 2016

PricewaterhouseCoopers SpA

Signed by
Edoardo Orlandoni
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

SEPARATE FINANCIAL STATEMENTS
OF MARCOLIN S.P.A.
FOR THE YEAR ENDED DECEMBER 31, 2015

STATEMENT OF FINANCIAL POSITION
INCOME STATEMENT
STATEMENT OF COMPREHENSIVE INCOME
STATEMENT OF CHANGES IN EQUITY
STATEMENT OF CASH FLOWS

STATEMENT OF FINANCIAL POSITION

(euro)	Note	12/31/2015	12/31/2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	24,000,819	19,867,035
Intangible assets	2	24,252,161	19,112,694
Goodwill	2	186,226,529	189,722,123
Investments in subsidiaries and associate:	3	64,633,910	64,494,172
Deferred tax assets	27	11,661,799	16,194,550
Other non-current assets	5	310,721	527,249
Non-current financial assets	4	119,115,835	108,189,552
Total non-current assets		430,201,775	418,107,375
CURRENT ASSETS			
Inventories	6	74,508,610	63,061,005
Trade receivables	7	92,373,869	70,200,670
Other current assets	8	10,916,619	7,581,511
Current financial assets	10	7,890,140	10,067,529
Cash and bank balances	9	15,180,066	18,879,129
Total current assets		200,869,304	169,789,844
TOTAL ASSETS		631,071,079	587,897,219
EQUITY			
	11		
Share capital		32,312,475	32,312,475
Additional paid-in capital		24,517,276	24,517,276
Legal reserve		4,077,295	3,853,132
Other reserves		45,206,611	45,420,428
Retained earnings (losses)		106,745,082	102,485,993
Profit (loss) for the year		(2,604,761)	4,483,252
TOTAL EQUITY		210,253,979	213,072,557
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	12	201,189,340	196,386,463
Non-current provisions	13	5,795,174	5,833,006
Deferred tax liabilities	27	5,809,859	6,639,787
Other non-current liabilities	14	50,000	50,000
Total non-current liabilities		212,844,373	208,909,256
CURRENT LIABILITIES			
Trade payables	15	114,103,177	98,380,343
Current financial liabilities	16	83,985,767	57,412,011
Current provisions	17	2,271,084	2,335,077
Tax liabilities	27	1,388,757	1,506,159
Other current liabilities	18	6,223,942	6,281,816
Total current liabilities		207,972,727	165,915,406
TOTAL LIABILITIES		420,817,100	374,824,662
TOTAL LIABILITIES AND EQUITY		631,071,079	587,897,219

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

	Note	2015	%	2014	%
<i>(euro)</i>					
NET REVENUES	20	205,659,216	100.0%	150,420,471	100.0%
COST OF SALES	21	(126,755,647)	(61.6)%	(84,054,391)	(55.9)%
GROSS PROFIT		78,903,568	38.4%	66,366,080	44.1%
DISTRIBUTION AND MARKETING EXPENSES	22	(74,653,436)	(36.3)%	(54,010,868)	(35.9)%
GENERAL AND ADMINISTRATION EXPENSES	23	(10,456,546)	(5.1)%	(12,820,941)	(8.5)%
Other operating income / expenses:	25				
- other operating income		15,910,295	7.7%	11,506,656	7.6%
- impairment / reversals of equity investments		(3,403,276)	(1.7)%	0	0.0%
- other operating expenses		(68,560)	(0.0)%	(495,582)	(0.3)%
TOTAL OPERATING INCOME / EXPENSES		12,438,459	6.0%	11,011,074	7.3%
OPERATING INCOME - EBIT		6,232,044	3.0%	10,545,345	7.0%
Financial income and costs:	26				
- financial income		27,140,301	13.2%	23,878,744	15.9%
- financial costs		(30,282,609)	(14.7)%	(24,701,638)	(16.4)%
TOTAL FINANCIAL INCOME AND COSTS		(3,142,308)	(1.5)%	(822,894)	(0.5)%
PROFIT BEFORE TAXES		3,089,736	1.5%	9,722,451	6.5%
Income tax expense	27	(5,694,497)	(2.8)%	(5,239,199)	(3.5)%
NET PROFIT FOR THE YEAR		(2,604,761)	(1.3)%	4,483,252	3.0%

	2015	2014
<i>(euro)</i>		
NET PROFIT FOR THE YEAR	(2,604,761)	4,483,252
Other items that will not subsequently be reclassified to profit or loss:		
Effect (actuarial gains/losses) on defined benefit plans, net of taxes of euro 39 thousand	102,773	(236,486)
TOTAL OTHER ITEMS THAT WILL NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	102,773	(236,486)
Other items that will be subsequently reclassified to profit or loss		
- hedge accounting, net of related tax effect	-	-
TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	-	-
TOTAL CONSOLIDATED NET PROFIT FOR THE YEAR	(2,501,988)	4,246,766

STATEMENT OF CHANGES IN EQUITY

(euro)	Share capital	Additional paid-in capital	Legal Reserve	Other reserves				Profit / (losses) of the year	Total
				Additional paid-in capital	Other reserves	Actuarial profit / (losses) reserve	Retained earning / (losses)		
Balance as of January 1, 2014	32,312,475	24,517,276	3,853,132	46,107,590	-	(450,675)	116,033,529	(8,515,035)	213,858,292
Allocation of 2013 profit	-	-	-	-	-	-	(8,515,035)	8,515,035	-
Dividends	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	(5,032,501)	-	(5,032,501)
- Result of the year	-	-	-	-	-	-	-	4,483,252	4,483,252
- Other components of overall result	-	-	-	-	-	(236,487)	-	-	(236,487)
Total comprehensive income	-	-	-	-	-	(236,487)	-	4,483,252	4,246,765
Balance as of December 31, 2014	32,312,475	24,517,276	3,853,132	46,107,590	-	(687,162)	102,485,993	4,483,252	213,072,557
Balance as of January 1, 2015	32,312,475	24,517,276	3,853,132	46,107,590	-	(687,162)	102,485,993	4,483,252	213,072,557
Allocation of 2014 profit	-	-	224,163	-	-	-	4,259,089	(4,483,252)	-
Dividends	-	-	-	-	-	-	-	-	-
Merger impact	-	-	-	-	(316,590)	-	-	-	(316,590)
Other	-	-	-	-	-	-	-	-	-
- Result of the year	-	-	-	-	-	-	-	(2,604,761)	(2,604,761)
- Other components of overall result	-	-	-	-	-	102,773	-	-	102,773
Total comprehensive income	-	-	-	-	-	102,773	-	(2,604,761)	(2,501,988)
Balance as of December 31, 2015	32,312,475	24,517,276	4,077,295	46,107,590	(316,590)	(584,389)	106,745,082	(2,604,761)	210,253,979

STATEMENT OF CASH FLOWS

	Notes	2015	2014
<i>(euro)</i>			
OPERATING ACTIVITIES			
<i>Profit for the period</i>		(2,604,761)	4,483,252
Depreciation and amortization	12	7,451,533	5,514,842
Provisions	6,13,17	1,218,872	130,382
Impairment losses/(reversals) on investments	3,17	3,403,276	-
Income tax expense	27	5,694,497	5,239,199
Accrued interest expense	26	3,142,308	822,894
Adjustments to other non-cash items	26	(115,227)	(7,829,501)
<i>Cash generated by operations</i>		<i>18,190,499</i>	<i>8,361,068</i>
(Increase) decrease in trade receivables	7	(22,612,557)	(21,133,435)
(Increase) decrease in other receivables	8	(3,676,325)	(410,088)
(Increase) decrease in inventories	6	(12,244,332)	(24,322,916)
(Decrease) increase in trade payables	15	13,746,140	38,926,573
(Decrease)/increase in other liabilities	14,16	(65,745)	619,106
(Use) of provisions	13,17	(1,181,405)	(6,641,373)
(Decrease)/increase in current tax liabilities	27	(367,971)	-
Adjustments to other items		13,784	(89,839)
Income taxes paid		-	-
Interest paid		(18,896,161)	(17,857,193)
<i>Cash used for current operations</i>		<i>(45,284,572)</i>	<i>(30,909,164)</i>
Net cash from /(used in) operating activities		(27,094,073)	(22,548,095)
INVESTING ACTIVITIES			
(Purchase) of property, plant and equipment	1	(6,289,207)	(4,002,767)
Proceeds from the sale of property, plant and equipment	1	24,000	124,189
(Purchase) of intangible assets	2	(8,988,805)	(3,994,819)
(Purchase) of Investments in subsidiaries and associates	3	(1,293,000)	(1,717,716)
Net cash inflow on the merger of Eyestyle Retail Srl and Eyestyle.com Srl		93,105	-
Net cash outflow on business combinations net of the liquidity acquired		-	(946,373)
Net cash from /(used in) investing activities		(16,453,907)	(10,537,486)
FINANCING ACTIVITIES			
Net increase / (decrease) in granted loans	12,16	27,209,735	18,031,390
Bank borrowing:		-	-
- (Decrease)	4,10	1,725,105	(21,856)
- Increase		-	-
Loans taken out:		-	-
- new loans	12,16	66,698,079	42,190,000
- repayments	12,16	(55,784,001)	(14,921,305)
Capital increase	11	-	-
Net cash from /(used in) financing activities		39,848,918	45,278,230
Net increase/(decrease) in cash and cash equivalents		(3,699,063)	12,192,648
Cash and cash equivalents at beginning of year		18,879,129	6,686,481
Cash and cash equivalents at end of year		15,180,066	18,879,129

NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF MARCOLIN S.P.A. FOR THE YEAR ENDED DECEMBER 31, 2015

Introduction

The share capital of Marcolin S.p.A.¹⁵ (the "Company" or "Parent Company") is euro 32,312,475.00, fully paid-in, comprised of 61,458,375 ordinary shares, without par value. The share capital is wholly owned by the sole shareholder, Marmolada S.p.A., a single-member company based in Milan.

Marcolin shares have normal dividend rights and they continue to be encumbered by liens. At the end of 2013, Marcolin issued bond notes, secured by collateral for the same amount of the obligations assumed with the bondholders, including a lien on the shares of the Issuer, Marcolin, representing 100% of share capital.

No changes occurred during the years ended December 31, 2014 and 2015 that changed the composition of equity, which therefore is in line with the equity composition reported at December 31, 2014.

On December 1, 2015 subsidiaries Eyestyle Retail Srl and Eyestyle.com Srl were merged through absorption directly into Marcolin S.p.A. The merger was backdated to January 1, 2015 for accounting and tax purposes. The merger resulted in deficit of euro 317 thousand recognized in equity.

¹⁵ Resulting from the 2013 restructuring reported in the 2013 Annual Report.

General Information

The explanatory notes set out below form an integral part of the separate financial statements of Marcolin S.p.A. and were prepared in accordance with the accounting documents updated to December 31, 2015.

For the purpose of providing exhaustive financial information, the Report on the Operations has been prepared, which contains additional information regarding the main events of the year, subsequent events, business outlook and other important financial and operational information of the business.

The consolidated financial statements were prepared on the basis of the going-concern assumption, the accrual basis of accounting and the historical cost basis, except for the measurement of financial assets and liabilities, which are required to be accounted for at fair value (and except for some revaluations performed in previous periods).

Marcolin S.p.A. is incorporated under Italian law, listed in the Belluno Companies Register with n. 01774690273, and has shares that until February 14, 2013 were traded in Italy on the *Mercato Telematico Azionario* (electronic stock exchange) organized and managed by Borsa Italiana S.p.A.

Marcolin S.p.A. is the Parent Company of the Marcolin group, which operates in Italy and abroad in the design, manufacturing and distribution of eyeglass frames and sunglasses, including through direct and indirect management of business affiliates located in major countries of interest worldwide and qualified contract manufacturers.

The addresses of the locations from which the Company's main operations are performed are listed in the Report on Operations.

Pursuant to Article 2497-bis, paragraph 4 of the Italian Civil Code, we note that Marcolin S.p.A. is not subject to management and coordination activities by any entity.

The financial statements were authorized for issue by the Board of Directors on March 10, 2016.

ACCOUNTING STANDARDS

Basis of preparation

The 2015 financial statements were prepared according to the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union.

The IFRS include all the revised international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), the former Standing Interpretations Committee (SIC), which at the date of approval of the consolidated financial statements had been authorized by the European Union according to Regulation (EC) no. 1606/2002, enacted by the European Parliament and European Council on July 19, 2002.

The accounting policies adopted to prepare the consolidated financial statements for the year ended December 31, 2015 are the same as those used in the prior year except as regards the adoption of the following new or revised IFRS or IFRIC.

Accounting standards, amendments and interpretations effective from January 1, 2015

Application of the following new IFRS standards and/or standards revised by the International Accounting Standards Board and IFRIC interpretations became mandatory in 2015.

Description	Approved as of the date of this document	Effective date of the standard
<i>Amendment to IAS 19 regarding defined benefit plans</i>	Yes	Annual periods beginning on or after July 1, 2014
<i>Annual improvements cycles 2010-2012 and 2011-2013</i>	Yes	Annual periods beginning on or after July 1, 2014

The adoption of the accounting standards, amendments and interpretations listed in the table above did not have any material effects on Marcolin S.p.A.'s financial position or performance.

Accounting standards, amendments and interpretations not applicable yet and not adopted early by the Company for the annual period beginning January 1, 2015

The following IFRSs, interpretations, amendments to existing standards and interpretations, or special provisions contained in the standards and interpretations approved by the IASB, and information with respect to their adoption in Europe as at the date of approval of the consolidated financial statements, are set forth below:

Description	Approved as of the date of this document	Effective date of the standard
IFRS 9 Financial Instruments	No	Annual periods beginning on or after January 1, 2018
IFRS 14 Regulatory deferral accounts	No	Annual periods beginning on or after January 1, 2016
IFRS 15 Revenue from contracts with customers	No	Annual periods beginning on or after January 1, 2018
IFRS 16 Leases	No	Annual periods beginning on or after January 1, 2019

Amendments to IFRS 10, IFRS 12 and IAS 28: Applying the consolidation exception (issued in December 2014)	No	Annual periods beginning on or after January 1, 2016
Amendments to IAS 1: Disclosure Initiative (issued on December 18, 2014)	No	Annual periods beginning on or after January 1, 2016
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (issued in January 2016)	No	Annual periods beginning on or after January 1, 2017
Amendments to IAS 7: Disclosure Initiative (issued in January 2016)	No	Annual periods beginning on or after January 1, 2017
Annual Improvements to IFRSs 2012–2014 Cycle (issued in September 2014)	No	Annual periods beginning on or after January 1, 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No	Date postponed by IASB in December 2015, to be determined
Amendments to IAS 27: Equity Method in Separate Financial Statements (issued in August 2014)	No	Annual periods beginning on or after January 1, 2016
Amendments to IAS 16 and IAS 41: Bearer Plants (issued in June 2014)	No	Annual periods beginning on or after January 1, 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization (issued in May 2014)	No	Annual periods beginning on or after January 1, 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014)	No	Annual periods beginning on or after January 1, 2016

No accounting standards and/or interpretations with mandatory application in annual periods beginning after December 31, 2015 were adopted early.

Marcolin S.p.A. is evaluating the effects of the application of the above new standards, which are not currently considered to cause an impact.

The 2015 financial statements were prepared according to the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union.

Regulation no. 1606, enacted by the European Parliament and European Council in July 2002, provided for the compulsory application of IAS/IFRS to the accounts of companies listed on EU regulated markets starting from 2005.

The IFRS include all the revised international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), the former Standing Interpretations Committee (SIC).

The accounting standards used are the same as those used in the previous year.

The financial statements were prepared on the basis of the going-concern assumption, the accrual basis of accounting and the historical cost basis, revised as required for the measurement of certain financial instruments (with the exception of some revaluations performed in previous periods).

The currency used in the primary economic environment in which the Company operates ("functional currency") is the Euro.

For the purpose of clarity, the amounts in the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and explanatory Notes are presented in thousands of Euros, unless specified otherwise.

Financial statement format and significant accounting policies

The Company adopted the following formats for the financial statements.

In summary:

- In the Statement of Financial Position, assets and liabilities are classified separately as either current or non-current. Current assets are those intended to be realized, sold or consumed in the Company's normal operating cycle; current liabilities are those expected to be settled either in the Company's normal operating cycle or within twelve months from the end of the reporting period;
- in the Income Statement costs are classified by function;
- the Statement of Comprehensive Income is presented separately from the Income Statement, and the individual items are stated in compliance with Revised IAS 1;
- the indirect method is used for the Statement of Cash Flows, with presentation of cash flows from operating, investing and financing activities;
- the Statement of Changes in Equity presents separately the profit/(loss) for the year and all revenues and expenses not recognized in profit or loss, but recognized directly in equity on the basis of specific IAS/IFRS accounting standards, and presents separately transactions with Shareholders.

In order to facilitate comparability, the data of the previous was restated as necessary, providing the related explanations thereof.

The significant accounting policies adopted to prepare the separate financial statements of Marcolin S.p.A. are as follows:

Property, plant, and equipment ("PP&E" or "tangible assets")

Property, plant, and equipment are recorded at their acquisition or production cost, inclusive of ancillary costs incurred to bring the assets to working condition for their intended use, excluding land and buildings for which the deemed cost model was used on the transition date or business combination date based on the market value determined through an appraisal performed by an independent qualified appraiser.

