

MARCOLIN
EYEWEAR

MARCOLIN GROUP

1st QUARTER REPORT

March 31, 2016

Registered Office, Executive Management and Business Offices
Longarone (BL) – Z.I. Villanova, 4
Issued capital euro 32,312,475.00 fully paid in
R.E.A. n. 64334
Tax code and Companies Register n. BL 01774690273
VAT n. 00298010257

MARCOLIN
EYEWEAR

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GENERAL INFORMATION

CORPORATE BOARDS AND AUDITORS

Board of Directors ¹

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 Auditors ¹

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

Internal Audit Committee ²

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

Supervisory Body ²

Federico Ormesani	Chairman
David Reali	Supervisor
Cirillo Coffen Marcolin	Supervisor

Independent Auditors ³

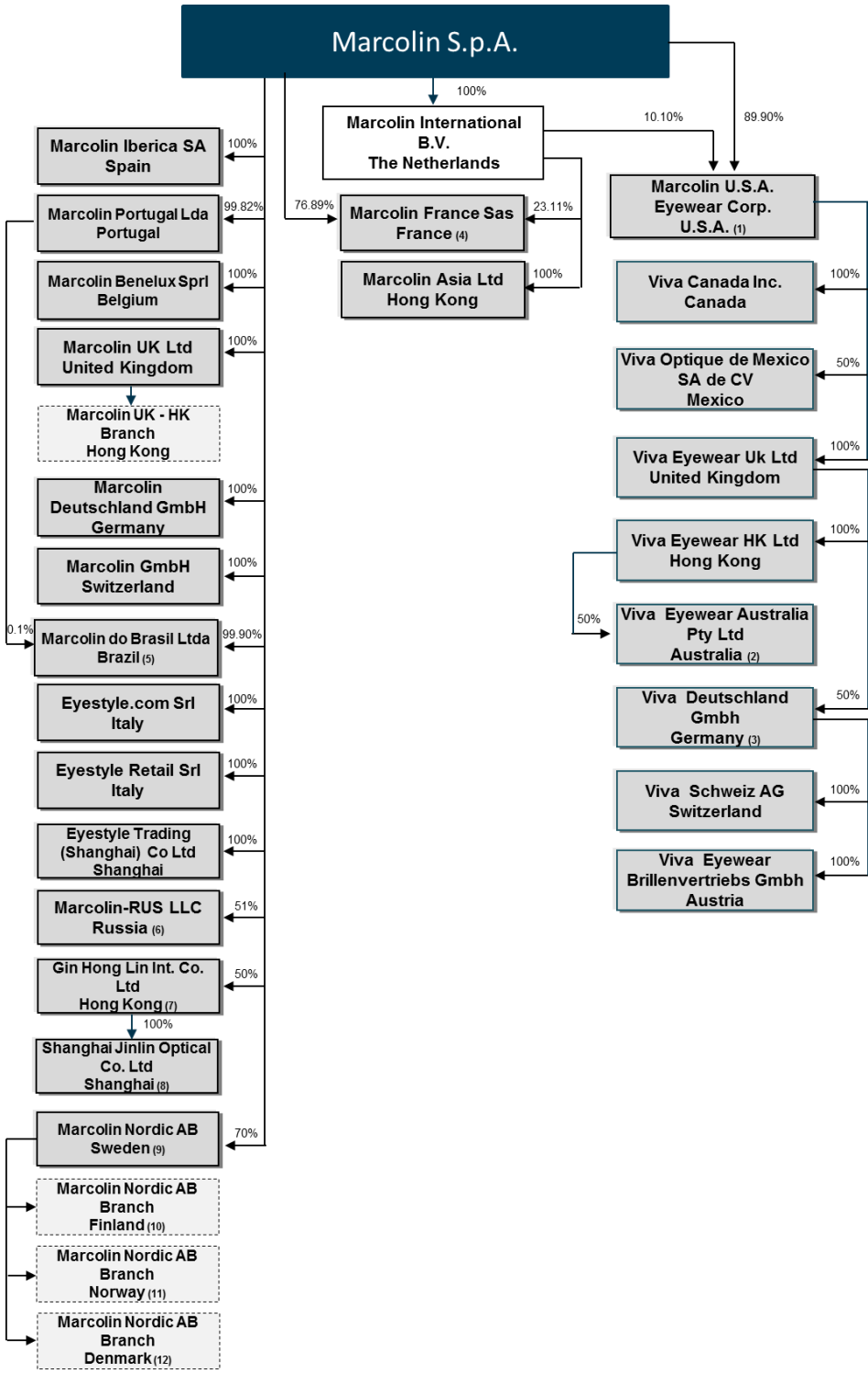
PricewaterhouseCoopers S.p.A.

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, 2018 (under Shareholders' Resolution of April 28, 2016).

2) Board of Directors' appointment of April 28, 2016.

3) Term of engagement: 2016, 2017 and 2018 (under Shareholders' Resolution of April 28, 2016).

MARCOLIN GROUP STRUCTURE



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, 2015, 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.
- (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.