PP&E are stated net of depreciation except for land, which is not depreciated, and net of any impairment losses.

Costs incurred for routine and/or cyclical maintenance and repairs are recognized directly in the income statement of the period in which they are incurred. Costs concerning the extension, renovation or upgrading of owned or leased assets are capitalized to the extent that they can be separately classified as an asset or part of an asset. The carrying value is adjusted by depreciation using the straight-line method calculated on the basis of estimated useful life.

If the depreciable asset consists of distinctly identifiable components with useful lives that differ significantly from the other components of the asset, each component of the assets is depreciated separately, according to the component approach.

Profits and losses deriving from the sale of assets or groups of assets are determined by comparing the sale price with the relevant net book value.

Government grants relating to tangible assets are recorded as deferred revenues and credited to the income statement over the depreciation period for the assets concerned.

Finance costs relating to purchases of a fixed asset are charged to the income statement, unless they are directly attributable to the acquisition, construction or production of an asset which justifies capitalizing them.

Assets held under finance leases are recognized as tangible assets against the related liability. The lease payment is broken down into a finance cost, recognized in the income statement, and repayment of principal, recognized as a reduction of the relevant financial liability.

Leases in which the lessor does not transfer substantially all the risks and rewards incidental to legal ownership are classified as operating leases. Lease payments under operating leases are recognized in the income statement on a straight-line basis over the duration of the operating lease.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, using the depreciation rates listed below:

Category	Depreciation rate
Buildings	3%
Light structures	10%
General-purpose machinery	10%
General-purpose plastic machinery	10%
Depreciable equipment	40%
Special-purpose machines	16%
Special-purpose plastic machines	15.5%
Office furniture and furnishings	12%
Exhibition stands	27%
Electronic machines	20%
Non-instrumental vehicles	25%
Instrumental vehicles	20%

Intangible assets

Intangible assets consist of controllable, non-monetary assets without physical substance that are clearly identifiable and able to generate future economic benefits. These assets are recognized at purchase and/or production cost, inclusive of directly attributable expenses to bring the asset to working condition for its intended use, net of accumulated amortization (except for those assets with an indefinite useful life) and any impairment losses. Amortization commences when the asset is available for use and is systematically distributed over the asset's useful life.

If there is any indication that the assets have suffered an impairment loss, the recoverable amount of the asset is estimated and any impairment loss is recognized in the income statement. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the net carrying value that the asset would have had if there had been no impairment loss and if the asset had been amortized, recognizing the reversal of the impairment loss as income.

Goodwill

Goodwill is recognized at cost less any impairment losses. Goodwill acquired in a business combination is represented by the excess of the cost of the combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

Goodwill is not amortized, but it is reviewed for impairment annually, and whenever events or circumstances give rise to the possibility of an impairment loss, the recoverable amount is reviewed in accordance with IAS 36 ("Impairment of Assets"). If the recoverable amount is less than its carrying amount, goodwill is reduced to its recoverable amount. If goodwill has been allocated to a cash-generating unit that is partially disposed of, the goodwill associated with the unit disposed of is included in the determination of any gain or loss on disposal.

Trademarks and licenses

Trademarks and licenses are recognized at cost. They have a finite useful life and are recognized at cost net of accumulated amortization. Amortization is calculated on a straight-line basis so as to allocate the cost of trademarks and licenses over their remaining useful lives.

If, aside from amortization, impairment should emerge, the asset is written down accordingly; if the reasons for the writedown should cease to exist in future financial years, the carrying amount of the

asset is increased to the net carrying value that the asset would have had if there had been no impairment loss and if the asset had been amortized.

Trademarks are amortized on a straight-line basis over their estimated useful lives, ranging from 15 to 20 years.

Software

Software licenses acquired are capitalized on the basis of the costs incurred for their purchase and the costs necessary to make them serviceable. Amortization is calculated on a straight-line basis over their estimated useful lives (ranging from 3 to 5 years). Costs associated with software development and maintenance are recognized as costs in the period they are incurred.

The direct costs include the costs for the personnel to develop the software.

Research & development costs

Research and development costs for new products and/or processes are recognized as an expense as incurred unless they meet the conditions for capitalization under IAS 38.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are valued at acquisition cost net of any impairment losses.

If the reasons for writedowns made no longer apply, the equity investments are revalued to the extent of such writedowns.

Impairment of tangible and intangible assets

IAS 36 requires impairment testing of tangible and intangible assets when there is any indication that those assets have suffered an impairment loss. For intangible assets with an indefinite life, such as goodwill, testing for impairment is performed at least annually. The recoverable amount is determined by comparing the carrying amount of the asset with its fair value less costs to sell and value in use, whichever is greater. Value in use is determined on the basis of the present value of estimated future cash flows from operating activities. For purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If an asset's recoverable value is less than its carrying value, the carrying value is reduced to its recoverable value. This reduction is an impairment loss that is recognized as an expense immediately. If there are indications that an impairment loss should be reversed, the recoverable amount of the asset is recalculated and the carrying value is increased to that new value. The increased carrying value must not exceed the net carrying value the asset would have had without any impairment loss. An impairment loss with respect to goodwill may not be reversed.

Financial derivatives

Derivative financial instruments are used by the Company solely for hedging purposes, in order to reduce Company's exposure to currency risks.

All financial derivatives are measured at fair value, in compliance with IAS 39. Under IAS 39, financial derivatives qualify for hedge accounting only if, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, the effectiveness of the hedge can be reliably measured and the hedge is highly effective throughout the financial reporting periods for which the hedge was designated.

If the hedge is effective, the following accounting policies apply:

Fair value hedge – If a financial derivative is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability due to a particular risk, and could affect profit or loss, the gain or loss from remeasuring the hedging instrument at fair value is recognized in the income statement. The hedged item is adjusted to fair value for the portion of risk hedged, and the adjustment is recognized in profit or loss;

Cash flow hedge – If a financial derivative is designated as a hedge of the exposure to the future cash flow variability of a recognized asset or liability, the effective portion of changes in fair value of the financial derivative is recognized directly in equity. The cumulative gain or loss is reversed from equity and recognized in profit or loss in the period in which the hedged transaction is recognized. The profit or loss associated with a hedge (or part of a hedge) that has become ineffective is entered in the income statement immediately. If a hedged instrument or a hedging relationship is terminated, but the hedged transaction has not occurred yet, the cumulative gain or loss that has remained recognized in

equity from the period when the hedge was effective is reclassified into profit or loss when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the related cumulative gain or loss that has remained recognized in equity is immediately recognized in the income statement.

If hedge accounting cannot be applied, the gains or losses arising on changes in the fair value of the financial derivative are recognized immediately in the income statement.

Fair value measurement

The Company measures financial instruments (derivatives) at their fair values at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes that a transaction to sell an asset or to transfer a liability takes place:

- in the principal market for the asset or liability;
- or in absence of a principal market, the most advantageous market for the asset or liability.

The principle market or most advantageous market must be accessible to the Company. The fair value of an asset or liability is measured adopting assumptions that market participants would use to determine the price of the asset or liability, assuming that they act to best satisfy their economic interest.

Fair value measurement of a non-financial asset considers a market participant's capacity to generate economic benefits from the highest and best use of the asset or from the sale to another participant that can obtain its highest and best use.

The Company uses valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or stated in the financial statements are categorized into the following levels of the fair value hierarchy:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - valuation techniques for which the inputs are unobservable for the asset or liability.

The fair value measurement is categorized entirely in the same level of the fair value hierarchy of the lowest level input used for measurement.

For recurring assets and liabilities, the Company determines whether there have been any transfers between levels of the fair value hierarchy and reviews the categorization (based on the lowest level input that is significant to the entire measurement) at the end of each reporting period.

Inventories

Inventories are stated at the lower of average purchase or production cost and the corresponding estimated realizable value based on market prices. Estimated realizable value represents the estimated selling price in normal market conditions less all direct selling costs.

Purchase cost was adopted for products purchased for resale and for materials directly or indirectly used, purchased and used in the production process, whereas production cost was adopted for finished and semi-finished products.

Purchase cost is determined on the basis of the cost actually incurred, inclusive of directly attributable ancillary costs, including transport and customs expenses and excluding trade discounts.

Production cost includes the cost of materials used, as defined above, and all directly and indirectly attributable manufacturing costs.

Obsolete and slow-moving inventories are written down to reflect their useful life or realizable value.

Financial assets – Loans and receivables

Trade receivables, current loan receivables and other current receivables with fixed maturities, excluding those assets arising on financial derivatives and all financial assets for which prices on an

active market are unavailable and whose fair value cannot be determined reliably, are stated at amortized cost calculated using the effective-interest method.

Financial assets without fixed maturities are stated at cost.

Receivables maturing after more than a year that do not accrue interest or that accrue interest at below-market rates are discounted using market rates and recognized as non-current assets. Reviews are carried out regularly to determine the presence of any objective evidence that the financial assets taken individually or within a group of assets may have suffered an impairment loss. If such evidence exists, the impairment loss is shown as a cost in the income statement for the period.

Trade receivables are adjusted to their realizable value by means of a provision for irrecoverable amounts when there are objective indications that the Company will not be able to collect the receivable at its original value.

Cash and bank balances

Cash and bank balances include cash, demand deposits at banks and other highly liquid short-term investments, i.e. with an original duration of up to three months, and are stated at the amounts actually on hand at the reporting date.

Assets held for sale and related liabilities

These items include non-current assets (or disposal groups of assets and liabilities) whose carrying value will be recovered mainly through sale rather than through continuing use. Assets held for sale (or disposal groups) are recognized at their net carrying value or fair value less costs to sell, whichever is less.

If these assets (or disposal groups) should cease to be classified as assets held for sale, the amounts are not reclassified or presented for comparative purposes with the classification in the most recent Statement of Financial Position.

Equity

Share capital

Share capital consists of the subscribed and paid-up capital.

Direct issue costs of new share issues are classified as a direct reduction of equity after deferred taxes.

Treasury shares

Treasury shares are shown as a deduction of equity. The original cost of treasury shares and revenues arising on subsequent sale are recognized as changes in equity.

The nominal value of the treasury shares owned is directly deducted from share capital, while the value exceeding the nominal value is used to reduce the treasury share reserve included in the retained earnings/(losses) reserves.

Share-based payments (stock option plan)

Currently there are no such payments.

Employee benefits

Post-employment benefit plans are classified, according to their characteristics, as either defined contribution plans or defined benefit plans.

Defined benefit plans, such as that of the "fondo trattamento di fine rapporto" ("TFR", severance indemnity provision) in place until the 2007 Italian Financial Law became effective, are plans under which guaranteed employee benefits are paid upon termination of employment. The defined benefit plan obligation is determined on the basis of actuarial assumptions and is recognized on an accruals basis consistently with the employment service necessary to obtain the benefits; the obligation is measured annually by independent actuaries.

The benefits accrued in the year, determined with actuarial methodology, are recognized in the income statement with the personnel costs, whereas the notional interest cost is recognized in net financial income/(costs). Actuarial gains and losses from changes in actuarial assumptions are recognized directly in the equity of the year they emerge, in accordance with Revised IAS 19, effective from January 1, 2013.

On January 1, 2007, the 2007 Financial Law and related enactment decrees brought significant changes to employee severance indemnity regulations, including the possibility for the employee to choose, by June 30, 2007, how to allocate his or her accruing benefits. New accruing severance indemnities may be assigned by the employee to selected pension funds or kept within the company (in the latter case the company will pay the severance pay contributions into a treasury account held at the INPS).

Pursuant to these changes, the severance indemnity provision accrued up to the date of the employee's decision (defined benefit plans) was recalculated by independent actuaries, excluding the component of future salary raises. Severance indemnities accruing from the date of the employee's decision, and in any case from June 30, 2007, are considered a defined contribution plan, so the accounting treatment is similar to that in effect for all other contribution payments.

Provisions for risks and charges

Provisions for risks and charges consist of allowances for present obligations (either legal or constructive) toward third parties that arise from past events, the settlement of which will probably require an outflow of financial resources, and the amount of which can be estimated reliably.

Provisions are stated at the discounted best estimate of the amount the company should pay to settle the obligation or to transfer it to third parties as at the reporting date.

Changes in estimates are reflected in the income statement of the period in which the change occurs.

Risks for which the emergence of a liability is merely possible are identified in the section relating to commitments and guarantees without making any allowances for them.

Trade payables and other non-financial liabilities

Payables with settlement dates that are consistent with normal terms of trade are not discounted to present value and are recorded at their face value.

Financial liabilities

Borrowings (loans) are initially recognized at cost, corresponding to the fair value of the liability less their transaction costs. They are subsequently measured at amortized cost; any difference between the amount financed (net of transaction costs) and the nominal value is recognized in the income statement over the life of the loan, using the effective interest method. If there is a change in the anticipated cash flows and management is able to estimate them reliably, the value of borrowings is recalculated to reflect such changes.

Loans are classified among current liabilities if they mature in less than 12 months from the end of the reporting period and if the Company does not have an unconditional right to defer their payment for at least 12 months.

Loans are derecognized when they are paid off or when all risks and costs associated with them have been transferred to third parties.

Revenues and income

Revenues are measured at their fair value net of returns, sales, discounts, allowances, and bonuses.

The Company recognizes sales revenues when all risks and rewards of ownership of the goods are effectively transferred to the customers under the terms of the sales agreement. The revenues are recognized net of an allowance representing the best estimate of lost margin due to any product returns from customers. The allowance is calculated based on past experience.

Revenues are stated net of returns, discounts, vouchers, bonuses and taxes directly connected with the sale of the goods and supply of the services.

Revenues from services are recognized by reference to the state of completion of the transaction at the end of the reporting period.

Interest income is accrued on a time basis by reference to the effective interest rate applicable to the related asset.

Dividends are recognized when the shareholder's rights to receive payment are established. This normally occurs when the dividend distribution resolution is approved at the General Meeting.

Cost of sales

The cost of sales includes the cost of producing or acquiring the goods and products sold. It includes all the costs of materials, processing, and expenses directly associated with production. It also

includes the depreciation of buildings, plant and equipment, the amortization of the intangible assets used in production and inventory impairment losses.

Royalties

The Company accounts for royalty expense on an accrual basis according to the substance of the agreements stipulated.

Other costs

The costs are recognized according to the relevance and matching principles.

Financial income and costs

Interest is accounted for according to the accrual concept on the basis of the interest rate established by contract. If not established by contract, interest is recognized using the effective interest method, i.e. using the interest rate that makes all inflows and outflows of a specific transaction financially equivalent.

Translation of foreign currency amounts

Transactions in currency other than the Euro are translated into local currency using the exchange rates in force on the transaction date. Foreign exchange differences realized in the period are recognized in the income statement.

Foreign currency receivables and payables are adjusted at the exchange rate in force on the reporting date, recognizing the entire amount of profit or loss arising on exchange as financial income or finance costs in the income statement.

Income tax expense

Income taxes are stated in the income statement, except for those regarding items recognized directly in equity, for which the tax effect is also recognized directly in equity.

Deferred taxes are calculated on the temporary differences generated between the value of the assets and liabilities reported in the financial statements and the value attributed to those assets and liabilities for tax purposes.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which they may be recovered. The carrying value of deferred tax assets is reviewed at the end of each reporting period and, as necessary, is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Any such reductions are reversed if the conditions causing them should cease to exist.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply when the assets are realized or the liabilities are settled, considering the tax rates in force and those that have been enacted or substantially enacted by the reporting date.

Other taxes not relating to income, such as property and equity taxes, are included in the operating items.

Italian tax consolidation

Marcolin S.p.A., together with the parent company, Cristallo S.p.A. (absorbed through a reverse merger) and its subsidiaries Eyestyle Retail S.r.l. and Eyestyle.com S.r.l. (both of which were merged through absorption directly into Marcolin S.p.A. on December 1, 2015), had opted for the Italian tax consolidation regime for IRES (corporate income tax) purposes for 2013, 2014 and 2015, which recognized Marmolada S.p.A. as the parent company.

On June 13, 2014, pursuant to the Italian Income Tax Code ("TUIR"), Presidential Decree no. 917, Article 117 *et seq* of December 22, 1986, the ultimate parent company, 3 Cime S.p.A. notified the Italian Revenue Agency of its adoption of the Italian tax consolidation regime with its subsidiaries, including Marcolin S.p.A., for 2014, 2015 and 2016. Accordingly, the tax consolidation in effect in 2013 was replaced with an identical agreement with 3 Cime S.p.A., which involved terminating the previous agreement and stipulating a new agreement for the new three-year period.

From the current year to December 31, 2016, the tax consolidation regime will enable each participant (including the Company), by way of partial recognition of the group's tax burden, to optimize the

financial management of corporate income tax (IRES), for example by netting taxable income and tax losses within the tax group.

Tax consolidation transactions are summarized below:

- in years with taxable income, the subsidiaries pay 3 Cime S.p.A. the additional tax due to the tax authorities;
- the consolidated companies with negative taxable income receive from 3 Cime S.p.A. a payment corresponding to 100% of the tax savings realized, accounted for on an accruals basis;
- The payment is made only at the time of actual use by 3 Cime S.p.A. for itself and/or for other Group companies;
- if 3 Cime S.p.A. and the subsidiaries do not renew the tax consolidation option, or if the requirements for continuance of tax consolidation should fail to be met before the end of the three-year period in which the option is exercised, tax loss carryforwards resulting from the tax return are split up proportionally among the companies that produced them.

FINANCIAL RISK FACTORS

Market risks

The Company operates on an international level and is exposed to foreign exchange risk (particularly as regards the U.S. dollar), so one of its objectives is to review and monitor fluctuations in the balances of its various foreign currency items in order to evaluate whether to apply hedges through dealings on the derivatives market.

This method makes it possible to keep the main currency positions substantially balanced.

According to the sensitivity analysis performed, a change in exchange rates should not significantly impact the Company's financial statements.

Details of the hedging contracts in place on the reporting date are as follows.

Currency hedges (euro/000)					
Type	Financial Institution	Notional	Currency	Maturity date	Mark to Market
Currency forward purchase	Veneto Banca	2,000	USD	February/April 2016	(22)
Currency forward sell	Veneto Banca	4,000	USD	January/March 2016	64
Currency forward sell	Banca Popolare di Vicenza	2,000	USD	February/March 2016	5
Currency forward sell	Banca Nazionale del Lavoro	1,000	USD	March 2016	0
Currency forward sell	Deutsche Bank	3,000	USD	January/February 2016	26

The Company is exposed mainly with the U.S. dollar on purchases from suppliers in the Far East, net of the cash flows associated with sales of finished and semi-finished products to clients.

The hedging instruments in place on December 31, 2015 have a fair value of euro 74 thousand, accounted for in "short-term borrowings" in these financial statements.

To determine the fair value of the currency forwards purchased, the Group used valuation techniques that are appropriate in the circumstances and for which sufficient information is available on the market. Level 2 inputs of the fair value hierarchy defined by IFRS 7 are used in the valuation techniques.

For the currency derivatives, the potential decrease in the fair value of the currency forwards held by the Company as at December 31, 2015, due to a hypothetical sudden adverse change of 5% in the Euro-to-Dollar exchange rate (depreciation of the Dollar), would be euro 290 thousand. Conversely, a potential increase in fair value arising on appreciation of the Dollar would be euro 262 thousand.

In keeping with its strategy, the Company stipulates derivative transactions solely for hedging purposes. If, however, such transactions do not meet all the conditions necessary to qualify for hedge accounting laid down in IAS 39, they are not accounted for as hedging transactions.

Interest rate risk

In 2013, the subscription of a euro 200 million bond issue with a fixed interest rate of 8.50% maturing in 2019, replacing pre-existing variable-rate loans, reduced considerably the Company's exposure to interest rate risk, which remains only on some short-term credit lines, for immaterial amounts, used by the Company to meet temporary cash flow requirements.

The section describing liquidity risk provides information on the quantitative analysis of the Company's exposure to cash flow risk relating to interest rates on loans.

Information on outstanding loans is provided subsequently herein.

Interest rate sensitivity analysis

Interest rate sensitivity analysis was performed, assuming a 25 basis-point increase and a 10 basis-point decrease of the Euribor/Swap yield curves, published by Reuters for December 31, 2015. In this manner, the Company determined the impact that such changes would have had on the income statement and on equity.

The sensitivity analysis excluded financial instruments that are not exposed to significant interest rate risk, such as short-term trade receivables and payables.

The interest on bank borrowings was recalculated using the above assumptions and the investment position in the year, recalculating the higher/lower annual finance costs.

For cash and bank balances, the average balance of the period was calculated using the book values at the beginning and end of the year. The effect on income of a 25 basis-point increase/10 basis-point decrease in the interest rate from the first day of the period was calculated on the amount thus determined.

According to the sensitivity analysis performed on the basis of the above criteria, the Company is exposed to interest rate risk on its expected cash flows. If interest rates should rise by 25 basis points, income would decrease by euro 143 thousand due to higher interest expense with banks and third parties with respect to the increase in financial income on intercompany loans and bank accounts.

If interest rates should fall by 10 basis points, income would increase by euro 57 thousand.

Credit risk

The Company does not have a significant concentration of credit risk. Receivables are recognized net of writedowns for risk of counterparty default, calculated based on available information regarding the customer's solvency and any useful statistical records.

Guidelines and internal policies have been implemented for managing customer credit, supervised by the designated business function (Credit Management), to ensure that sales are conducted only with reasonably reliable and solvent parties, and through the setting of differentiated credit exposure ceilings.

Receivables and other current assets are set forth below by the main areas in which the Company operates.

Receivables by geographical area and other current assets (euro/000)	12/31/2015	12/31/2014
Italy	29,221	20,138
Rest of Europe	26,566	20,818
North America	23,534	12,175
Rest of World	23,969	24,651
Total	103,290	77,782

Liquidity risk

Prudent management of liquidity risk entails keeping a sufficient level of liquidity and having sources of funding available by means of adequate credit lines.

Due to the dynamic nature of its business, the Company prefers the flexibility of obtaining funding through the use of credit lines. At present, based on its available sources of funding and credit lines, the Company considers its access to funding to be sufficient for meeting the financial requirements of ordinary operations and for the investments envisioned in its business plans and budgets.

The types of credit lines available and the base rate on the reference date are reported subsequently in these Notes.

Liquidity analysis

Liquidity analysis was performed on loans, derivatives, and trade payables. Borrowings were specified by time bracket for principal repayments and non-discounted interest. Future interest amounts were determined using forward interest rates taken from the spot-rate curve published by Reuters at the end of the reporting period.

None of the cash flows included in the table was discounted.

	Within 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
<i>(euro/000)</i>				
Loans and bonds (excluding capital lease)	83,733	-	200,326	-
Interest expense on loans and bonds	17,315	34,254	17,008	-
Capital lease	253	776	87	-
Trade payables	114,103	-	-	-

Fair value measurement of loans

For the assessment of the fair value of loans secured, future cash flow was estimated on the basis of forward interest rate implicit in the interest rate relative to the valuation date and, as regards calculation of the coupon in progress, the most recent fixing available of the Euribor.

The values calculated in this manner were discounted based on discount factors related to the different maturities of such cash flows.

Borrowings-maturity	Within 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
<i>(euro/000)</i>					
Credit lines used	17,116	-	-	-	17,116
Loans	28,537	6,267	-	-	34,804
Other financiers	4,692	515	193,645	-	198,852
Intercompany	33,640	763	-	-	34,403
12/31/2015	83,986	7,544	193,645	-	285,175

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates that could affect the carrying value of some assets, liabilities, income and expenses, and disclosures concerning contingent assets and liabilities at the reporting date.

Estimates were used mainly to determine the recoverability of intangible assets, the useful lives of tangible assets, market values used to evaluate impairment, the value of investments in subsidiaries and associates, the recoverability of receivables (including deferred tax assets), the valuation of inventory and the recognition or measurement of provisions.

The estimates and assumptions are based on data that reflect currently available information.

Estimates and assumptions that involve a significant risk of changes in the carrying values of assets and liabilities are described hereunder.

Impairment of non-current assets

When there is indication that the net carrying value exceeds the recoverable value, non-current assets are reviewed to determine whether they have suffered an impairment loss, in accordance with the accounting principles adopted.

The recoverable value is represented by the fair value less costs to sell, or value in use, whichever is greater. The recoverable values were calculated based on value in use. Those calculations require using estimates of future performance, the discount rate and the prospective growth rate to be applied to the forecast cash flows.

If any such indication exists, management is required to perform subjective evaluations based on information available within the Company and on the market.

If indications of impairment should exist, the Company calculates the potential impairment using the valuation techniques it considers to be the most appropriate.

Proper identification of impairment indications and estimates of potential impairment are dependent on factors that may vary over time, affecting the measurements and estimates made by management.

Deferred tax assets

Recognition of deferred tax assets is based on expectations of profits in future years. Estimates of future earnings used to recognize deferred tax assets are dependent on factors that may vary over time and significantly affect estimates of deferred tax assets.

1. PROPERTY, PLANT, AND EQUIPMENT

The composition of and changes in the item for the past two years are set forth below:

Property, plant and equipment (euro/000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other PP & E	Assets under construction	Total
Net value at beginning of 2014	11,387	4,678	781	1,683	79	18,609
Increases	543	1,391	858	564	586	3,942
Decreases	(2)	-	-	(4)	(60)	(66)
Depreciation	(526)	(976)	(656)	(461)	-	(2,619)
Impairment	-	-	-	-	-	-
Reclassification and other movements	-	14	-	-	(14)	-
Net value at end of 2014	11,403	5,107	983	1,782	591	19,867
Net value at beginning of 2015	11,403	5,107	983	1,782	591	19,867
Merger impact	94	7	-	184	-	285
Increases	2,031	3,398	1,362	690	28	7,509
Decreases	-	-	-	(24)	-	(24)
Depreciation	(588)	(1,312)	(1,008)	(617)	-	(3,525)
Impairment	-	-	-	-	-	-
Reclassification and other movements	461	-	34	(34)	(571)	(110)
Net value at end of 2015	13,401	7,200	1,371	1,981	48	24,001

The capital expenditures of the year totaled euro 7.509 million (euro 3.942 million in 2014) and were made for purchases of:

- plant and machinery for euro 3.398 million;
- industrial and commercial equipment for euro 1.362 million;
- hardware and office furniture, included in other PP&E, for euro 690 thousand;
- land and buildings for euro 2.031 million.

The undepreciated values of property, plant and equipment and their accumulated depreciation as at December 31, 2015 are shown in the following table:

Property, plant and equipment						
(euro/000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other PP & E	Assets under construction	Total
Undepreciated value	22,111	21,577	14,307	6,862	48	64,905
Accumulated depreciation	(8,711)	(14,377)	(12,936)	(4,881)	-	(40,904)
Net Value	13,401	7,200	1,371	1,981	48	24,001

2. INTANGIBLE ASSETS AND GOODWILL

The composition of and changes in this item are set forth below:

Intangible assets and goodwill						
(euro/000)	Software	Concessions, licenses and trademarks	Other	Intangible assets under formation and advances	Total	Goodwill
Net value at beginning of 2014	1,186	6,395	5,250	43	12,874	189,722
Increases	922	-	8,099	117	9,138	-
Decreases	-	-	-	(9)	(9)	-
Amortisation	(545)	(116)	(2,230)	-	(2,891)	-
Reclassifications and other movements	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Net value at end of 2014	1,563	6,279	11,118	152	19,113	189,722
Net value at beginning of 2015	1,563	6,279	11,118	152	19,113	189,722
Merger impact	-	-	1,423	-	1,423	-
Increases	1,035	-	3,525	3,084	7,644	-
Decreases	-	-	-	-	-	(3,496)
Amortisation	(848)	(116)	(2,963)	-	(3,927)	-
Reclassifications and other movements	167	-	(138)	(30)	(1)	-
Other changes	-	-	-	-	-	-
Net value at end of 2015	1,917	6,164	12,965	3,206	24,252	186,227

The intangible assets include mainly the amounts recognized as a result of the 2013 merger, particularly the goodwill of euro 189.722 million. In the year goodwill decreased pursuant to the transfer of the Asia Pacific business division to subsidiary Marcolin UK Ltd for a total amount of euro 3.496 million. As consideration, Marcolin UK Ltd assigned and issued to Marcolin S.p.A. a number of shares corresponding to the British pound equivalent of the value of assets transferred.

Goodwill was tested for impairment to evaluate whether its carrying value was consistent with its fair value at the reporting date.

The recoverable value of goodwill was estimated using the Company's value in use, taken as the enterprise value emerging from the application of the unlevered free cash flow method to the projected cash flows in a continuing operation.

The methods and sensitivity analysis used for the test results are described in the subsequent section on impairment testing.

The impairment test and sensitivity analysis results provided values consistent with the invested capital presented in the financial statements.

No shortages emerged from the sensitivity analysis; therefore, it is reasonable to conclude that the carrying value of goodwill in the Company's financial statements is consistent with its fair value, as the test did not require writing down the value of goodwill in Marcolin S.p.A.'s financial statements.

During the year investments of euro 7.644 million were made (euro 9.138 million in 2014), consisting of euro 1.035 million for software and the remainder referring mainly to payments made by the Company to some licensors.

The purchase cost and accumulated amortization of the intangible assets deducted directly from the cost are shown in the following table:

Intangible assets and goodwill						
(euro/000)	Software	Concessions, licenses and trademarks	Other	Intangible assets under formation and advances	Total	Goodwill
Undepreciated value	9,533	7,437	20,150	3,206	40,326	186,227
Accumulated amortisation	(7,616)	(1,273)	(7,185)	-	(16,074)	
Net Value	1,917	6,164	12,965	3,206	24,252	186,227

Concessions, licenses and trademarks include the Web trademark.

This asset was obtained in late 2008 for euro 1.800 million after being appraised by an independent professional, and is amortized over an estimated useful life of 18 years.

Concessions, licenses and trademarks also include euro 5.000 million for an option, already exercised, that enabled the Company to extend a licensing agreement beyond its expiration date (2015) to December 2022. This cost will be amortized over 7 years starting from 2016.

3. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The investments in directly controlled subsidiaries and associates and their changes for the year are reported below:

Subsidiaries (euro/000)	12/31/2014	Merger impact	Writedowns of the year	Subscription / disposal	12/31/2015
Marcolin USA Eyewear Corp.	49,622	-	-	-	49,622
Marcolin UK Ltd	2,638	-	-	3,496	6,133
Marcolin Iberica SA	3,268	-	-	-	3,268
Marcolin-RUS LLC	1,533	-	-	-	1,533
Marcolin Deutschland Gmbh	1,161	-	-	-	1,161
Ging Hong Lin International Co Ltd	-	-	-	1,000	1,000
Marcolin International B.V.	731	-	-	-	731
Marcolin Benelux Sprl	477	-	-	-	477
Eyestyle Trading (Shanghai) Co Ltd	385	-	-	12	397
Marcolin Gmbh	33	-	-	134	166
Marcolin Technical Services (Shenzhen) Co. Ltd	-	-	-	142	142
Marcolin Nordic AB	-	-	-	4	4
Marcolin Portugal Lda	0	-	-	-	-
Eyestyle Retail Srl	756	(756)	-	-	-
Eyestyle.com Srl	489	(489)	-	-	-
Marcolin France Sas	-	-	-	-	-
Marcolin do Brasil Ltda	3,402	-	(3,403)	1	-
Totale	64,494	(1,244)	(3,403)	4,788	64,634

On January 1, 2015 Marcolin S.p.A. transferred the Asia Pacific business division to Marcolin UK Ltd for a total value of euro 3.496 million. As consideration, Marcolin UK Ltd assigned and issued to Marcolin S.p.A. a number of shares corresponding to the British pound equivalent of the value of assets transferred.

On December 1, 2015 Eyestyle Retail Srl and Eyestyle.com Srl merged through absorption directly into Marcolin S.p.A. The merger was backdated to January 1, 2015 for accounting and tax purposes. The merger resulted in deficit of euro 317 thousand recognized in equity. The Statement of Changes in Equity presents the related data.

Due to the losses incurred by subsidiaries Marcolin Gmbh and Eyestyle Trading Shanghai, such companies were recapitalized during the year with capital injections of euro 134 thousand and euro 12 thousand, respectively.

On December 28, 2015 Marcolin S.p.A. purchased the remaining 0.1% stake in Marcolin do Brasil Ltda from Marcolin Portugal Lda for euro 1 thousand, thereby becoming a 100% shareholder. On the same date it was decided to write off the carrying value of the investment, euro 3.403 million, without

however recognizing an additional provision for losses of subsidiaries to cover the portion of the subsidiary's equity deficit considering that the entire loss is not deemed permanent and there is no legal obligation to cover the losses. In fact, the company has not yet completed its integration process with Viva Brasil which, from a legal point of view, was concluded with the absorption merger of January 1, 2015. A new General Manager with extensive experience in the eyewear industry has been hired to pursue the growth of the new entity through the projected synergies, with the aim of boosting sales and exploiting the operational gearing.

Within the scope of the Group's expansion into new countries, on May 29, 2015 Marcolin S.p.A. subscribed share capital, equal to 70% ownership, of Marcolin Nordic AB for euro 4 thousand; on August 10, 2015 it subscribed share capital, equal to 50% ownership, of the Gin Hong Lin International Co. Ltd joint venture for euro 1.000 million; and on December 28, 2015 it subscribed share capital, equal to 100% ownership, of Marcolin Technical Services (Shenzhen) Co. Ltd for euro 142 thousand.

The Company no longer owns investments in associates pursuant to the liquidation of Finitec S.r.l. at the end of 2014, from which it purchased one of two idle factories (next to the Parent Company's historical headquarters in Longorone), which will soon be used to expand the floor space dedicated to the business activity.

Impairment testing

Impairment testing, under IAS 36, is performed at least annually for intangible assets with an indefinite useful life, such as goodwill. Other intangible assets are tested whenever external or internal indications that they have suffered an impairment loss are present.

The total goodwill of euro 288.225 million recognized in the Group's consolidated financial statements as at December 31, 2015, of which euro 186.227 million refers to the Parent Company, was tested for impairment to assess the fairness of the carrying amount as at the reporting date.

The Group's new organizational structure resulting from Viva International integration represents the full integration of all Viva structures into Marcolin; Viva's previous structures lost their identity in the integration process through acquisitions, mergers and business division transfers conducted within the vast international reorganization of the Group, which is now managed as a single unit coordinated by the Parent Company using a centralized model. For this reason goodwill was measured at a Group level.