**MARCOLIN GROUP 1st QUARTER
CONSOLIDATED FINANCIAL STATEMENT**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(euro/000)</i>	Notes	03/31/2016	12/31/2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	26,474	27,258
Intangible assets	1	44,301	46,043
Goodwill	1	283,683	288,225
Investments in subsidiaries and associates	1	1,757	1,775
Deferred tax assets	1	34,042	36,793
Other non-current assets	1	561	563
Non-current financial assets	1; 6	3,757	4,461
Total non-current assets		394,574	405,119
CURRENT ASSETS			
Inventories	2	122,234	120,214
Trade receivables	2	97,404	85,115
Other current assets	2	16,650	15,392
Current financial assets	2; 6	686	1,022
Cash and bank balances	2; 6	25,744	40,382
Total current assets		262,719	262,125
TOTAL ASSETS		657,294	667,244
EQUITY			
Share capital	3	32,312	32,312
Additional paid-in capital	3	151,994	151,994
Legal reserve	3	4,077	4,077
Other reserves	3	53,633	59,017
Retained earnings (losses)	3	(19,447)	(16,903)
Profit (loss) for the year	3	2,985	(2,543)
Non-controlling interests	3	2,062	1,969
TOTAL EQUITY		227,617	229,924
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	4; 6	199,890	200,626
Non-current provisions	4	8,696	8,703
Deferred tax liabilities	4	7,370	10,379
Other non-current liabilities	4	3,719	5,758
Total non-current liabilities		219,675	225,465
CURRENT LIABILITIES			
Trade payables	5	113,153	120,787
Current financial liabilities	5; 6	61,822	58,226
Current provisions	5	10,005	10,313
Tax liabilities	5	6,139	4,375
Other current liabilities	5	18,883	18,156
Total current liabilities		210,002	211,856
TOTAL LIABILITIES		429,677	437,321
TOTAL LIABILITIES AND EQUITY		657,294	667,244

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(euro/000)</i>	Notes	03/31/2016	%	03/31/2015	%
NET REVENUES	7	122,340	100.0%	114,902	100.0%
COST OF SALES	8	(50,325)	(41.1)%	(46,614)	(40.6)%
GROSS PROFIT		72,015	58.9%	68,289	59.4%
DISTRIBUTION AND MARKETING EXPENSES	9	(52,976)	(43.3)%	(53,367)	(46.4)%
GENERAL AND ADMINISTRATION EXPENSES	10	(8,330)	(6.8)%	(9,869)	(8.6)%
OPERATING INCOME / EXPENSES	11	242	0.2%	910	0.8%
OPERATING INCOME - EBIT		10,950	9.0%	5,962	5.2%
FINANCIAL INCOME AND COSTS	12	(7,117)	(5.8)%	1,429	1.2%
PROFIT BEFORE TAXES		3,833	3.1%	7,391	6.4%
Income tax expense	13	(651)	(0.5)%	(3,165)	(2.8)%
NET PROFIT FOR THE PERIOD		3,183	2.6%	4,226	3.7%
Profit attributable to:					
Owners of the parent		2,985	2.4%	4,218	3.7%
Non-controlling interests		197	0.2%	8	0.0%

<i>(euro/000)</i>	03/31/2016	03/31/2015
NET PROFIT FOR THE PERIOD	3,183	4,226
Other items that will not subsequently be reclassified to profit or loss:		
Effect (actuarial gains/losses) on defined benefit plans, net of taxes	-	-
Other effects	-	-
TOTAL OTHER ITEMS THAT WILL NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	-	-
Other items that will be subsequently reclassified to profit or loss:		
Change in foreign currency translation reserve	(5,270)	8,437
TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	(5,270)	8,437
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	(2,087)	12,663

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Legal Reserve	Other reserves					Profit/(loss) for the year	Period result	Capital and reserves net total	Non-controlling interests in equity	Total
				Shareholder's deposit in s/capital	Translation reserve	Other reserves	Retained earnings/(losses)						
(euro/000)													
December 2014	32,312	151,994	3,853	46,108	4,454	-	(114)	(17,086)	407	221,927	886	222,813	
Allocation of 2014 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	
Allocation of 2015 profit	-	-	-	-	-	-	-	(2,543)	2,543	-	-	-	
Other movements	-	-	-	-	-	(161)	-	-	-	(161)	(58)	(219)	
- <i>Period result</i>	-	-	-	-	-	-	-	-	2,985	2,985	197	3,183	
- <i>Other components of comprehensive income</i>	-	-	-	-	(5,223)	-	-	-	-	(5,223)	(47)	(5,270)	
Total comprehensive income	-	-	-	-	(5,223)	-	-	-	2,985	(2,238)	151	(2,087)	
March 2016	32,312	151,994	4,077	46,108	7,575	(39)	(12)	(19,447)	2,985	225,555	2,062	227,617	