The recoverable amount of goodwill was estimated using the Marcolin group's value in use, assumed as the enterprise value emerging from the application of the unlevered free cash flow method to the projected cash flows of the Marcolin group's continuing operation.

The following assumptions were made to determine value in use:

- the cash-generating unit was identified in the Marcolin group (cash flows from projected operating/financing activities of Marcolin S.p.A. and its Italian and foreign subsidiaries);
- the main data sources used were the Group's 2016 - 2018 business plan projections, the draft financial statements for the year ended December 31, 2015, the 2016 Budget and the 2015 - 2017 business plan;
- the terminal value was calculated by capitalizing the available cash flow expected perpetually from 2018 (estimated on the basis of the last year in the business plan, given an increase in the "g" rate from the last year stated), assuming that it will grow at an annual "g" rate of 2.5%, conservatively considering the inflation projections for the countries in which Marcolin is present. The terminal value was adjusted to account for the Parent Company's transfer of the provision for severance indemnities;
- the cash flow discount rate (WACC) is 8.8%, calculated in line with the Capital Asset Pricing Model (CAPM) used for valuation in doctrine and in standard practice. This rate reflects current market estimates referring to: 1) the cost of capital for debt (Kd = 3.1%, after taxes); 2) the expected return on the risk capital invested in Marcolin (Ke = 9.5%), weighted considering

the source of the Group's main cash flows. Weighted Kd/Ke was determined under the applicable accounting standards by considering the average financial structure of Marcolin's main comparables, assuming that the value of the entity's projected cash flows does not derive from its specific debt/equity ratio.

Based on the results of the analysis performed, goodwill did not suffer any impairment losses.

Moreover, sensitivity analysis was performed on the Group's enterprise value, determined with the previously described methods, assuming:

- changes in WACC;
- changes in the g rate.

In this case, a half-percentage point increase in WACC would result in a euro 45 million decrease in the enterprise value (given the same g), whereas a half-percentage point decrease in the g rate would result in an euro 42 million decrease in the enterprise value (given the same WACC). Neither case would result in an impairment loss.

In the case of conservative 100 bp reductions of WACC and the g rate, the impairment test and sensitivity analysis results produced recoverable amounts in line with the invested capital presented at December 31, 2015 for the Marcolin group, without any impairment losses, even considering the combined reduction of such parameters.

In addition, a stress test was performed assuming higher capital expenditures than those budgeted, and estimating possible cash outflows that the Group could incur to renew certain licenses upon their expiration.

The stress test confirmed that the coverage amounts remain positive, with broad safety margins.

It is reasonable to conclude that the carrying value of goodwill in the Parent Company's financial statements is consistent with its fair value.

With respect to the equity investments recognized in the separate financial statements, due to the positive results achieved by the companies in the recent past and in light of the 2016 forecast, management did consider any indications of impairment to exist, except for Marcolin do Brasil, whose carrying value was written off.

4. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets were euro 119.116 million, compared to euro 108.190 million in 2014.

The 2015 amount consists of:

- euro 114.816 million in loans granted to subsidiary Marcolin USA, Inc. used to finance the December 3, 2013 acquisition of Viva Optique, Inc.;
- a euro 4.300 million loan granted to a third party, accruing interest at market rates, whose repayment will commence on January 1, 2016 with semiannual installments until 2022. The current portion receivable, recognized among current financial assets, is euro 948 thousand.

The considerable difference is due essentially to the foreign exchange effect on the loan in foreign currency granted to Marcolin USA Eyewear Corp.

5. OTHER NON-CURRENT ASSETS

The other non-current assets, euro 311 thousand (euro 527 thousand in 2014), consist mainly of prepaid transaction costs for the euro 25 million senior revolving credit facility, deferred over the duration of the financing agreement.

6. INVENTORIES

Inventories are detailed below.

Inventories	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Finished goods	60,614	49,536
Accounts	0	0
Raw material	13,091	16,294
Work in progress	16,831	11,633
Gross inventory	90,535	77,463
Inventory provision	(16,027)	(14,402)
Net inventory	74,509	63,061

Net inventories rose by euro 11.448 million from the previous year. The increase in inventories is due to an increase in finished product inventories due to the higher sales. The inventory increase is also attributable to the discontinuity represented by products with new brands, particularly Zegna and Pucci, and to the increase in collections offered and models produced.

In detail:

- the value of finished products rose by euro 11.078 million;
- the value of raw materials fell by euro 3.203 million;
- the value of work in progress rose by euro 5.197 million.

7. TRADE RECEIVABLES

The composition of the trade receivables is as follows

Trade receivables	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Gross trade receivables	94,276	72,433
Provision for bad debts	(1,903)	(2,232)
Net trade receivables	92,374	70,201

Trade receivables (up by euro 22.173 million) were affected primarily by the sales growth. Credit quality improved from the previous year.

In 2015 the improvement in the average collection period, or "days sales outstanding" (DSO), which had lost recently slowed down, gained momentum with a solid improvement year-on-year.

The amount of receivables stated in the financial statements was not discounted, since there are no long-term receivables or receivables due beyond the short term.

For the purpose of providing the disclosures required by IFRS 7, the trade receivables due are set forth below by geographical area:

Receivables not overdue by geographical area	2015	2014
<i>(euro/000)</i>		
Italy	16,461	11,416
Rest of Europe	16,963	24,070
North America	14,151	666
Rest of World	15,896	16,196
Total	63,472	52,347

In compliance with IFRS 7, the following table provides an aging analysis of the undisputed trade receivables:

Ageing analysis of trade receivables not protested (euro/000)	Gross	Provision	Net value
December 31, 2014			
Not past due	52,347	-	52,347
Past due by less than 3 months	9,388	(251)	9,137
Past due by 3 to 6 months	1,119	(319)	799
Past due by more than 6 months	8,250	(712)	7,538
Total	71,103	(1,282)	69,821
December 31, 2015			
Not past due	63,472	-	63,472
Past due by less than 3 months	16,526	(197)	16,329
Past due by 3 to 6 months	5,323	(201)	5,122
Past due by more than 6 months	5,297	(562)	4,735
Total	90,618	(960)	89,658

In some markets in which Marcolin S.p.A. operates, receivables are regularly collected after the date stipulated by contract, without this necessarily indicating collection issues or financial difficulties. Consequently, there are trade receivable balances that were not considered impaired even though they were past due.

These trade receivables are set forth in the table below by past-due category.

Trade receivables overdue but not impaired (euro/000)	2015	2014
Past due by less than 3 months	2,611	3,340
Past due by more than 3 months	1,066	1,208
Total	3,677	4,548

For the sake of exhaustive disclosure, an aging analysis of disputed receivables and the related writedowns is set forth below.

Ageing analysis of protested trade receivables (euro/000)	Gross	Provision	Net value
December 31, 2014			
Past due by less than 12 months	103	(72)	30
Past due by more than 12 months	1,033	(878)	155
Total	1,135	(950)	185
December 31, 2015			
Past due by less than 12 months	35	(22)	13
Past due by more than 12 months	1,058	(920)	138
Total	1,093	(942)	151

Some trade receivables are covered by the types of guarantees typically used for sales on international markets.

The changes in the provision for doubtful debts are set forth below:

Provision for doubtful debts	2015	2014
<i>(euro/000)</i>		
Opening amount	2,232	1,760
Provisions	200	50
Use / reversal	(410)	(125)
Reclassification and others	(120)	548
Period end Total	1,902	2,232

Euro 200 thousand was allocated to the provision in the year, and euro 410 thousand of the provision was used.

The trade receivables due from directly and indirectly controlled subsidiaries are set forth below:

Receivables due from subsidiaries	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Marcolin Deutschland Gmbh	2,224	2,183
Marcolin UK Ltd	1,375	1,527
Marcolin Iberica SA	1,973	1,451
Marcolin Gmbh	268	476
Marcolin Portugal Lda	1,576	1,488
Marcolin Benelux Sprl	255	535
Marcolin Usa Inc (merged in Marcolin USA Eyewear Corp.)	-	11,595
Marcolin Asia Ltd	812	3,612
Marcolin do Brasil Ltda	8,320	5,204
Marcolin France Sas	13,106	8,546
Marcolin UK Hong Kong Branch	8,201	-
Marcolin USA Eyewear Corp.	22,542	543
Marcolin Nordic AB Sweden	1,381	-
Marcolin Nordic AB Denmark	132	-
Marcolin Nordic AB Finland	264	-
Marcolin Nordic AB Norway	271	-
Marcolin-RUS LLC	1	-
Gin Hon Lin Int. Co. Ltd	740	-
Shanghai Jinlin Optical Co. Ltd	419	-
Eyestyle.com Srl (merged in Marcolin S.p.A.)	-	446
Eyestyle Retail Srl (merged in Marcolin S.p.A.)	-	744
Eyestyle Trading (Shanghai) Co Ltd	97	7
Viva Deutschland Gmbh	285	-
Viva France Sas	-	11
Viva Eyewear UK Ltd	-	449
Viva Eyewear Hong Kong Ltd	16	2
Total	64,258	38,820

8. OTHER CURRENT ASSETS

The composition of other current assets is shown below.

Other current assets	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Tax credits	7,196	4,064
Prepaid expenses	344	602
Other receivables	3,376	2,915
Total	10,917	7,582

The tax credits rose by euro 3.132 million largely on account of greater VAT credit. Other receivables consists primarily of receivables of euro 3.285 million due from 3 Cime S.p.A. (euro 2.428 million in

2014) pursuant to the Italian tax consolidation agreement; the increase results mainly from the recognition of the portion of receivables due by the holding company to the two companies that merged into Marcolin S.p.A. in 2015, Eyestyle Retail Srl and Eyestyle.com Srl.

As noted, in 2014 Marcolin S.p.A. and Italian companies Eyestyle Retail and Eyestyle.com (the latter two companies were merged directly into Marcolin S.p.A. on December 1, 2015) adopted the Italian tax consolidation regime for corporate income tax (IRES) purposes, which recognizes 3 Cime S.p.A. as the ultimate parent company.

9. CASH AND BANK BALANCES

This item, which amounts to euro 15.180 million, represents the value of cash deposits and highly liquid financial instruments, i.e. those with a maturity of up to three months.

Cash and bank balances fell by euro 3.699 million from December 31, 2014. The decrease is presented in the Statement of Cash Flows, which provides information on the 2015 movements in cash and bank balances.

10. CURRENT FINANCIAL ASSETS

This item, euro 7.890 million (compared to euro 10.078 million as at December 31, 2014), consists primarily of euro 6.887 million due from Group companies.

The main current loan receivables due to Marcolin S.p.A. by subsidiaries are listed below:

- euro 5.924 million due from Marcolin International BV;
- euro 931 thousand due from Marcolin U.S.A. Eyewear Corp.;
- euro 206 thousand due from Marcolin Nordic AB.

In accordance with EEC IVth Directive 78/660 Article 43, paragraph 1 no. 13, it is confirmed that as at December 31, 2015 the accounts did not include any loans to members of administrative, management, or control bodies, nor any guarantee commitments to any members of administrative, management, or control bodies, directors or statutory auditors.

11. EQUITY

Marcolin S.p.A.'s share capital is euro 32,312,475.00, composed of 61,458,375 ordinary shares.

The Statement of Changes in Equity provides more detailed information on this item.

The following table presents the composition of the Company's equity at December 31, 2015:

Item (euro/000)	Amount	Possible use	Available portion	Uses in previous three years	
				- loss coverage	-other
Share capital	32,312		-	-	-
Share premium reserve	24,517	A-B-C	24,517	-	-
Legal reserve	4,077	B	-	-	-
Other reserves	45,207		-	-	-
Retained earnings	106,745	A-B-C	106,745	-	-
Total	212,859		131,262	-	-
Non-distributable portion under Civil Code Art. 2426, comma 1 n. 5 c.c.			-		
Non-distributable portion under Civil Code Art. 2426, comma 1 n. 8 bis, c.c.			10,494		
Non-distributable portion under Civil Code Art. 2431			2,385		
Distributable portion			118,383		
Restricted portion under TUIR Art.109 paragraph 4/b			-		
Key:					
A – to increase share capital	B - to cover losses		C – to distribute to shareholders		D – others

12. NON-CURRENT FINANCIAL LIABILITIES

The item consists of euro 193.297 million regarding the bond notes, accounted for in accordance with IAS 39 (amortized cost method), and loans from banks and other financiers, the non-current portion of which is euro 7.892 million.

The following table presents the composition of the Company's main financial liabilities:

	Currency	Original amount (euro)	Residual amount (euro)	Maturity date	Interest rate	Notes
BOND	euro	200,000,000	200,000,000	11/14/2019	8.5%	Bond issued the 14th November 2013 - Half-yearly interests in 15th of May and 15th of November
Intesa San Paolo S.p.A., Goldman Sachs International, IKB Deutsche Industrie Bank AG, Natixis S.A., Unicredit S.p.A.	euro	25,000,000	25,000,000	06/03/2019	Euribor 1/2/3 months + spread 4%	Super Senior RCF - Revolving facility agreement - Euro 25.000.000 - signed the 18th November 2013
Unicredit S.p.A.	euro	5,000,000	3,750,000	12/31/2018	Euribor 3 months + spread	Loan guaranteed by SACE, granted on December 18, 2014, repayable in 16 quarterly installments from March 31, 2015
Banca Popolare FriulAdria S.p.A.	euro	3,000,000	2,269,417	03/04/2018	Euribor 3 months + spread	Loan granted on March 4, 2015, repayable in 12 quarterly installments from June 4, 2015
Banco Popolare s.c.r.l.	euro	1,500,000	1,375,000	09/30/2018	Euribor 3 months + spread	Loan granted on September 16, 2015, repayable in 12 quarterly installments from December 31, 2015
Banca Popolare di Vicenza s.c.p.a.	euro	2,500,000	2,500,000	12/31/2018	Euribor 3 months + spread	Loan granted on December 23, 2015, repayable in 12 quarterly installments from March 31, 2016
BCC delle Prealpi Soc. Coop.	euro	1,000,000	1,000,000	12/31/2016	Euribor 6 months + spread	Loan granted on December 10, 2015, repayable in monthly installments from January 10, 2016
Ministry of productive activities (technological innovation)	euro	793,171	82,959	06/26/2016	1.0%	Subsidized loan obtained under the law 46/82, repayable in 10 annual installments from June 26, 2007

The net financial position is set forth below. Additional information is provided in the Report on Operations.

Net financial position / (indebtedness) (euro/000)	12/31/2015	12/31/2014
Cash and cash equivalents	15,180	18,879
Financial receivables	127,006	118,257
Short-term borrowings	(80,437)	(56,080)
Current portion of long-term borrowings	(3,548)	(1,332)
Long-term borrowings	(201,189)	(196,386)
Total	(142,989)	(116,662)

The following table presents the maturities of the financial payables, which are classified as current liabilities and non-current liabilities.

Borrowings-maturity (euro/000)	Within 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Credit lines used	17,116	-	-	-	17,116
Loans	28,537	6,267	-	-	34,804
Other financiers	4,692	515	193,645	-	198,852
Intercompany	33,640	763	-	-	34,403
12/31/2015	83,986	7,544	193,645	-	285,175

In addition to the commitments described subsequently (see Note 20), for the revolving credit facility, commitments to comply with financial covenants exist at a consolidated level for Marcolin S.p.A. and its subsidiaries. According to an analysis conducted at the time of preparation of this report, all the covenants were complied with as at December 31, 2015.

13. NON-CURRENT PROVISIONS

The composition of non-current provisions is shown below:

Long term provision (euro/000)	Provision for severance employee indemnities	Provision for agency terminations	Provision for other risks	Total
12/31/2014	3,656	1,057	1,121	5,833
merger impact	4	-	-	4
Allowances	38	116	1,100	1,254
Use / reversal	(118)	(447)	(548)	(1,113)
Actuarial loss / (gain)	(134)	(48)	-	(182)
Other changes	-	-	-	-
12/31/2015	3,446	678	1,673	5,796

The non-current provisions consist primarily of the employee severance indemnity provision ("TFR") of euro 3.446 million.

The employee severance indemnity provision ("TFR") recognized in the Parent Company's financial statements for euro 3.446 million¹⁶, was measured with an actuarial calculation at the end of the year.¹⁷

The additional information required under Revised IAS 19 is provided hereunder:

- sensitivity analysis of each significant actuarial assumption at the end of the year, showing effects of changes in actuarial assumptions reasonably possible at that date, in absolute terms:

Sensitivity analysis	DBO* at 12/31/2015
Inflation rate +0.25%	3,493
Inflation rate - 0.25%	3,407
Actuarial rate +0.25%	3,381
Actuarial rate - 0.25%	3,520
Turnover rate -1%	3,430
Turnover rate +1%	3,471

* Defined Benefit Obligation

- next year's service cost and average vesting period of the defined benefit obligation:

¹⁶ The provision consists of the benefits that accrued to employees until December 31, 2006 to be paid upon or subsequent to termination of employment: the TFR accruing from January 1, 2007 is treated as a defined contribution plan. By paying the contributions into (public and/or private) social security funds, the Company complies with all relevant obligations.

¹⁷ The parameters used for the actuarial calculation are: 1) mortality rate: Table RG 48 of the Public Accounting Office; 2) disability rates: INPS table by age and gender; 3) personnel turnover rates: 5%; 4) frequency of severance payments: 2%; 5) discount/interest rate: 1.39%; 6) TFR growth rate: 2.63% for 2016, 2.9% for 2017, 2.8% for 2018, 2.7% for 2019, 3% for 2020 on; 7) inflation rate: 1.5% for 2016, 1.8% for 2017, 1.7% for 2018, 1.6% for 2019, 2% for 2020 on.

Next year service cost	
Vesting period	
2016 Service cost	-
Resting period	8.70

- payments foreseen under the plan:

Years	Payments foreseen
1	355
2	236
3	246
4	210
5	224

The provision for agency termination presents principally the liability with respect to agents, and is calculated in accordance with the applicable regulations.

The provision for risks and charges presents the estimated amount, in a medium/long-term time horizon, of future obligations toward third parties for liabilities arising in previous periods.

14. OTHER NON-CURRENT LIABILITIES

This item consists primarily of security deposits due after 12 months from the reporting date.

15. TRADE PAYABLES

The following table sets forth the trade payables by geographical area:

Trade payables by geographical area	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Italy	35,273	30,056
Rest of Europe	19,876	23,665
North America	18,013	8,940
Rest of World	40,941	35,720
Total	114,103	98,380

The euro 15.723 million increase in trade payables is attributable to the loose purchasing policies in place to deal with the sales and service level growth, involving an evident increase in inventories. The average payment period for suppliers, or days payable outstanding (DPO), improved considerably thanks to initiatives taken to improve contractual conditions with suppliers.

The trade payables were not subject to discounting, as the amount is a reasonable representation of their fair value since there are no payables due after 12 months.

In compliance with the disclosure requirements of IFRS 7, it is reported that on December 31, 2015 there were no past-due trade payables, excluding the accounts being disputed by the Company with suppliers.

16. CURRENT FINANCIAL LIABILITIES

The amount represents the short-term borrowings of euro 83.986 million, including the euro 46.008 million short-term portion of medium/long-term loans, and other financial payables of euro 33.640 million due within 12 months from the reporting date (all of which due to subsidiaries).

Financial liabilities at fair value through profit and loss

During the year, the Company stipulated derivative contracts regarding the U.S. dollar exchange rate with some banks to mitigate the risk of exchange rate variability, some of which were still in effect on the reporting date.

The fair value of such instruments on December 31, 2015 was a positive euro 74 thousand.

Although the derivatives were designated exclusively to hedge against the risk of exchange rate variability on purchases from suppliers in U.S. dollars, they do not qualify for hedge accounting because they do not fully meet the strict requirements, including formal ones, of the applicable accounting standard.

17. CURRENT PROVISIONS

The table below presents the most significant changes of the year in the current provisions:

Current provisions	Other provisions	Total
<i>(euro/000)</i>		
12/31/2014	2,335	2,335
merger impact	-	-
Allowances	-	-
Use / Reversal	(64)	(64)
Actuarial loss / (gain)	-	-
Other changes	-	-
12/31/2015	2,271	2,271

The other provisions consist of allowances for risks regarding:

- customer returns and product warranties (euro 1.113 million);
- contingent liabilities arising from legal obligations (euro 155 thousand);
- commitments of euro 1.003 million to cover losses of subsidiaries, consisting of euro 902 thousand for Marcolin France Sas and euro 101 thousand for Marcolin Portugal Lda.

18. OTHER CURRENT LIABILITIES

The other current liabilities are as follows.

Other current liabilities	12/31/2015	12/31/2014
<i>(euro/000)</i>		
Payables to personnel	(4,195)	(4,419)
Social security payables	(1,979)	(1,812)
Other accrued expenses and deferred income	(50)	(50)
Total	(6,224)	(6,282)

The other current liabilities consist primarily of amounts due to personnel and the related social security contributions, and the amount did not change significantly from the prior year.

19. COMMITMENTS AND GUARANTEES

Guarantees associated with the bond issue

With a notarial deed dated October 31, 2013, the Board of Directors passed a resolution to issue non-convertible senior-secured notes; with a determination deed drawn up by a specifically designated director on November 7, 2013, and in implementation of the Board of Directors' mandate of October 31, 2013, the terms and conditions for the issuance of notes of nominal euro 200,000,000 were established.

The notes are secured by collateral provided by Marcolin S.p.A. (the "Issuer"), controlling shareholder Marmolada S.p.A. and some subsidiaries of the Issuer for the exact amount of payment obligations assumed by the Issuer with the bondholders:

- a pledge over the shares of the Issuer representing 100% (one hundred percent) of share capital;
- a pledge over the Issuer's intellectual property rights;
- a security assignment over insurance policy receivables due to the Issuer;
- a security assignment over trade receivables due to the Issuer;
- a security assignment over receivables due to the Issuer by the former Marcolin USA, Inc. (now Marcolin USA Eyewear Corp.) originating from loans granted to provide the company with the financing necessary to pay the purchase price/acquire the share capital of Viva Optique Inc.;
- a pledge over all Marcolin (UK) Limited shares owned by the Issuer;
- a pledge over all Marcolin France S.a.s. shares owned by the Issuer;
- a pledge over all Marcolin (Deutschland) GmbH shares owned by the Issuer;
- a pledge over all the Issuer's shares of Marcolin U.S.A. Eyewear Corp (formerly Viva Optique Inc.), which on December 18, 2014 absorbed companies Marcolin USA Inc, Viva Europa Inc., Viva International Inc., and Viva Ip Corp, whose shares have all the previous pledges and security agreements assumed by Marcolin U.S.A. Eyewear Corp., i.e. :
 - a pledge over all Marcolin USA, Inc. shares owned by the Issuer;
 - a pledge over all Marcolin USA, Inc.'s shares of Viva Optique Inc., directly controlled by Marcolin USA, Inc.;
 - a pledge over 65% of the shares of Viva Europa Inc., controlled indirectly by the Issuer, through Viva Optique Inc.;
 - a pledge over 65% of the shares of Viva Eyewear Ltd (UK), controlled indirectly by the Issuer, through Viva Europa Inc.;
 - a security agreement over all material assets of Marcolin USA, Inc;
 - a security agreement over all material assets of Viva Optique, Inc.

Other commitments:

The Company's other commitments are as follows:

Commitments (euro/000)	12/31/2015	12/31/2014
Rent due		
Within one year	180	172
In one to five years	720	694
After five years	180	353
Total	1,080	1,219
Operating lease payments		
Within one year	-	18
In one to five years	-	45
After five years	-	0
Total	-	63
Total commitments	1,080	1,282

The Company also has guarantees with third parties of euro 152 thousand (euro 162 thousand in 2014).

Licenses

The Company has contracts in effect to use trademarks owned by third parties for the production and distribution of eyeglass frames and sunglasses.

Those contracts require payment of guaranteed minimum royalties over the duration of the contracts; at December 31, 2015 these future commitments amounted to euro 229.570 million (euro 230.447 million in 2014), including euro 46.174 million falling due within the next year.

Guaranteed minimum Royalties due (euro/000)	12/31/2015	12/31/2014
Within one year	46,174	39,953
In one to five years	147,844	163,486
After five years	35,552	27,008
Total	229,570	230,447

INCOME STATEMENT

As described in the Report on Operations, the balances partly include non-recurring costs incurred for special initiatives undertaken or pursued during the year, such as extraordinary costs for employees who left the company, consulting services and services associated with the non-recurring transactions of the year, and costs of investment and development that have not been matched by revenue streams yet.

The effects of those costs are described in the Report on Operations in order to take them into account for the purpose of determining normalized income for 2015, comparable with 2014.

The Company's main income statement items and changes therein are described in this section.

20. REVENUE

The following table sets forth the net sales revenues of 2015 by geographical area:

Net Sales by geographical area					Increase (decrease)	
(euro/000)	2015		2014		Turnover	Change
	Turnover	% on total	Turnover	% on total		
Italy	26,555	12.9%	20,981	13.9%	5,574	26.6%
Rest of Europe	53,609	26.1%	35,627	23.7%	17,982	50.5%
Europe	80,164	39.0%	56,608	37.6%	23,556	41.6%
U.S.A.	34,254	16.7%	27,928	18.6%	6,326	22.7%
Asia	26,610	12.9%	23,834	15.8%	2,776	11.6%
Rest of World	64,631	31.4%	42,050	28.0%	22,581	53.7%
Total	205,659	100.0%	150,420	100.0%	55,239	36.7%

The 2015 sales revenues were euro 205.659 million, compared to the euro 150.420 revenues of 2014, up by the considerable amount of euro 55.239 million (36.7%) from the prior year.

The Report on Operations describes the 2015 performance of sales.

21. COST OF SALES

Below is a detailed breakdown of the cost of sales:

Cost of sales	2015		2014		Increase/ (decrease)	
(euro/000)		% of revenue		% of revenue		%
Purchase of materials and finished products	97,068	47.2%	74,390	49.5%	22,678	30.5%
Changes in inventories	(12,608)	(6.1)%	(26,560)	(17.7)%	13,952	(52.5)%
Cost of personnel	17,686	8.6%	16,455	10.9%	1,231	7.5%
Outsourced processing	11,707	5.7%	10,478	7.0%	1,229	11.7%
Amortization, depreciation and writedowns	2,694	1.3%	2,088	1.4%	606	29.0%
Other costs	10,209	5.0%	7,204	4.8%	3,005	41.7%
Total	126,756	61.6%	84,054	55.9%	42,701	50.8%

The cost of sales rose by euro 42.701 million, and was 61.6% of sales, compared to 55.9% in 2014.

The other expenses refer principally to purchasing costs (transport and customs) and business consulting services.

22. DISTRIBUTION AND MARKETING EXPENSES

Below is a breakdown of the distribution and marketing expenses:

Distribution and marketing expenses (euro/000)	% of		% of		Increase/ (decrease)	%
	2015	revenue	2014	revenue		
Cost of personnel	9,349	4.5%	9,098	6.0%	250	2.7%
Commissions	3,698	1.8%	3,189	2.1%	509	16.0%
Amortization	3,976	1.9%	2,968	2.0%	1,008	34.0%
Royalties	22,674	11.0%	15,014	10.0%	7,660	51.0%
Advertising and PR	22,474	10.9%	15,439	10.3%	7,035	45.6%
Other costs	12,483	6.1%	8,302	5.5%	4,181	50.4%
Total	74,653	36.3%	54,011	35.9%	20,643	38.2%

Distribution and marketing expenses rose by euro 20.643 million (38.2%) from the previous year; the increase is the result of higher royalty expense, advertising and public relations ("PR") expenses, other expenses and amortization.

The other expenses consist primarily of sales expenses, including transport costs, travel expenses, rent expense and entertainment expenses.

23. GENERAL AND ADMINISTRATION EXPENSES

The general and administrative expenses are set forth below:

General and administration expenses (euro/000)	% of		% of		Increase/ (decrease)	%
	2015	revenue	2014	revenue		
Cost of personnel	5,066	2.5%	5,358	3.6%	(292)	(5.4)%
Writedowns of receivables	200	0.1%	50	0.0%	150	300.0%
Amortization and writedowns	781	0.4%	459	0.3%	322	70.2%
Other costs	4,409	2.1%	6,954	4.6%	(2,545)	(36.6)%
Total	10,457	5.1%	12,821	8.5%	(2,364)	(18.4)%

General and administration expenses decreased by euro 2.364 million compared to the previous year.

Other expenses, euro 4.409 million (down by euro 2.545 million year on year), refer mainly to:

- compensation for Directors, Statutory Auditors and the independent auditing firm;
- other general and administrative consulting services;
- expenses regarding the Company's information technology systems.

24. EMPLOYEES

The 2015 end-of-period and average number of employees (including the work force on temporary contracts) is broken down below in comparison with the previous year:

Employees Category	Final number		Average number	
	12/31/2015	12/31/2014	2015	2014
Managers	15	15	15	14
Staff	275	238	261	231
Manual workers	530	456	510	418
Total	820	709	786	663

25. OTHER OPERATING INCOME AND EXPENSES

The other operating income and expenses are set forth below:

Other operating income and expenses (euro/000)	12/31/2015	12/31/2014
Transport refund	3,214	2,069
Other income	12,697	9,437
Total other income	15,910	11,507
Reversals of impairment losses on equity investments	(3,403)	-
Total reversals of impairment losses on equity investments	(3,403)	-
Writedowns of receivables	-	-
Other expenses	(69)	(496)
Total other expenses	(69)	(496)
Total other operating income and expenses	12,438	11,011

The balance of this item is net operating income of euro 12.438 million, compared to net operating income of euro 11.011 million for 2014 (up by euro 1.427 million).

Other income consists mainly of euro 11.251 million in advertising expenses incurred by the Company and charged to other Group companies, compared to euro 7.664 million in 2014.

The impairment loss of euro 3.403 million on equity investments refers to the write-off of the investment in Marcolin Do Brasil Ltda. Additional information is provided in section 3, "Investments in Subsidiaries and Associates", of these Notes.

26. FINANCIAL INCOME AND COSTS

Financial income and costs are set forth below:

Financial income and costs (euro/000)	2015	2014
Financial income	27,140	23,879
Financial costs	(30,283)	(24,702)
Total	(3,142)	(823)

The composition of financial income and finance costs is shown below:

Financial income (euro/000)	2015	2014
Interest income	9,822	8,454
Other income	67	83
Gains on currency exchange	17,252	15,341
Total	27,140	23,879

Financial income and costs result in net finance costs of euro 3.142 million, compared to euro 823 thousand for 2014.

Financial costs	2015	2014
<i>(euro/000)</i>		
Interest expense	(21,036)	(20,165)
Financial discounts	(240)	(119)
Losses on currency exchange	(9,006)	(4,417)
Total	(30,283)	(24,702)

Marcolin S.p.A.'s balance between income of euro 27.140 million and costs of euro 30.283 million was influenced by the following components:

- interest income of euro 9.822 million from Group companies;
- gains on currency exchange of euro 17.252 million, consisting of euro 5.329 million in currency exchange gains and euro 11.923 million referring to end-of-period translation differences on a receivable due to Marcolin S.p.A. from Marcolin USA Eyewear Corp. denominated in U.S. dollars, which increased due to the appreciation of the U.S. dollar;
- interest expense of euro 21.036 million, comprising euro 17.0 million on the bond notes issued by Marcolin S.p.A., paid semiannually in May and November, euro 1.514 million for the reversal of bond issue transaction costs, accounted for under IFRS with the financial method of amortized cost over the life of the bond notes (maturing in November 2019), euro 2.522 million in net interest costs referring to bank interest expense and actualization differences;
- losses on currency exchange of euro 9.006 million.

Foreign currency exchange referring to income and expenses (foreign exchange differences on trade transactions) was balanced, with an immaterial net gain.

Fair value measurement of currency hedges (on purchases and sales) in place at the end of the year resulted in a net gain of euro 74 thousand.

27. INCOME TAX EXPENSE

Current tax was determined by applying the tax rates in force to taxable income (profit for the year determined with the changes generated by the applicative tax rules).

The tax expense is detailed below:

Income tax expense	2015	2014
<i>(euro/000)</i>		
Current taxes	(596)	(1,566)
Deferred taxes	(3,871)	(6,860)
Income/(Expenses) from Tax Consolidation	(476)	2,428
Taxes relating to prior year	(751)	759
Total income taxes	(5,694)	(5,239)

The increase in total income taxes is attributable to the deferred taxes. The deferred taxes and the changes therein are set forth below:

Deferred tax assets (euro/000)	Temporary differences		Tax on temporary differences	Temporary differences		Tax on temporary differences
	12/31/2015	Tax rate (*)	12/31/2015	12/31/2014	Tax rate	12/31/2014
Accumulated tax losses	13,664	27.5%	3,780	27,396	27.5%	7,534
Inventory provisions	12,219	27,5%/31,4%	3,423	13,831	27,5%/31,4%	3,917
Grants and compensation deductible on a cash basis	8,385	27,5%/31,4%	2,433	7,906	27,5%/31,4%	2,443
Unrealized currency exchange differences	2,004	27.5%	552	2,478	27.5%	682
Income from CFC (controlled foreign companies)	2,098	27.5%	504	2,098	27.5%	577
Taxed provision for doubtful debts	1,436	27.5%	350	1,509	27.5%	415
Supplementary client indemnity provision	538	31.4%	145	978	31.4%	307
Provision for return risks	1,113	31.4%	349	740	31.4%	232
Provisions for risks and charges	155	31.4%	49	155	31.4%	49
Other	280	27,5%/31,4%	77	143	27,5%/31,4%	41
Total deferred tax assets	41,891		11,662	57,234		16,196

Deferred tax liabilities (euro/000)	Temporary differences		Tax on temporary differences	Temporary differences		Tax on temporary differences
	12/31/2015	Tax rate (*)	12/31/2015	12/31/2014	Tax rate	12/31/2014
Unrealized currency exchange differences	(12,408)	27.5%	(3,412)	(12,945)	27.5%	(3,560)
Finance costs deducted on a cash basis	(6,703)	27.5%	(1,658)	(8,069)	27.5%	(2,219)
Land and buildings	(2,672)	31.4%	(754)	(2,910)	31.4%	(914)
Actuarial gain / losses on TFR under IAS	(598)	27.5%	16	(460)	27.5%	53
Other	-	31.4%	-	-	31.4%	-
Total deferred tax liabilities	(22,382)		(5,808)	(24,384)		(6,640)
Total deferred assets / liabilities	19,510		5,854	32,850		9,556

(*) some tax effect are calculated considering the low or tax rate for italian tax IRES at the rate of 24%, starting from January 1, 2017.