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(euro/000)</i>	03/31/2016	12/31/2015
OPERATING ACTIVITIES		
<i>Profit for the period</i>	3,183	(2,513)
Depreciation and amortization	3,142	10,954
Provisions	(2,325)	4,044
Income tax expense	651	10,082
Accrued financial income and costs	7,117	20,548
Adjustments to other non-cash items	(55)	(5,347)
<i>Cash generated by operations</i>	11,711	37,768
(Increase) decrease in trade receivables	(14,837)	(7,068)
(Increase) decrease in other receivables	(599)	(2,159)
(Increase) decrease in inventories	(1,004)	(18,932)
(Decrease) increase in trade payables	(6,019)	20,063
(Decrease)/increase in other liabilities	770	5,016
(Use) of provisions	(300)	(2,884)
(Decrease)/increase in current tax liabilities	573	(3,742)
Adjustments to other non-cash items	1,158	(4,723)
Income taxes paid	162	1,277
Interest paid	(87)	(19,043)
<i>Cash used for current operations</i>	(20,183)	(32,195)
Net cash from /(used in) operating activities	(8,471)	5,574
INVESTING ACTIVITIES		
(Purchase) of property, plant and equipment	(529)	(7,153)
Proceeds from the sale of property, plant and equipment	-	68
(Purchase) of intangible assets	(3,289)	(14,830)
Net cash from /(used in) investing activities	(3,818)	(21,914)
FINANCING ACTIVITIES		
Loans granted:		
- Increase	-	-
- Decrease	1,039	2,015
Net increase (decrease) in bank borrowings	(589)	(2,629)
Loans taken out:		
- new loans	13,240	74,046
- repayments	(14,932)	(55,784)
Capital increase	-	1,005
Dividends paid	(62)	(188)
Net cash from /(used in) financing activities	(1,305)	18,465
Net increase/(decrease) in cash and cash equivalents	(13,594)	2,124
Effect of foreign exchange rate changes	(1,043)	1,325
Cash and cash equivalents at beginning of year	40,382	36,933
Cash and cash equivalents at end of year	25,744	40,382

NOTES TO THE 1st QUARTER CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

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 434 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 Viva Canada's business to Marcolin USA Eyewear Corp.

The merger of Viva's and Marcolin's operations has also generated significant cost synergies of approximately €10.0 million in terms of organization, sourcing, production and distribution, as well as cross-selling opportunities arising from the integration of the sales and distribution networks.

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.

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.

Marcolin Group always continue with its efforts to rationalize and optimize the brands and collections offered to its clients. This process has included in 2015 the following activities:

- New Licensing Agreements: Moncler (till 2020) The five-year, renewable license has become effective in January 2016;
- Renewal of Licensing Agreements: Tom Ford (till 2029), Montblanc (till 2018), Timberland (till 2018), Kenneth Cole (till 2021), Candie's (till 2020), Bongo and Ramage (till 2017).

Licensing events occurred during 2016:

- on May 24, 2016, Marcolin Group and Dsquared2 announced the early renewal of an exclusive license agreement for the design, manufacture and worldwide distribution of

Dsquared2 sun and optical eyewear. The agreement extends the current partnership duration until 2021.

In 2016, production activities will significantly benefit from Fortogna building purchased in January 2015 and re-qualified in record time (start producing in May 2015). The new plant allowed Marcolin to double its Italian manufacturing operation with a new 3,500 square meter factory in Longarone (Fortogna locality), close to its historic headquarters, also benefitting employment levels by dedicating important resources to production.

Important achievements came from the consolidation and development of Marcolin's production capacity in Italy, main advantages are:

- reduced dependence on external suppliers,
- increase productivity with reduction of the lead time by 1 week and increase the ability to seize market opportunities;
- made in/made out realignment according to the eyewear industry standards (and those of the main competitors) and 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.

This will enable to immediately undertake the business plan necessary to promote the Group's growth, and to obtain savings from the insourcing of production, with positive results gained partially during 2015 and fully from 2016 onwards.

ACCOUNTING POLICIES AND BASIS OF CONSOLIDATION

Accounting policies

The financial statements for the three months ended March 31, 2016 were prepared according to the accounting policies established by the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) adopted by the European Union, under the procedures set forth in Regulation no. 1606/2002, Article 6 of the European Parliament and European Council on July 19, 2002 concerning application of international accounting standards, and the enactment measures for Italian Legislative Decree no. 38/2005.

The consolidation policies adopted for the preparation of the financial statements for the three months ended March 31, 2016 are consistent with those used to prepare the annual financial statements as at December 31, 2015, which may be referred to in this respect.

The Group elected to use the following types of financial statements, which are envisaged by International Accounting Standard (IAS) 1:

- the income statement that classifies costs by their nature. In addition, it was decided to present two distinct documents: the income statement and the statement of comprehensive income;
- the statement of financial position that presents separately current assets, non-current assets, current liabilities, non-current liabilities, assets held for sale and liabilities associated with assets held for sale;
- the statement of changes in equity that presents items in individual columns with reconciliation of the opening and closing balances of each item forming equity;
- the cash flow statement using the indirect method, which presents the cash flows by operating, investing and financing activities for the period.

The same financial statement format was used to prepare the annual consolidated financial statements as at December 31, 2015.

Since the figures are reported in thousands of euros, slight differences may emerge due to rounding off.

Consolidated companies

The Marcolin Group's financial statements for the three months ended March 31, 2016 reflect the consolidated companies at that date, i.e. Marcolin S.p.A. (the Parent Company), its Italian and foreign subsidiaries and the companies over which it exercises a dominant influence, whether directly or indirectly.

The companies consolidated on a line-by-line basis and the companies consolidated through Equity Method are set forth below.

Company	Headquarters	Currency	Share capital	Consolidation method	% ownership	
					Direct	Indirect
Marcolin Asia HK Ltd	Hong Kong	HKD	1,539,785	Full		100.00%
Marcolin Benelux Sprl	Faimes, Benelux	EUR	280,000	Full	100.00%	
Marcolin do Brasil Ltda	Barueri - SP, Brasil	BRL	9,575,240	Full	100.00%	
Marcolin Deutschland GmbH	Ludwigsburg, Germany	EUR	4,650,000	Full	100.00%	
Marcolin France Sas	Parigi, France	EUR	1,054,452	Full	76.89%	23.11%
Marcolin GmbH	Fullinsdorf, Switzerland	CHF	200,000	Full	100.00%	
Marcolin Iberica SA	Barcelona, Spagna	EUR	487,481	Full	100.00%	
Marcolin International BV	Amsterdam, Netherlands	EUR	18,151	Full	100.00%	
Marcolin Portugal Lda	Lisbona, Portogallo	EUR	420,000	Full	99.82%	
Eyestyle Trading (Shanghai) Co Ltd	Shanghai, PRC	CNY	3,001,396	Full	100.00%	
Marcolin Technical Services (Shenzhen) Co. Ltd	Shenzhen, PRC	CNY	1,000,000	Full	100.00%	
Marcolin UK Ltd	Newbury, UK	GBP	3,572,718	Full	100.00%	
Marcolin USA Eyewear Corp.	Somerville, Usa	USD	121,472,262	Full		100.00%
Viva Canada Inc	New Brunswick, Canada	CAD	347,640	Full		100.00%
Viva Eyewear Hong Kong Ltd	New Territories, Hong Kong	HKD	100	Full		100.00%
Viva Eyewear UK Ltd	North Yorkshire, UK	GBP	-	Full		100.00%
Joint Ventures						
Viva Optique de Mexico SA de CV	Edo, Mexico	MXN	3,694,685	Equity		50.00%
Viva Eyewear Australia Pty Ltd	Rosebery NSW, Australia	AUD	1,000,000	Equity		50.00%
Viva Deutschland GmbH	Schwaebisch Gmund, Germany	EUR	25,000	Full		50.00%
Viva Eyewear Brillenvertriebs GmbH	Voklabruck, Austria	EUR	35,000	Full		50.00%
Viva Schweiz AG	Wallis, Switzerland	CHF	100,000	Full		50.00%
Marcolin-RUS LLC	Moscow, Russia	RUB	372,583	Full	51.00%	
Gin Hong Lin Intenational Co Ltd	Hong Kong	HKD	16,962,203	Full	50.00%	
Shanghai Ginlin Optics Co Ltd	Shanghai, PRC	CNY	14,354,200	Full		50.00%
Marcolin Nordic AB	Solna, Stockholm	SEK	50,000	Full	70.00%	

During the first three months of fiscal year 2016 no changes in consolidation area occurred.

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.

Exchange rates

The following table lists the exchange rates used for currency translation (the closing and average exchange rates refer to March 31, 2016 and January-to-March 2016, respectively):

Currency	Symbol	Closing exchange rate			Average exchange rate		
		03/31/2016	12/31/2015	Change	03/31/2016	03/31/2015	Change
Australian Dollar	AUD	1.481	1.490	(0.6)%	1.529	1.478	3.5%
Brasilian Real	BRL	4.117	4.312	(4.5)%	4.304	3.700	16.3%
Canadian Dollar	CAD	1.474	1.512	(2.5)%	1.515	1.419	6.8%
Swiss Franc	CHF	1.093	1.084	0.8%	1.096	1.068	2.6%
Renminbi	CNY	7.351	7.061	4.1%	7.210	6.973	3.4%
Danish Krone	DKK	7.451	7.463	(0.2)%	7.461	7.459	0.0%
English Pound	GBP	0.792	0.734	7.8%	0.770	0.726	6.1%
Hong Kong Dollar	HKD	8.828	8.438	4.6%	8.568	8.601	(0.4)%
Japanese Yen	JPY	127.900	131.070	(2.4)%	126.997	134.314	(5.4)%
Mexican Pesos	MXN	19.590	18.915	3.6%	19.898	17.616	13.0%
Norwegian Krone	NOK	9.415	9.603	(2.0)%	9.527	8.950	6.4%
Russian Rublo	RUB	76.305	80.674	(5.4)%	82.451	68.072	21.1%
Swedish Krona	SEK	9.225	9.190	0.4%	9.327	9.353	(0.3)%
US Dollar	USD	1.139	1.089	4.5%	1.102	1.110	(0.7)%

ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Non-current assets

The composition of non-current assets is shown below:

Non-current assets (euro/000)	03/31/2016	12/31/2015	Increase/decrease	
			euro	%
Property, plant and equipment	26,474	27,258	(783)	(2.9)%
Intangible assets	44,301	46,043	(1,743)	(3.8)%
Goodwill	283,683	288,225	(4,543)	(1.6)%
Investments in subsidiaries and associates	1,757	1,775	(18)	(1.0)%
Deferred tax assets	34,042	36,793	(2,752)	(7.5)%
Other non-current assets	561	563	(2)	(0.3)%
Non-current financial assets	3,757	4,461	(704)	(15.8)%
Total non-current assets	394,574	405,119	(10,544)	(2.6)%

The net value of non-current assets decrease by euro 10.544 million from December 31, 2015, mainly due to amortization and depreciation on tangible and intangible assets, goodwill which decrease by euro 4.543 million due to the translation effect of the period and deferred tax asset which decrease by euro 2.752 million due to utilization of previous year fiscal losses.