The absorption merger of subsidiaries Eyestyle Retail Srl and Eyestyle.com Srl resulted in a euro 182 thousand increase in the deferred tax assets recognized on accumulated tax losses. Euro 38 thousand of the difference in net deferred tax assets did not affect the income statement, since it refers to components of the Statement of Comprehensive Income, reflected in equity.

28. FINANCIAL INSTRUMENTS BY TYPE

The financial instruments are set forth by uniform category in the table below, which presents their fair value in accordance with IFRS 7.

For the fair value measurement of loans, future cash flows were estimated using implicit forward interest rates from the yield curve of the reporting date, and the latest Euribor fixing was used to calculate the current coupon.

The values calculated in this manner were discounted based on discount factors related to the different maturities of such cash flows.

The hedging agreements used are classified as O.T.C. (over-the-counter) instruments, so they do not have a public price available on official exchange markets. Discounted cash flow models were used to measure the interest rate swaps.

Categories of financial assets (euro/000)	Credit commerciali	Attività finanziarie	Disponibilità liquide
2015			
Loans and other financial receivables	92,374	127,006	15,180
Financial assets at fair value through P/L	-	-	-
Held to maturity investments	-	-	-
Financial assets available for sale	-	-	-
Total	92,374	127,006	15,180

Categories of financial liabilities			
<i>(euro/000)</i>	Trade payables	Financial liabilities	Bond
2015			
Financial liabilities at fair value through P/L	-	-	-
Derivatives used for hedging	-	-	-
Other financial liabilities at amortized cost	114,103	88,507	195,552
Liabilities as under IAS 17	-	1,116	-
Total	114,103	89,623	195,552

INCOME AND EXPENSES WITH SUBSIDIARIES AND ASSOCIATES

The intercompany transactions are mainly of a trade and/or financial nature and are conducted on an arm's length basis.

The income and expenses with directly controlled subsidiaries are set forth below:

Company	Revenues from sales and services	Other income	Financial income from non-current receivables	Financial expenses from non-current payables	Cost of raw, ancillary and consumable materials and products	Cost of services	12/31/2015
<i>(euro/000)</i>							
<i>Entity:</i>							
Marcolin Asia Ltd.	1	0	-	26	15	1,382	(1,422)
Marcolin Deutschland GmbH	3,830	238	-	18	9	128	3,914
Marcolin GmbH	821	101	-	-	-	12	910
Marcolin Iberica S.A.	5,788	401	0	26	-	45	6,118
Marcolin Benelux S.p.r.l.	2,910	197	-	3	0	105	2,998
Marcolin Portugal Lda	1,369	80	-	0	-	33	1,417
Marcolin (UK) Ltd	7,034	468	-	70	-	456	6,976
Marcolin International BV	-	-	54	-	-	-	54
Marcolin France SAS	15,997	1,587	-	15	551	969	16,049
Marcolin do Brasil Ltda	3,499	194	-	-	-	-	3,693
Marcolin Nordic AB Denmark	249	8	-	-	-	-	257
Marcolin Nordic AB Finland	183	10	-	-	-	-	194
Marcolin Nordic AB Norway	471	19	-	-	-	-	490
Marcolin Nordic AB Sweden	1,430	159	6	-	-	-	1,595
Marcolin USA Eyewear Corp	34,254	261	9,762	43	340	3,990	39,905
Marcolin-RUS LLC	2,243	-	1	-	-	14	2,230
Marcolin UK Hong Kong Branch	13,756	120	-	-	106	59	13,710
Eyestyle Trading (Shanghai) Co. Ltd	345	-	-	-	-	-	345
Gin Hon Lin International Co. Ltd	777	65	-	-	-	-	843
Shanghai Ginlin Optics Co. Ltd	635	-	-	-	-	-	635
Viva Deutschland GmbH	983	-	-	-	-	-	983
Viva Canada Inc.	-	-	-	-	1	-	(1)
Viva Eyewear UK Ltd	-	-	-	275	-	0	(275)
Viva Eyewear HK Ltd	-	-	-	24	-	-	(24)
Total	96,577	3,909	9,822	499	1,023	7,192	101,594

RELATED-PARTY TRANSACTIONS

Related party transactions were of a trade nature, conducted on an arm's length basis, and regarded licensing agreements in particular.

The transactions and outstanding balances with respect to related parties as at December 31, 2015 are shown below, as required by IAS 24.

Company (euro/000)	Expenses	Revenues	Payables	Receivables	Type
Other related parties					
Tod's S.p.A	2,268	597	916	236	Related party
Pai Partners Sas	-	2	81	-	Related party
Coffen Marcolin Family	664	0	42	-	Related party
O.T.B. Group	2,451	243	1,701	11	Related party
3 Cime S.p.A.	-	-	-	3,285	Consolidating
Total	5,383	842	2,739	3,532	

The remuneration of the Directors and Statutory Auditors is reported below (the table does not present Managers with strategic responsibilities because they are included in the category of the Company's Directors).

(euro/000)	2015			2014		
	Board of Directors	Statutory Auditors	Other	Board of Directors	Statutory Auditors	Other
Base fee	389	100	-	389	100	-
Salaries and benefits	668	-	-	674	-	-
Total	1,057	100	-	1,063	100	-

Atypical and unusual transactions

In 2015 there were no atypical and/or unusual transactions, including with other Group companies, nor were there any transactions outside the scope of the ordinary business activity that could significantly impact the financial position, financial performance or cash flows of Marcolin S.p.A.

Significant non-recurring events and transactions

Significant non-recurring events and transactions that impacted the Company's financial position, financial performance and cash flows in 2015 have to do with the Viva group integration and reorganization activities, described in detail in the Report on Operations.

INDEPENDENT AUDITORS' REPORT
ON THE SEPARATE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the sole shareholder of
Marcolin SpA

Report on the financial statements

We have audited the accompanying financial statements of Marcolin SpA (hereinafter the "Company"), which comprise the statement of financial position as of 31 December 2015, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 I.V., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 9 Tel. 0516186211 - **Brescia** 25123 Via Boggo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via del Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Foscolo 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Marcolin SpA as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union.

Report on compliance with other laws and regulations

Opinion on the consistency of the report on operations with the financial statements

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the directors of Marcolin SpA, with the financial statements of the Company as of 31 December 2015. In our opinion, the report on operations is consistent with the financial statements of Marcolin SpA as of 31 December 2015.

Bologna, 5 April 2016

PricewaterhouseCoopers SpA

Signed by
Edoardo Orlandoni
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

BOARD OF STATUTORY
AUDITORS' REPORT

**BOARD OF STATUTORY AUDITORS' REPORT
FOR THE GENERAL MEETING OF MARCOLIN S.P.A.
PURSUANT TO CIVIL CODE ARTICLE 2429, PARAGRAPH 2**

For the attention of the Sole Shareholder, MARMOLADA S.p.A.

Dear Sir/Madam,

The external audit of the accounts for each of the three years ending December 31, 2013, 2014 and 2015 has been assigned to PricewaterhouseCoopers S.p.A. (the "Independent Auditors"), in accordance with Italian Legislative Decree 39/2010, Article 14 and Italian Civil Code Articles 2409-*bis et seq.*, and pursuant to the justified proposal of this Board of Statutory Auditors.

The Board of Directors has provided us with the report on operations and draft financial statements for the year from January 1, 2015 to December 31, 2015, showing a loss of Euro 2,604,761, approved on March 10, 2015.

During the year ended on December 31, 2015, we performed the supervisory duties required by law, in observance of the provisions issued by Consob and also in accordance with the Board of Statutory Auditors' code of conduct recommended by the Italian association of certified accountants.

With respect to our supervisory duties, we report that:

- we attended the Board of Director meetings and verified the observance of the principles of fair management, laws and by-laws, and the correct use of the proxies assigned to the Directors;
- the Board of Statutory Auditors attended the General Meetings of Shareholders, which were held in observance of the law to pass appropriate resolutions;
- the Company's Board of Statutory Auditors held 6 meetings during the year to perform the statutory controls and to exchange information with the firm responsible for the external audit;
- we obtained the information necessary to perform our general supervisory function by constantly participating in Board of Director meetings and by meeting with management. We also obtained from the Directors, on a regular basis, information on the activities performed by the executive directors in execution of the powers assigned to them, on the most significant business, financial and equity transactions, on related-party transactions including infra-group transactions, and on any atypical or unusual transactions, in accordance (as necessary) with Italian Legislative Decree 58/1998, Article 150, paragraph 1. This took place in keeping with the Company's specific corporate governance procedure to ensure that Directors and Statutory Auditors have at their disposal all information needed to ensure the correct fulfillment of their duties. Based on the information obtained, we verified that the main operations carried out by the Company were consistent with the business purpose and with the law and by-laws, and we can confirm that those operations were not manifestly risky, hazardous, such as to compromise the integrity of the Company's net worth, or in contrast to the decisions taken at the General Meeting or in conflict of interest;
- during the Board of Director meetings we were given periodic and timely information on the activity performed by the Company and the Subsidiaries, and on the most significant business, financial and equity transactions, and we verified that those transactions were consistent with the business purpose and with the law and by-laws, and were not manifestly risky, hazardous, such as to compromise the integrity of the Company's net worth, or in contrast to the decisions taken at the General Meeting or in conflict of interest;
- during the year we met regularly with the Independent Auditors and with other heads of functions; no matters worthy of note emerged from the meetings;
- the Board of Statutory Auditors attended the Internal Audit Committee meetings;
- we found no evidence of atypical or unusual transactions as defined in Consob Communication 6064293 of July 28, 2006;
- we verified that there are no routine intercompany or related-party transactions that are in conflict of the Company's interest or inconsistent; the intercompany and related-party transactions are described adequately by the Directors in the Report on Operations and in the explanatory notes; all such transactions were carried out on an arm's length basis;
- the Company applied the principles regarding procedures that companies must adopt to ensure the necessary conditions of fairness in the process of carrying out transactions with related parties;
- we evaluated, as within our competence, the adequacy of the Company's organizational structure,

internal control system, administrative and accounting systems, and their reliability to accurately represent business matters, by collecting information from department heads, by meeting with the Independent Auditors with the reciprocal exchange of data and information, and by attending Internal Audit Committee meetings, and given the business activity and the size of the Company, we deem the organization and systems to be adequate;

- we monitored the implementation of organizational measures associated with business developments;
- we checked the Company's observance of the law and by-laws.

We inspected and obtained information about the organizational and procedural activities implemented by the Company and its subsidiaries in accordance with Italian Legislative Decree 231/01 on the administrative liability of entities for the crimes contemplated by such legislation (and as subsequently amended). The Supervisory Body reported on the activity performed during the year ended December 31, 2015, without finding any wrongdoing or specific violations of the Company's and the subsidiaries' Organizational Model.

As noted, PricewaterhouseCoopers S.p.A. audited the Company's separate financial statements for the year ended December 31, 2015 and on April 5, 2016 it submitted an unqualified opinion, stating that the Company's separate financial statements for the year ended December 31, 2015 "give a true and fair view of the financial position, results of operations and cash flows of Marcolin SpA for the year ended December 31, 2015". The Independent Auditors also state that the report on operations is consistent with the separate financial statements of the Company. The Board of Statutory Auditors performed its supervisory function with the full collaboration of the corporate boards and adequate documentation was always provided. No omissions, wrongdoing or irregularities were found.

We checked the accounting policies of the separate financial statements, upon which we agree in that they correspond to the Italian Civil Code rules and are consistent with those applied in the previous year.

Intangible assets were recognized and amortized with our consent, as necessary.

On March 10, 2016 the Board of Directors of MARCOLIN S.p.A. approved the draft consolidated financial statements of MARCOLIN S.p.A. for the year ended December 31, 2015; those financial statements, drawn up according to IAS/IFRS, were also audited by PricewaterhouseCoopers S.p.A., which on April 5, 2016 issued a clean opinion on the true and fair view of the financial position, results of operations and cash flows of the group.

The Independent Auditors state that the report on operations is consistent with the consolidated financial statements of MARCOLIN S.p.A. As within our competence, we acknowledge that the Directors' report on the consolidated financial statements describes adequately the situation of the companies of the group, the financial and business matters, the subsequent events, the annual business performance and the business outlook for the current year.

We reviewed the report to verify compliance with Italian Legislative Decree 127/1991, Article 40, the correct identification of the consolidated companies in accordance with the international accounting standards, and the information as per Article 39 of the same Decree.

On the basis of the controls performed, the Board of Statutory Auditors considers the report on operations to be correct and consistent with the consolidated financial statements.

The explanatory notes contain the information required by the international accounting standards, present the accounting principles and policies adopted, and present the consolidation methods, which correspond to those used for the previous year.

No claims were made to the Board of Statutory Auditors under Italian Civil Code Article 2408 or of any other nature.

During the year we issued the opinions requested of the Board of Statutory Auditors in accordance with the law.

In consideration of the foregoing, pursuant to the supervisory activity performed, and on the basis of the information exchanged with the Independent Auditors, we are in favor of the approval of the financial statements and we agree with the Board of Directors' proposal to carry forward the annual loss of Euro 2,604,761.

Dear Sole Shareholder,

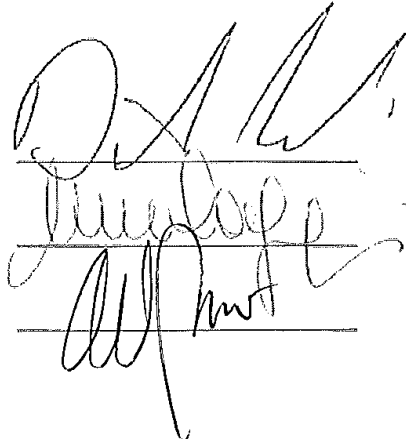
We remind you that the terms of the current Board of Statutory Auditors and the Board of Directors expire with the approval of the financial statements for the year ended December 31, 2015. We thank you for your confidence in us and we invite you to engage in the necessary deliberations to appoint the new corporate boards.

April 6, 2016

Dr. David Reali

Dr. Mario Cognigni

Rag. Diego Rivetti



The image shows three handwritten signatures, each written over a horizontal line. The top signature is the most stylized, with large loops and a long tail. The middle signature is more compact and cursive. The bottom signature is the most legible, appearing to be 'DR. MARIO COGNIGNI'.

FINANCIAL SUMMARY
OF SUBSIDIARIES

RECLASSIFIED FINANCIAL STATEMENTS OF SUBSIDIARIES

	Marcolin Benelux Sprl		Marcolin International BV		Marcolin do Brasil Ltda	
	(EUR/000)		(EUR/000)		(BRL/000)	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	62	39	-	-	1,276	834
Intangible assets	3	-	-	-	1,218	321
Goodwill	-	-	-	-	7,609	-
Investments	-	-	4,516	4,516	-	1,520
Deferred tax assets	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
Non-current financial assets	-	-	-	-	152	152
Total non current assets	65	39	4,516	4,516	10,255	2,827
Inventories	282	279	-	-	10,537	4,494
Trade receivables	631	624	-	-	24,255	13,081
Other current assets	40	10	-	-	5,411	1,857
Current financial assets	146	300	-	9	-	473
Cash and bank balances	67	-	6	-	1,332	-
Total current assets	1,167	1,213	6	9	41,535	19,905
TOTAL ASSETS	1,231	1,251	4,522	4,526	51,790	22,732
Share capital	280	280	18	18	9,575	9,575
Additional paid-in capital	-	-	4,317	4,317	-	-
Legal reserve	25	25	-	-	-	-
Other reserves	-	-	-	-	(4,500)	(4,500)
Retained earnings (losses)	135	128	(5,657)	(5,564)	(3,312)	2,195
Profit (loss) for the year	103	7	(98)	(93)	(23,865)	(5,506)
Non-controlling interest	-	-	-	-	-	-
TOTAL EQUITY	543	440	(1,419)	(1,321)	(22,102)	1,764
Long-term borrowings	-	-	-	-	941	-
Long-term provisions	-	-	-	-	998	718
Deferred tax liabilities	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	-	-	-	-	1,940	718
Trade payables	391	581	17	11	66,278	16,867
Short-term borrowings	-	-	5,924	5,836	2,256	1,520
Short-term provisions	-	-	-	-	549	-
Current tax liabilities	44	24	-	-	562	403
Other current liabilities	253	206	-	-	2,307	1,460
Total current liabilities	688	811	5,941	5,847	71,952	20,251
TOTAL LIABILITIES	688	811	5,941	5,847	73,892	20,968
TOTAL LIABILITIES AND EQUITY	1,231	1,251	4,522	4,526	51,790	22,732

	Marcolin Benelux Sprl		Marcolin International BV		Marcolin do Brasil Ltda	
	(EUR/000)		(EUR/000)		(BRL/000)	
	2015	2014	2015	2014	2015	2014
NET REVENUES	5,934	4,953	-	-	32,894	19,485
COST OF SALES	(3,020)	(2,203)	-	-	(20,581)	(9,401)
GROSS PROFIT	2,914	2,750	-	-	12,313	10,084
DISTRIBUTION AND MARKETING EXPENSES	(2,567)	(2,575)	-	-	(16,271)	(12,488)
GENERAL AND ADMINISTRATIVE EXPENSES	(202)	(188)	(44)	(32)	(2,368)	(2,305)
OTHER OPERATING INCOME / EXPENSES	106	96	-	-	(15)	(8)
- other operating income	106	96	-	-	0	3
- other operating expenses	-	(0)	-	-	(15)	(11)
OPERATING PROFIT - EBIT	250	83	(44)	(32)	(6,341)	(4,718)
FINANCIAL INCOME AND COSTS	(70)	(58)	(54)	(62)	(16,261)	(64)
- financial income	6	9	-	-	1,199	187
- financial costs	(76)	(67)	(54)	(62)	(17,460)	(251)
PROFIT BEFORE TAXES	180	25	(98)	(93)	(22,602)	(4,782)
Income tax expenses	(77)	(18)	-	-	(1,264)	(724)
Profit attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT / (LOSS) FOR THE YEAR	103	7	(98)	(93)	(23,865)	(5,506)

RECLASSIFIED FINANCIAL STATEMENTS OF SUBSIDIARIES

	Marcolin Gmbh		Marcolin Deutschland GmbH		Eyestyle.com Srl (merged in Marcolin S.p.A.)	
	(CHF/000)		(EUR/000)		(EUR/000)	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	11	8	11	13	-	-
Intangible assets	2	3	-	-	-	502
Goodwill	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	71
Other non-current assets	-	-	-	-	-	-
Non-current financial assets	-	-	-	-	-	-
Total non current assets	14	12	11	13	-	573
Inventories	123	137	676	614	-	-
Trade receivables	226	291	1,880	1,455	-	9
Other current assets	2	4	135	113	-	305
Current financial assets	-	343	1,614	1,110	-	38
Cash and bank balances	342	-	417	820	-	-
Total current assets	693	775	4,722	4,112	-	352
TOTAL ASSETS	706	787	4,733	4,125	-	925
Share capital	200	200	4,650	4,650	-	150
Additional paid-in capital	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-
Other reserves	140	-	-	-	-	600
Retained earnings (losses)	(139)	(104)	(3,222)	(2,981)	-	(190)
Profit (loss) for the year	43	(36)	59	(241)	-	(204)
Non-controlling interest	-	-	-	-	-	-
TOTAL EQUITY	244	61	1,486	1,428	-	356
Long-term borrowings	-	-	-	-	-	-
Long-term provisions	-	-	282	-	-	-
Deferred tax liabilities	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	-	-	282	-	-	-
Trade payables	346	587	2,633	2,291	-	451
Short-term borrowings	-	-	-	-	-	119
Short-term provisions	22	24	201	168	-	-
Current tax liabilities	26	26	(363)	(281)	-	(0)
Other current liabilities	68	89	493	519	-	-
Total current liabilities	463	726	2,965	2,698	-	570
TOTAL LIABILITIES	463	726	3,247	2,698	-	570
TOTAL LIABILITIES AND EQUITY	706	787	4,733	4,125	-	925

	Marcolin Gmbh		Marcolin Deutschland GmbH		Eyestyle.com Srl (merged in Marcolin S.p.A.)	
	(CHF/000)		(EUR/000)		(EUR/000)	
	2015	2014	2015	2014	2015	2014
NET REVENUES	2,186	2,440	8,540	7,509	-	0
COST OF SALES	(949)	(1,140)	(3,850)	(3,510)	-	-
GROSS PROFIT	1,237	1,300	4,690	3,998	-	0
DISTRIBUTION AND MARKETING EXPENSES	(1,026)	(1,141)	(4,330)	(3,895)	-	(113)
GENERAL AND ADMINISTRATIVE EXPENSES	(185)	(179)	(353)	(262)	-	(162)
OTHER OPERATING INCOME / EXPENSES	40	25	129	91	-	1
- other operating income	40	25	129	91	-	5
- other operating expenses	-	-	-	-	-	(5)
OPERATING PROFIT - EBIT	67	4	136	(68)	-	(275)
FINANCIAL INCOME AND COSTS	(23)	(39)	(170)	(119)	-	(4)
- financial income	16	0	36	19	-	0
- financial costs	(39)	(39)	(205)	(138)	-	(4)
PROFIT BEFORE TAXES	43	(36)	(33)	(187)	-	(279)
Income tax expenses	-	-	92	(54)	-	74
Profit attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT / (LOSS) FOR THE YEAR	43	(36)	59	(241)	-	(204)

RECLASSIFIED FINANCIAL STATEMENTS OF SUBSIDIARIES

	Eyestyle Retail Srl (merged in Marcolin S.p.A.)		Eyestyle Trading Shanghai Co		Marcolin Iberica SA	
	(EUR/000)		(CNY/000)		(EUR/000)	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	-	284	-	-	98	53
Intangible assets	-	921	-	-	5	-
Goodwill	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Deferred tax assets	-	111	-	-	33	168
Other non-current assets	-	-	-	-	-	-
Non-current financial assets	-	-	-	-	-	-
Total non current assets	-	1,316	-	-	135	221
Inventories	-	64	214	-	464	376
Trade receivables	-	-	3,598	-	4,177	2,665
Other current assets	-	550	119	1,643	140	66
Current financial assets	-	54	-	155	1,491	679
Cash and bank balances	-	-	2,041	-	98	924
Total current assets	-	668	5,971	1,797	6,369	4,711
TOTAL ASSETS	-	1,984	5,971	1,797	6,505	4,932
Share capital	-	200	3,001	2,918	487	487
Additional paid-in capital	-	-	-	-	-	-
Legal reserve	-	-	-	-	98	98
Other reserves	-	1,000	-	-	2,737	2,737
Retained earnings (losses)	-	(338)	(1,220)	(289)	(39)	(201)
Profit (loss) for the year	-	(289)	2,662	(931)	222	237
Non-controlling interest	-	-	-	-	-	-
TOTAL EQUITY	-	572	4,444	1,697	3,505	3,358
Long-term borrowings	-	-	-	-	-	-
Long-term provisions	-	4	-	-	125	-
Deferred tax liabilities	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	-	4	-	-	125	-
Trade payables	-	801	687	100	2,403	1,258
Short-term borrowings	-	596	-	-	-	-
Short-term provisions	-	-	-	-	115	112
Current tax liabilities	-	2	732	-	126	50
Other current liabilities	-	8	109	-	230	154
Total current liabilities	-	1,407	1,527	100	2,875	1,574
TOTAL LIABILITIES	-	1,412	1,527	100	3,000	1,574
TOTAL LIABILITIES AND EQUITY	-	1,984	5,971	1,797	6,505	4,932

	Eyestyle Retail Srl (fusa in Marcolin S.p.A.)		Eyestyle Trading Shanghai Co		Marcolin Iberica SA	
	(EUR/000)		(CNY/000)		(EUR/000)	
	2015	2014	2015	2014	2015	2014
NET REVENUES	-	110	6,559	-	11,459	8,071
COST OF SALES	-	(61)	(1,932)	-	(5,893)	(3,842)
GROSS PROFIT	-	49	4,627	-	5,566	4,229
DISTRIBUTION AND MARKETING EXPENSES	-	(267)	-	-	(5,173)	(3,775)
GENERAL AND ADMINISTRATIVE EXPENSES	-	(143)	(1,711)	(931)	(376)	(352)
OTHER OPERATING INCOME / EXPENSES	-	6	0	-	107	132
- other operating income	-	6	0	-	107	132
- other operating expenses	-	-	-	-	-	(0)
OPERATING PROFIT - EBIT	-	(355)	2,917	(931)	123	233
FINANCIAL INCOME AND COSTS	-	(28)	47	-	199	(2)
- financial income	-	0	47	-	237	32
- financial costs	-	(29)	-	-	(38)	(34)
PROFIT BEFORE TAXES	-	(384)	2,964	(931)	322	231
Income tax expenses	-	95	(302)	-	(100)	6
Profit attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT / (LOSS) FOR THE YEAR	-	(289)	2,662	(931)	222	237

RECLASSIFIED FINANCIAL STATEMENTS OF SUBSIDIARIES

	Marcolin France Sas		Marcolin Asia Ltd		Marcolin Portugal Lda	
	(EUR/000)		(HKD/000)		(EUR/000)	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	405	432	245	327	18	14
Intangible assets	1,031	(0)	-	-	1	-
Goodwill	1,191	247	-	-	-	-
Investments	-	2,405	-	-	-	5
Deferred tax assets	1,278	1,278	(311)	(311)	-	-
Other non-current assets	-	-	543	1,049	-	-
Non-current financial assets	-	-	-	-	-	-
Total non current assets	3,906	4,363	477	1,064	19	19
Inventories	943	599	-	-	109	71
Trade receivables	7,922	3,267	46,066	86,961	1,420	1,617
Other current assets	431	281	881	268	23	16
Current financial assets	4,211	785	13,246	7,128	5	121
Cash and bank balances	836	2,515	511	-	161	-
Total current assets	14,344	7,347	60,704	94,357	1,718	1,824
TOTAL ASSETS	18,250	11,709	61,181	95,421	1,737	1,843
Share capital	1,054	1,054	1,540	1,540	420	420
Additional paid-in capital	877	877	-	-	-	-
Legal reserve	115	115	-	-	64	64
Other reserves	1,798	1,798	-	-	-	-
Retained earnings (losses)	(815)	(661)	43,734	28,338	(475)	(577)
Profit (loss) for the year	(826)	(154)	7,840	15,396	48	102
Non-controlling interest	-	-	-	-	-	-
TOTAL EQUITY	2,203	3,029	53,114	45,274	57	9
Long-term borrowings	736	-	-	-	-	-
Long-term provisions	-	-	209	136	-	-
Deferred tax liabilities	-	-	(43)	(43)	-	-
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	736	-	166	93	-	-
Trade payables	12,264	5,273	7,656	47,587	1,648	1,799
Short-term borrowings	-	1,554	-	-	-	-
Short-term provisions	1,323	852	-	-	-	-
Current tax liabilities	472	350	(1,304)	1,069	13	17
Other current liabilities	1,251	650	1,549	1,399	18	19
Total current liabilities	15,310	8,680	7,901	50,055	1,680	1,834
TOTAL LIABILITIES	16,046	8,680	8,067	50,148	1,680	1,834
TOTAL LIABILITIES AND EQUITY	18,250	11,709	61,181	95,421	1,737	1,843

	Marcolin France Sas		Marcolin Asia Ltd		Marcolin Portugal Lda	
	(EUR/000)		(HK\$/000)		(EUR/000)	
	2015	2014	2015	2014	2015	2014
NET REVENUES	32,979	18,538	25,852	71,262	2,481	1,785
COST OF SALES	(16,719)	(8,417)	(28,031)	(46,004)	(1,354)	(845)
GROSS PROFIT	16,259	10,121	(2,179)	25,258	1,127	941
DISTRIBUTION AND MARKETING EXPENSES	(15,391)	(8,969)	(4,884)	(18,320)	(888)	(742)
GENERAL AND ADMINISTRATIVE EXPENSES	(1,661)	(891)	(3,703)	(4,397)	(172)	(132)
OTHER OPERATING INCOME / EXPENSES	513	(164)	21,532	20,528	6	48
- other operating income	513	317	21,532	20,528	10	49
- other operating expenses	-	(481)	-	-	(4)	(1)
OPERATING PROFIT - EBIT	(280)	97	10,766	23,069	73	114
FINANCIAL INCOME AND COSTS	(546)	(97)	(1,377)	(4,584)	(25)	(10)
- financial income	33	15	1,865	(174)	(10)	-
- financial costs	(579)	(111)	(3,242)	(4,410)	(15)	(10)
PROFIT BEFORE TAXES	(826)	-	9,389	18,485	48	103
Income tax expenses	-	(154)	(1,549)	(3,089)	-	(1)
Profit attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT / (LOSS) FOR THE YEAR	(826)	(154)	7,840	15,396	48	102

RECLASSIFIED FINANCIAL STATEMENTS OF SUBSIDIARIES

	Marcolin UK Ltd		Marcolin USA Inc (merged in Viva Optique Inc. ora Marcolin USA Eyewear Corp.)		Marcolin-RUS LLC	
	(GBP/000)		(USD/000)		(RUB/000)	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	62	134	-	470	784	1,779
Intangible assets	1,885	2,072	-	7,164	-	8
Goodwill	4,241	0	-	3,232	-	-
Investments	-	-	-	159,694	-	-
Deferred tax assets	4	4	-	10,699	-	-
Other non-current assets	57	54	-	-	-	-
Non-current financial assets	-	-	-	213	-	-
Total non current assets	6,250	2,263	-	181,472	784	1,787
Inventories	2,017	784	-	19,716	118,750	114,520
Trade receivables	10,388	2,977	-	22,612	37,529	37,155
Other current assets	128	112	-	3,354	4,839	447
Current financial assets	1,303	1,097	-	7,484	-	184
Cash and bank balances	2,442	2,525	-	2,257	1,066	-
Total current assets	16,634	7,494	-	55,423	162,184	152,306
TOTAL ASSETS	22,884	9,757	-	236,896	162,969	154,093
Share capital	3,573	850	-	775	373	306
Additional paid-in capital	-	-	-	72,525	-	-
Legal reserve	-	-	-	-	-	-
Other reserves	-	-	-	(2,141)	-	67
Retained earnings (losses)	1,607	(121)	-	10,545	137,196	130,520
Profit (loss) for the year	2,275	(430)	-	(5,376)	2,400	-
Non-controlling interest	-	-	-	-	-	-
TOTAL EQUITY	7,454	299	-	76,329	139,969	130,893
Long-term borrowings	1,133	1,018	-	129,003	-	-
Long-term provisions	6	16	-	67	-	-
Deferred tax liabilities	-	-	-	524	-	2
Other non-current liabilities	-	-	-	58	13,500	-
Total non-current liabilities	1,139	1,034	-	129,652	13,500	2
Trade payables	11,778	6,713	-	20,201	1,742	15,598
Short-term borrowings	125	441	-	4,259	-	2,077
Short-term provisions	419	466	-	2,804	-	-
Current tax liabilities	1,038	239	-	41	264	2,919
Other current liabilities	574	565	-	3,609	7,494	2,604
Total current liabilities	14,290	8,424	-	30,915	9,500	23,198
TOTAL LIABILITIES	15,429	9,458	-	160,567	23,000	23,200
TOTAL LIABILITIES AND EQUITY	22,884	9,757	-	236,896	162,969	154,093

	Marcolin UK Ltd		Marcolin USA Inc (merged in Viva Optique Inc. ora Marcolin USA Eyewear Corp.)		Marcolin-RUS LLC	
	(GBP/000)		(USD/000)		(RUB/000)	
	2015	2014	2015	2014	2015	2014
NET REVENUES	30,519	6,163	-	101,655	348,088	-
COST OF SALES	(18,570)	(3,330)	-	(49,002)	(224,466)	-
GROSS PROFIT	11,949	2,833	-	52,653	123,622	-
DISTRIBUTION AND MARKETING EXPENSES	(8,495)	(2,650)	-	(45,199)	(89,522)	-
GENERAL AND ADMINISTRATIVE EXPENSES	(1,797)	(1,007)	-	(4,554)	(37,163)	-
OTHER OPERATING INCOME / EXPENSES	977	487	-	749	278	-
- other operating income	728	633	-	945	278	-
- other operating expenses	-	(146)	-	(197)	-	-
OPERATING PROFIT - EBIT	2,868	(336)	-	3,648	(2,786)	-
FINANCIAL INCOME AND COSTS	(83)	(11)	-	(11,765)	8,330	-
- financial income	297	59	-	491	8,658	-
- financial costs	(363)	(70)	-	(12,256)	(328)	-
PROFIT BEFORE TAXES	2,785	(348)	-	(8,117)	5,545	-
Income tax expenses	(510)	(82)	-	2,741	(3,145)	-
Profit attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT / (LOSS) FOR THE YEAR	2,275	(430)	-	(5,376)	2,400	-

RECLASSIFIED FINANCIAL STATEMENTS OF SUBSIDIARIES

	Viva Optique Inc d/b/a Viva Int. Group (now Marcolin USA Eyewear Corp.)		Viva France Sas (merged in Marcolin France SAS)		Viva Eyewear UK Ltd	
	(USD/000)		(EUR/000)		(GBP/000)	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	1,970	3,152	-	28	-	-
Intangible assets	18,556	13,777	-	1,086	-	-
Goodwill	109,313	88,981	-	-	-	-
Investments	30,909	2,323	-	-	11	(3,237)
Deferred tax assets	25,968	13,996	-	319	-	-
Other non-current assets	80	56	-	29	-	-
Non-current financial assets	137	-	-	-	-	-
Total non current assets	186,933	122,285	-	1,462	11	(3,237)
Inventories	43,917	19,905	-	704	-	-
Trade receivables	41,956	20,022	-	2,887	5,759	12,424
Other current assets	2,642	1,798	-	386	-	(4)
Current financial assets	3,562	3,906	-	548	13,692	960
Cash and bank balances	14,564	2,361	-	-	2,243	9,274
Total current assets	106,641	48,002	-	4,525	21,695	22,655
TOTAL ASSETS	293,574	170,286	-	5,987	21,705	19,417
Share capital	121,472	121,472	-	37	-	-
Additional paid-in capital	(50,041)	(7,311)	-	230	-	821
Legal reserve	-	-	-	-	-	-
Other reserves	64	64	-	(0)	-	(0)
Retained earnings (losses)	3,640	8,140	-	1,037	21,321	7,529
Profit (loss) for the year	107	(2,535)	-	(93)	173	9,683
Non-controlling interest	-	-	-	-	-	-
TOTAL EQUITY	75,242	119,830	-	1,210	21,493	18,033
Long-term borrowings	126,231	1,632	-	-	-	-
Long-term provisions	2,434	3,234	-	-	-	-
Deferred tax liabilities	7,254	4,414	-	-	-	-
Other non-current liabilities	6,032	5,639	-	-	-	-
Total non-current liabilities	141,950	14,918	-	-	-	-
Trade payables	53,092	23,413	-	2,786	47	627
Short-term borrowings	12,116	1,118	-	-	-	-
Short-term provisions	7,279	8,980	-	512	-	-
Current tax liabilities	432	674	-	1,071	160	753
Other current liabilities	3,463	1,353	-	408	6	5
Total current liabilities	76,383	35,538	-	4,777	212	1,385
TOTAL LIABILITIES	218,333	50,456	-	4,777	212	1,385
TOTAL LIABILITIES AND EQUITY	293,574	170,286	-	5,987	21,705	19,417