The capital expenditures over the period covered by this analysis primarily consist in:

- the maintenance, replacement and modernization of our production and logistics facilities (plant, machinery and equipment);
- investments in intangibles, in extending/improving terms and conditions of existing licenses (intangibles) and in license, software and business application implementation.

2. Current assets

The composition of current assets is shown below:

Current assets (euro/000)	03/31/2016	12/31/2015	Increase/decrease	
			euro	%
Inventories	122,234	120,214	2,020	1.7%
Trade receivables	97,404	85,115	12,289	14.4%
Other current assets	16,650	15,392	1,258	8.2%
Current financial assets	686	1,022	(335)	(32.8)%
Cash and bank balances	25,744	40,382	(14,638)	(36.2)%
Total current assets	262,719	262,125	594	0.2%

The total value of current assets rises by euro 0.594 million from December 31, 2015, mainly as a result of the combined effect of the changes listed below.

The net value of inventories rose by euro 2.020 million compared to the previous year. The increase in closing inventories is attributable to an increase in finished product inventories and semi-finished goods to support turnover growth. In 2016 the total "days on inventory" (DOI), including raw materials, work in process and finished goods went down by 3 days in respect to 2015 year end. Reduced DOI derives from actions planned by management for 2016, that will continue to drive the inventory optimization throughout the year.

The increase in net trade receivables is largely affected by the increased sales, compared to the same period of 2015, and by the impact of the business seasonality during the first quarter of the year. In the first three month of 2016, we see the first results of the initiatives launched in 2015 on credit and client management, that made possible to reduce the Group's days sales outstanding (DSO) at March 31, 2016 by 3 days and the credit quality of 3% compared to year ended December 31, 2015.

Inventory is shown net of provision for inventory impairment, as well as receivables are shown net of the provision for doubtful debts.

Finally, the decrease in cash and bank balances has been reported in the Group's Consolidated Statement of Cash Flow.

3. Equity

The changes in equity refer to the net profit of euro 3.183 million and the recognition of the other components of comprehensive income of euro -5.270 million for the period (related to the translation differences reserve).

4. Non-current liabilities

The composition of non-current liabilities is shown below:

Non-current liabilities (euro/000)	03/31/2016	12/31/2015	Increase/decrease	
			euro	%
Non-current financial liabilities	199,890	200,626	(736)	(0.4)%
Non-current provisions	8,696	8,703	(7)	(0.1)%
Deferred tax liabilities	7,370	10,379	(3,008)	(29.0)%
Other non-current liabilities	3,719	5,758	(2,039)	(35.4)%
Total non-current liabilities	219,675	225,465	(5,790)	(2.6)%

Non-current liabilities decrease by euro 5.790 million, mainly as a result of the combined effect of the changes listed below:

- a decrease of non-current financial liabilities for euro 0.736 million, mainly driven by the repayments of borrowing, partially offset by the release of Bond amortized costs;
- a decrease of deferred tax liabilities for euro 3.008 million, due to the effect of temporal tax adjustment in the period;
- a decrease of other non-current liabilities for euro 2.039 million, mainly due to the payment of some non-current payables.

The most significant loans, primarily taken out by the Parent Company, are presented in detail below:

	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	3,437,500	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	2,022,915	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	1,250,000	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	2,301,779	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	751,777	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

5. Current liabilities

Current liabilities are set forth below:

Current liabilities (euro/000)	03/31/2016	12/31/2015	Increase/decrease	
			euro	%
Trade payables	113,152	120,787	(7,634)	(6.3)%
Current financial liabilities	61,822	58,226	3,596	6.2%
Current provisions	10,005	10,312	(308)	(3.0)%
Other current liabilities	25,022	22,531	2,492	11.1%
Total current liabilities	210,001	211,856	(1,854)	(0.9)%

Current liabilities at March 31, 2016 show a decrease of euro 1.854 million compared to December 31, 2015.

In particular, the following may be observed:

- in reference to trade payables, the decrease compared with December 31, 2015 is primarily attributable to specific payment to licensor also in connection with renewal fees and other payables due to capital expenditures paid during the first months of 2016;

- the current financial liabilities, primarily related to bank overdraft and new short term financing, including bank credit facilities in the form of bill discounting facility undertaken in the ordinary course of business, increased compared to December 31, 2015 due to Bond accrued interests;
- the decrease in current provisions is mainly due to translation effects (depreciation of US dollar during the first quarter of the year) and to the use of ordinary provisions allocated at the end of 2015 to cover potential returns and discount for the year;
- the increase in other current liabilities is mainly due to tax liabilities (including VAT and other employees tax liabilities and social contributions) and other employees liabilities (such as vacations and bonuses not yet paid).