	Viva Optique Inc d/b/a Viva Int. Group (now Marcolin USA Eyewear Corp.)		Viva France Sas (merged in Marcolin France SAS)		Viva Eyewear UK Ltd	
	(USD/000)		(EUR/000)		(GBP/000)	
	2015	2014	2015	2014	2015	2014
NET REVENUES	210,220	100,713	-	18,607	-	16,029
COST OF SALES	(85,954)	(47,186)	-	(7,073)	0	(9,447)
GROSS PROFIT	124,266	53,527	-	11,534	0	6,582
DISTRIBUTION AND MARKETING EXPENSES	(97,648)	(57,805)	-	(8,843)	20	(5,289)
GENERAL AND ADMINISTRATIVE EXPENSES	(15,275)	(6,608)	-	(2,134)	(2)	(1,586)
OTHER OPERATING INCOME / EXPENSES	5,393	3,277	-	(96)	135	10,475
- other operating income	5,524	3,609	-	0	135	10,477
- other operating expenses	(131)	(332)	-	(96)	-	(2)
OPERATING PROFIT - EBIT	16,735	(7,609)	-	462	153	10,182
FINANCIAL INCOME AND COSTS	(13,228)	(1,571)	-	(360)	36	414
- financial income	697	427	-	99	847	1,261
- financial costs	(13,926)	(1,997)	-	(459)	(811)	(847)
PROFIT BEFORE TAXES	3,507	(9,180)	-	102	189	10,596
Income tax expenses	(3,400)	6,645	-	(195)	(17)	(913)
Profit attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT / (LOSS) FOR THE YEAR	107	(2,535)	-	(93)	173	9,683

RECLASSIFIED FINANCIAL STATEMENTS OF SUBSIDIARIES

	Viva Eyewear Hong Kong Ltd		Viva Brasil Comércio Produtos Opticos Ltda (merged in Marcolin do Brasil Ltda)		Viva Canada Inc	
	(HKD/000)		(REAL/000)		(CAD/000)	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	-	-	-	39	564	611
Intangible assets	-	-	-	810	-	420
Goodwill	-	-	-	803	-	-
Investments	2,522	2,522	-	-	-	-
Deferred tax assets	-	-	-	-	-	-
Other non-current assets	-	239	-	-	-	-
Non-current financial assets	-	-	-	-	-	-
Total non current assets	2,522	2,761	-	1,652	564	1,031
Inventories	-	-	-	1,908	-	1,594
Trade receivables	14,293	45,931	-	7,683	1,641	663
Other current assets	239	21	-	12	18	31
Current financial assets	39,626	872	-	2,528	-	553
Cash and bank balances	530	13,091	-	-	812	0
Total current assets	54,688	59,904	-	12,130	2,470	2,841
TOTAL ASSETS	57,210	62,665	-	13,782	3,034	3,871
Share capital	0	486	-	799	348	348
Additional paid-in capital	-	19,384	-	-	2,864	2,864
Legal reserve	-	-	-	-	-	-
Other reserves	-	(0)	-	-	-	0
Retained earnings (losses)	55,647	42,089	-	(2,722)	(3,003)	(1,512)
Profit (loss) for the year	(1,282)	(5,826)	-	(3,362)	2,783	(1,491)
Non-controlling interest	-	-	-	-	-	-
TOTAL EQUITY	54,365	56,134	-	(5,286)	2,992	209
Long-term borrowings	-	-	-	-	-	-
Long-term provisions	-	-	-	340	-	-
Deferred tax liabilities	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	-	-	-	340	-	-
Trade payables	70	2,439	-	17,892	42	2,718
Short-term borrowings	-	-	-	-	-	-
Short-term provisions	-	3,733	-	549	-	905
Current tax liabilities	1,876	359	-	188	0	7
Other current liabilities	900	-	-	98	-	31
Total current liabilities	2,845	6,531	-	18,728	42	3,662
TOTAL LIABILITIES	2,845	6,531	-	19,068	42	3,662
TOTAL LIABILITIES AND EQUITY	57,210	62,665	-	13,782	3,034	3,871

	Viva Eyewear Hong Kong Ltd		Viva Brasil Comércio Produtos Opticos Ltda (merged in Marcolin do Brasil Ltda)		Viva Canada Inc	
	(HKD/000)		(REAL/000)		(CAD/000)	
	2015	2014	2015	2014	2015	2014
NET REVENUES	(708)	36,357	-	14,843	7,667	8,403
COST OF SALES	-	(24,687)	-	(6,620)	(3,340)	(3,957)
GROSS PROFIT	(708)	11,670	-	8,223	4,327	4,446
DISTRIBUTION AND MARKETING EXPENSES	19	(11,105)	-	(6,675)	(4,166)	(4,164)
GENERAL AND ADMINISTRATIVE EXPENSES	(759)	(7,578)	-	(2,457)	(874)	(1,204)
OTHER OPERATING INCOME / EXPENSES	-	1,072	-	4	-	0
- other operating income	-	1,149	-	4	-	0
- other operating expenses	-	(77)	-	0	-	(0)
OPERATING PROFIT - EBIT	(1,448)	(5,941)	-	(905)	(713)	(923)
FINANCIAL INCOME AND COSTS	165	133	-	(1,875)	3,496	(296)
- financial income	765	316	-	1,718	3,957	55
- financial costs	(600)	(183)	-	(3,594)	(461)	(351)
PROFIT BEFORE TAXES	(1,282)	(5,808)	-	(2,780)	2,783	(1,219)
Income tax expenses	-	(18)	-	(582)	-	(272)
Profit attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT / (LOSS) FOR THE YEAR	(1,282)	(5,826)	-	(3,362)	2,783	(1,491)

RECLASSIFIED FINANCIAL STATEMENTS OF SUBSIDIARIES

	Viva IP Inc (fusa in Marcolin USA Eyewear Corp.)		Gin Hong Lin Int. Co. Ltd Hong Kong		Shanghai Ginlin Optics Co. Ltd	
	(USD/000)		(HKD/000)		(CNY/000)	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	-	-	-	-	22	-
Intangible assets	-	-	-	-	-	-
Goodwill	-	10	-	-	-	-
Investments	-	-	17,153	-	-	-
Deferred tax assets	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
Non-current financial assets	-	-	-	-	-	-
Total non current assets	-	10	17,153	-	22	-
Inventories	-	-	-	-	10,075	-
Trade receivables	-	-	4,714	-	11,419	-
Other current assets	-	-	-	-	2,516	-
Current financial assets	-	-	-	-	-	-
Cash and bank balances	-	-	3,561	-	7,245	-
Total current assets	-	-	8,275	-	31,255	-
TOTAL ASSETS	-	10	25,428	-	31,276	-
Share capital	-	10	16,962	-	14,354	-
Additional paid-in capital	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-
Retained earnings (losses)	-	(1)	-	-	-	-
Profit (loss) for the year	-	-	(1,453)	-	4,792	-
Non-controlling interest	-	-	-	-	-	-
TOTAL EQUITY	-	9	15,509	-	19,146	-
Long-term borrowings	-	-	-	-	-	-
Long-term provisions	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-	-
Trade payables	-	1	8,705	-	7,602	-
Short-term borrowings	-	-	-	-	-	-
Short-term provisions	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	792	-
Other current liabilities	-	-	1,213	-	3,737	-
Total current liabilities	-	1	9,919	-	12,131	-
TOTAL LIABILITIES	-	1	9,919	-	12,131	-
TOTAL LIABILITIES AND EQUITY	-	10	25,428	-	31,276	-

	Viva IP Inc (merged in Marcolin USA Eyewear Corp.)		Gin Hong Lin Int. Co. Ltd Hong Kong		Shanghai Ginlin Optics Co. Ltd	
	(USD/000)		(HKD/000)		(CNY/000)	
	2015	2014	2015	2014	2015	2014
NET REVENUES	-	-	9,340	-	38,542	-
COST OF SALES	-	-	(8,482)	-	(16,092)	-
GROSS PROFIT	-	-	859	-	22,450	-
DISTRIBUTION AND MARKETING EXPENSES	-	-	(969)	-	(13,966)	-
GENERAL AND ADMINISTRATIVE EXPENSES	-	-	(1,518)	-	(2,352)	-
OTHER OPERATING INCOME / EXPENSES	-	-	1	-	-	-
- other operating income	-	-	1	-	-	-
- other operating expenses	-	-	-	-	-	-
OPERATING PROFIT - EBIT	-	-	(1,626)	-	6,133	-
FINANCIAL INCOME AND COSTS	-	-	173	-	256	-
- financial income	-	-	337	-	473	-
- financial costs	-	-	(163)	-	(216)	-
PROFIT BEFORE TAXES	-	-	(1,453)	-	6,389	-
Income tax expenses	-	-	-	-	(1,597)	-
Profit attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT / (LOSS) FOR THE YEAR	-	-	(1,453)	-	4,792	-

RECLASSIFIED FINANCIAL STATEMENTS OF SUBSIDIARIES

	Viva Italia Srl		Marcolin Technical Services (Shenzhen) Co. Ltd		Marcolin Nordic AB Sweden	
	(EUR/000)		(CNY/000)		(SEK/000)	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	-	-	-	-	420	-
Intangible assets	-	-	-	-	409	-
Goodwill	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-
Other non-current assets	-	37	-	-	-	-
Non-current financial assets	-	-	-	-	-	-
Total non current assets	-	37	-	-	828	-
Inventories	-	-	-	-	2.475	-
Trade receivables	-	-	-	-	7.990	-
Other current assets	-	-	-	-	750	-
Current financial assets	-	-	-	-	-	-
Cash and bank balances	-	7	1.000	-	2.884	-
Total current assets	-	7	1.000	-	17.353	-
TOTAL ASSETS	-	43	1.000	-	18.181	-
Share capital	-	846	1.000	-	50	-
Additional paid-in capital	-	(775)	-	-	-	-
Legal reserve	-	28	-	-	-	-
Other reserves	-	-	-	-	186	-
Retained earnings (losses)	-	(54)	-	-	-	-
Profit (loss) for the year	-	(2)	-	-	(12.418)	-
Non-controlling interest	-	-	-	-	-	-
TOTAL EQUITY	-	43	1.000	-	(12.182)	-
Long-term borrowings	-	-	-	-	-	-
Long-term provisions	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-	-
Trade payables	-	-	-	-	20.127	-
Short-term borrowings	-	-	-	-	1.889	-
Short-term provisions	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	1.279	-
Other current liabilities	-	-	-	-	3.814	-
Total current liabilities	-	-	-	-	30.363	-
TOTAL LIABILITIES	-	-	-	-	30.363	-
TOTAL LIABILITIES AND EQUITY	-	43	1.000	-	18.181	-

	Viva Italia Srl		Marcolin Technical Services (Shenzhen) Co. Ltd		Marcolin Nordic AB Sweden	
	(EUR/000)		(CNY/000)		(SEK/000)	
	2015	2014	2015	2014	2015	2014
NET REVENUES	-	-	-	-	33.055	-
COST OF SALES	-	-	-	-	(20.104)	-
GROSS PROFIT	-	-	-	-	12.952	-
DISTRIBUTION AND MARKETING EXPENSES	-	-	-	-	(23.337)	-
GENERAL AND ADMINISTRATIVE EXPENSES	-	-	-	-	(1.727)	-
OTHER OPERATING INCOME / EXPENSES	-	(2)	-	-	-	-
- other operating income	-	-	-	-	-	-
- other operating expenses	-	(2)	-	-	-	-
OPERATING PROFIT - EBIT	-	(2)	-	-	(12.112)	-
FINANCIAL INCOME AND COSTS	-	-	-	-	(306)	-
- financial income	-	-	-	-	361	-
- financial costs	-	-	-	-	(667)	-
PROFIT BEFORE TAXES	-	(2)	-	-	(12.418)	-
Income tax expenses	-	-	-	-	-	-
Profit attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT / (LOSS) FOR THE YEAR	-	(2)	-	-	(12.418)	-

RECLASSIFIED FINANCIAL STATEMENTS OF SUBSIDIARIES

	Viva Deutschland Gmbh		Viva Schweiz AG		Viva Eyewear Brillenvertriebs Gmbh		Viva Nederland BV	
	(EUR/000)		(CHF/000)		(EUR/000)		(EUR/000)	
	2015	2014	2015	2014	2015	2014	2015	2014
Property, plant and equipment	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-
Investments	99	117	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-	-	-
Non-current financial assets	-	-	-	-	-	-	-	-
Total non current assets	99	117	-	-	-	-	-	-
Inventories	421	612	22	19	22	18	-	4
Trade receivables	181	154	1	5	4	15	-	103
Other current assets	-	4	0	-	-	21	-	20
Current financial assets	-	-	-	-	-	-	-	-
Cash and bank balances	90	182	269	294	21	58	-	7
Total current assets	692	952	292	318	47	112	-	134
TOTAL ASSETS	790	1,069	292	318	47	112	-	134
Share capital	25	25	100	100	35	35	-	18
Additional paid-in capital	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-
Other reserves	-	-	50	50	-	-	-	-
Retained earnings (losses)	-	(375)	-	-	-	-	-	-
Profit (loss) for the year	178	567	118	134	14	38	-	20
Non-controlling interest	-	-	-	-	-	-	-	-
TOTAL EQUITY	203	217	268	284	49	73	-	38
Long-term borrowings	-	-	-	-	-	-	-	-
Long-term provisions	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-	-	-	-
Trade payables	314	668	6	11	(7)	5	-	88
Short-term borrowings	-	-	-	-	-	-	-	-
Short-term provisions	-	-	-	-	-	-	-	-
Current tax liabilities	37	2	18	14	30	-	-	-
Other current liabilities	236	182	-	9	(25)	34	-	8
Total current liabilities	587	852	24	34	(2)	39	-	96
TOTAL LIABILITIES	587	852	24	34	(2)	39	-	96
TOTAL LIABILITIES AND EQUITY	790	1,069	292	318	47	112	-	134

	Viva Deutschland Gmbh		Viva Schweiz AG		Viva Eyewear Brillenvertriebs Gmbh		Viva Nederland BV	
	(EUR/000)		(CHF/000)		(EUR/000)		(EUR/000)	
	2015	2014	2015	2014	2015	2014	2015	2014
NET REVENUES	2,293	4,765	369	414	175	274	-	705
COST OF SALES	(1,183)	(2,362)	(97)	(101)	(68)	(98)	-	(400)
GROSS PROFIT	1,110	2,403	272	313	107	176	-	305
DISTRIBUTION AND MARKETING EXPENSES	(765)	(102)	(130)	(24)	(83)	(28)	-	(38)
GENERAL AND ADMINISTRATIVE EXPENSES	(25)	(1,439)	0	(138)	(4)	(90)	-	(233)
OTHER OPERATING INCOME / EXPENSES	53	(2)	(6)	(5)	(2)	(8)	-	(9)
- other operating income	55	-	-	-	-	-	-	-
- other operating expenses	(2)	(2)	(6)	(5)	(2)	(8)	-	(9)
OPERATING PROFIT - EBIT	373	860	136	146	19	50	-	25
FINANCIAL INCOME AND COSTS	(105)	(63)	(1)	-	(0)	-	-	-
- financial income	27	-	(0)	-	-	-	-	-
- financial costs	(132)	(63)	(1)	-	(0)	-	-	-
PROFIT BEFORE TAXES	268	797	135	146	19	50	-	25
Income tax expenses	(90)	(230)	(17)	(12)	(5)	(12)	-	(5)
Profit attributable to non-controlling interests	-	-	-	-	-	-	-	-
NET PROFIT / (LOSS) FOR THE YEAR	178	567	118	134	14	38	-	20

SUMMARY OF GENERAL MEETING RESOLUTIONS

The General Meeting of Shareholders, held at a second calling on April 28, 2016, passed resolutions to:

- approve the Company's Financial Statements and Report on Operations for the year ended December 31, 2015, as well as the Marcolin Group's Consolidated Financial Statements and accompanying Report on Operations for the year ended December 31, 2015;
- carry forward the Company's loss for the year of euro 2,604,761. After such allocation, the retained earnings will have a balance of euro 104,140,321.

Milan; April 28, 2016

for the Board of Directors

the Chairman
Vittorio Levi

MARCOLIN
EYEWEAR