6. Net financial position

The net financial position/(indebtedness) as at March 31, 2016 is set forth below in comparison with December 31, 2015:

Net financial position / (indebtedness) (euro/000)	03/31/2016	12/31/2015	Increase/decrease	
			euro	%
Cash and cash equivalents	25,744	40,382	(14,638)	(36.2)%
Financial assets	4,444	5,483	(1,039)	(19.0)%
Short-term borrowings	(61,822)	(58,226)	(3,596)	6.2%
Long-term borrowings	(199,890)	(200,626)	736	(0.4)%
Total	(231,524)	(212,988)	(18,537)	8.7%

The net balance is indebtedness of euro 231.524 million, compared to the indebtedness of euro 212.988 million at December 31, 2015.

The cash absorption shown in 2016 is primarily attributable to financial needs related to the investment in trade working capital as shown in the Consolidated Statement of Cash Flows and explained in notes 2 and 5.

The main component of the total financial debt is the HY Bond, which was issued in November 2013, with maturity on November 14, 2019, a nominal value of euro 200 million, and 8.5% interest (paid semiannually).

The other components of total financial debt relate primarily to current financial liabilities, including bank payables and the revolving credit facility for euro 25 million that was fully drawn at the end of March 2016.

The Company was granted a medium/long-term credit amortizing line to cover medium/long-term financial requirements associated with investments in joint-ventures in China and Russia, which have been drawn on at the end of 2014 for €5.0 million.

Additional medium-long term amortizing financing, for €4.5 million granted during 2015 with the purpose of supporting the Fortogna project (building acquisition). In addition to a finance lease of some €1.5 million, related to the acquisition of new machinery and equipment for the new plant.

The bank credit in the form of a bill discounting facility used in the ordinary course of business shown as of March 2016 is almost in line with the figure at the end of December 2015.

Finally, the financial liabilities include an amount of USD 3.0 million due to the HVHC, Inc. Group (the original amount was USD 5.0 million, of which USD 2.0 million has been paid during the first quarter of 2016). The remaining portion is due at the end of 2016.

ANALYSIS OF CONSOLIDATED INCOME STATEMENT

The Group's interim Consolidated Income Statement at March 31, 2016 is summarized below against the reported interim results as at March 31, 2015.

The 2016 revenues to date are euro 122.340 million, compared to euro 114.902 million for the first three months of 2015.

The March 2016 Reported Ebitda is euro 14.288 million, compared to 9.038 million for the three months of 2015.

Reported Ebit is euro 10.950 million, compared to euro 5.962 million for the three months of 2015.

Consolidated income statement (euro/000)	03/31/2016		03/31/2015	
	euro	% of revenue	euro	% of revenue
Net revenues	122,340	100.0%	114,902	100.0%
Gross profit	72,015	58.9%	68,289	59.4%
Ebitda	14,288	11.7%	9,038	7.9%
Operating income - Ebit	10,950	9.0%	5,962	5.2%
Financial income and costs	(7,117)	(5.8)%	1,429	1.2%
Profit before taxes	3,833	3.1%	7,391	6.4%
Net profit for the period	3,183	2.6%	4,226	3.7%

Economic indicator - adjusted (euro/000)	03/31/2016		03/31/2015	
	euro	% of revenue	euro	% of revenue
Ebitda	15,158	12.4%	15,213	13.2%
Operating income - Ebit	11,820	9.7%	12,137	10.6%

The Group's results were influenced by non-recurring transactions, which adversely impacted the Reported Ebitda both for the three-month period ended March 31, 2016 and for the three-month period ended March 31, 2015.

In order to better understand the business performance, those effects must be eliminated. In 2016 they only refer to one-off charges for lay-offs, while in 2015 they referred to discontinued Arizona operation and other extraordinary items related to Viva integration project.

Excluding the effects of those transactions, the March 2016 Adjusted Ebitda is euro 15.158 million (12.4% of net sales), against the March 2015 Adjusted Ebitda of euro 15.213 million (13.2% of sales).

7. Net Revenues

The following table sets forth the net sales revenue by geographical area (destination markets):

Net Sales by geographical area (euro/000)	03/31/2016		03/31/2015		Increase (decrease)	
	Turnover	% on total	Turnover	% on total	Turnover	Change
Italy	7,248	5.9%	5,711	5.0%	1,537	26.9%
Rest of Europe	33,006	27.0%	28,345	23.2%	4,661	16.4%
Europe	40,255	32.9%	34,056	29.6%	6,198	18.2%
U.S.A.	49,500	40.5%	52,189	45.4%	(2,689)	(5.2)%
Asia	11,393	9.3%	9,885	8.6%	1,507	15.2%
Rest of World	21,192	17.3%	18,771	16.3%	2,421	12.9%
Total	122,340	100.0%	114,902	100.0%	7,437	6.5%

In the first three months of 2016 sales revenues were euro 122.340 million, an increase of euro 7.437 million (6.5%) in comparison to the same period of 2015.

Italy

Sales in the domestic (Italian) market rose by +26.9% in 2016 compared to the same period of 2015. Both diffusion brands and luxury brands had double-digit growth, led by Timberland and Swarovski for the diffusion brands, and Tom Ford and Dsquared for luxury brands.

Rest of Europe

Revenues from the Rest of Europe market, recorded at euro 33.0 million, grew by +16.4% compared to the same period of 2015.

Luxury brands growth was +22.5% due to Tom Ford strong contribution, while diffusion brands growth was +10.4% mainly driven by Gant, Swarovski and Web.

The prescription frame segment growth was +25.2%, while the sunglasses one increased by +10.8%.

In this area, revenue has been positively impacted by the direct control of sales from the new fully operative subsidiaries Nordic and Russia, where this last one has a positive trend despite of the strong devaluation of the local currency. A positive trend is led by the other markets and in particular France, that has positive performance due to the reorganization of sales force with a further benefit after Viva integration, and Germany which, as well as the French subsidiary, has a new structure of the sales force.

North America

In the U.S. market, revenues had a decrease of -5.2%. Net sales decreased by -6.1% at constant exchange rates; positive performance for luxury brands (+3.6%), and negative ones for diffusion brand (-11.1%) mainly driven by Candies and Guess.

The American market share is up to 40.5% of the total Group sales, and it represents the Group's main market.

Independent opticians is one of the most important sales channels in the U.S. market and its revenues grew from one period to the previous, the other is Retail Department Store that for this quarter recorded a lower net sales compared to the previous year.

Asia

The Asian Far East market experienced a double-digit growth of +15.2%.

This result is driven both by fashion brands (+17.6%), mainly due to Tom Ford and Balenciaga, and in a minor share by diffusion brands (+7.4%), mainly driven by Diesel and Swarovski; the most vivid market is South Korea. In particular, revenue from luxury sunglasses had the best performance, growing by +26.6% from the previous year.

Rest of World

From a geographical standpoint, the "Rest of the World" includes the Middle East, Central and South America, Africa and Oceania.

During first quarter of 2016 revenues, recorded at euro 21.2 million, rose by +12.9%, or +15.0% at constant exchange rates, compared with previous year.

In this area revenues growth was driven by diffusion brands for +17.4% and by luxury brands for +9.7%.

The largest increase came from the Mediterranean and Africa area, while other areas had a lower increase during the first quarter to the year.

8. Cost of sales

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

Cost of sales (euro/000)	% on		% on		Increase/decrease	
	03/31/2016	revenues	03/31/2015	revenues	euro	%
Product Cost	46,109	37.7%	41,297	35.9%	4,812	11.7%
Cost of personnel	2,771	2.3%	3,809	3.3%	(1,038)	(27.2)%
Amortization, depreciation and writedowns	734	0.6%	559	0.5%	176	31.4%
Other costs	710	0.6%	949	0.8%	(239)	(25.2)%
Total	50,325	41.1%	46,614	40.6%	3,711	8.0%

The cost of sales amounted to euro 50.325 million for the three months ended March 31, 2016, an increase of euro 3.711 million, or 8.0%, from euro 46.614 million for the three months ended March 31, 2015.

The cost of sales as a percentage of revenue is 41.1% for the three months ended March 31, 2016 compared to 40.6% for the three months ended March 31, 2015.

The March 2016 Gross profit is euro 3.726 million higher than previous year, growing from 68.289 million (or 59.4%) up to euro 72.015 million (or 58.9%) in 2016.

Gross profit percentage is mainly driven by a different sales mix both in distribution channel and destination market compared to the three months ended March 31, 2015.

Other costs mainly refer to other purchasing charges and business consulting services.

9. Distribution and marketing expenses

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

Distribution and marketing expenses (euro/000)	% on		% on		Increase/decrease	
	03/31/2016	revenues	03/31/2015	revenues	euro	%
Cost of personnel	13,131	10.7%	13,395	11.7%	(265)	(2.0)%
Commissions	7,207	5.9%	8,130	7.1%	(922)	(11.3)%
Amortization	1,677	1.4%	1,569	1.4%	108	6.9%
Royalties	14,787	12.1%	14,078	12.3%	709	5.0%
Advertising and PR	8,217	6.7%	8,576	7.5%	(359)	(4.2)%
Other costs	7,957	6.5%	7,619	6.6%	338	4.4%
Total	52,976	43.3%	53,367	46.4%	(390)	(0.7)%

The distribution and marketing expenses amounted to euro 52.976 million for the three months ended March 31, 2016, a decrease of euro 0.390 million or 0.7% from euro 53.367 million for the three months ended March 31, 2015.

Savings respect the same period of 2015 are mainly driven by synergies and non-recurring costs of 2015.

In 2016 Royalties amounted to euro 14.787 million, an increase of 5.0%, from the euro 14.078 million for the three months ended March 31, 2015. In 2016 Royalties as a percentage of revenue is 12.1%, compared to 12.3% of 2015. Pursuant to certain operations and agreements stipulated during last year (regarding the revision of minimum guaranteed royalties due over the term of the licensing agreement), 2016 improves the profitability of some licenses, thanks to better absorption of royalties and advertising contributions which in 2015 were not fully saturated by the sales realized.

Advertising and PR in 2016 amounted to euro 8.217 million, a decrease of euro 0.359 million, or 4.2%, from the euro 8.576 million in the same period of 2015. As a percentage of revenue, Advertising and PR expenses in 2016 is 6.7%, compared to 7.5% of 2015.

The "other costs" mainly refer to transportation expenses on sales, business travels, rents and other services and show an increase of euro 0.338 million compared with previous year.

10. General and administrative expenses

The general and administrative expenses are set forth below:

General and administrative expenses (euro/000)	03/31/2016	% on revenues	03/31/2015	% on revenues	Increase/decrease	
					euro	%
Cost of personnel	3,489	2.9%	4,491	3.9%	(1,002)	(22.3)%
Writedowns of receivables	197	0.2%	204	0.2%	(8)	(3.7)%
Amortization and writedowns	730	0.6%	744	0.6%	(14)	(1.8)%
Other costs	3,915	3.2%	4,431	3.9%	(516)	(11.6)%
Total	8,330	6.8%	9,869	8.6%	(1,539)	(15.6)%

As of March 2016, general and administrative expenses were 6.8% of sales.

The higher amount in 2015 was due to personnel costs which include one-off costs strongly impacted by the Viva reorganization, and to an exchange rate impact on the US part of the business currencies (translation effect).

The decrease in terms of percentage on revenues in G&A expenses is the result of successful actions taken by the Group to improve efficiency and contain costs, as part of the synergies realized, and results are clearly visible on 2016 figures.

"Other costs" consist of expenses for general and staff departments (Executives, IT, Finance, HR) and are mainly related to consulting fees, insurance costs, and other G&A services.

11. Other operating income and expenses

Other operating income and expenses consist in residual income and expense outside the ordinary business activities. Overall the amount both for 2016 and 2015 figures is not significant.

In "Other income" are included the share of profits of Viva subsidiaries accounted with the equity method.

12. Financial income and costs

The net financial costs increased by euro 8.545 million compared to the three months of the previous year, from a positive amount of euro 1.429 million as at March 31, 2015 down to a negative amount of euro 7.117 million for the first three month of 2016.

The most significant items refer to the following:

- Bond accruals, in line with previous year and amount to euro 4.250 million;
- Financial discounts, amount in line to March 2015;
- Net Interest expenses, whose amount has increased in respect to March 31, 2015 proportionally to the higher financial indebtedness occurred during 2016;

Overall net foreign exchange rate differences of the Group are well-balanced, thanks to a natural hedging coming through a net balance in purchases and sales made in foreign currencies.

The change in respect to previous year is mostly due to favorable unrealized exchange rate differences incurred in 2015 linked to US dollars.

13. Income tax expense

Income tax expense amounts to euro 0.7 million as at March 31, 2016 compared to euro 3.2 million as at March 31, 2015. Current and deferred income tax are calculated by applying the tax rates on reasonably estimated taxable income, determined in accordance with the tax regulations in force. Income tax expense has been calculated on a prudential basis, considering the tax effect on subsidiaries with taxable net income while not considering the deferred tax asset over some entities with taxable net losses and new startup companies.

Most of the income tax expense will not be a cash-out figure since the Group will use previous tax losses carried forward.

OTHER INFORMATIONS

SUBSEQUENT EVENTS

There were no significant subsequent events and/or transactions.

DISCLOSURE OF ATYPICAL, UNUSUAL AND RELATED-PARTY TRANSACTIONS

The information with respect to atypical and unusual transactions, and transactions with related parties, is provided below.

Significant non-recurring events and transactions

In the first three months of 2016, there were no significant non-recurring events and/or transactions.

Atypical and unusual transactions

In the first three months of 2016 there were no atypical and/or unusual transactions, including with other Group companies, nor any transactions outside the scope of the ordinary business activity that could have significantly impacted the financial position, financial performances or cash flows of Marcolin S.p.A. and the Group.

Transactions with related parties

In addition to the transactions between the consolidated companies, during the period transactions took place with equity-accounted associates and other related parties. Intercompany and related-party transactions are of a trade nature and are conducted on an arm's length basis.

The transactions and outstanding balances with respect to related parties as at March 31, 2016 are shown below, as required by IAS 24. As previously noted, the Marcolin Group figures reflect the participation in the Italian tax consolidation regime with the Parent Company 3 Cime S.p.A.

Company <i>(euro/000)</i>	Expenses	Revenues	Payables	Receivables	Type
Other related parties					
Tod's S.p.A.	375	194	-	194	Related party
Pai Partners Sas	-	-	101	-	Related party
Coffen Marcolin Family	166	-	34	-	Related party
O.T.B. Group	1,025	10	1,576	17	Related party
3 Cime S.p.A.	-	-	-	2,815	Consolidating
Total	1,566	204	1,712	3,027	

Longarone; May 19, 2016

For the Board of Directors

C.E.O.

Giovanni Zoppas

MARCOLIN
EYEWEAR

