MARCOLIN GROUP

SEMIANNUAL FINANCIAL REPORT

June 30, 2014

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

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CORPORATE BOARDS AND AUDITORS

BOARD OF DIRECTORS (1)

Vittorio Levi	Chairman
Giovanni Zoppas	C.E.O. and General Manager
Antonio Abete	Director
Francesco Capurro	Director
Cirillo Coffen Marcolin	Director
Roberto Ferraresi	Director
Violaine Odile Marie Grison	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)

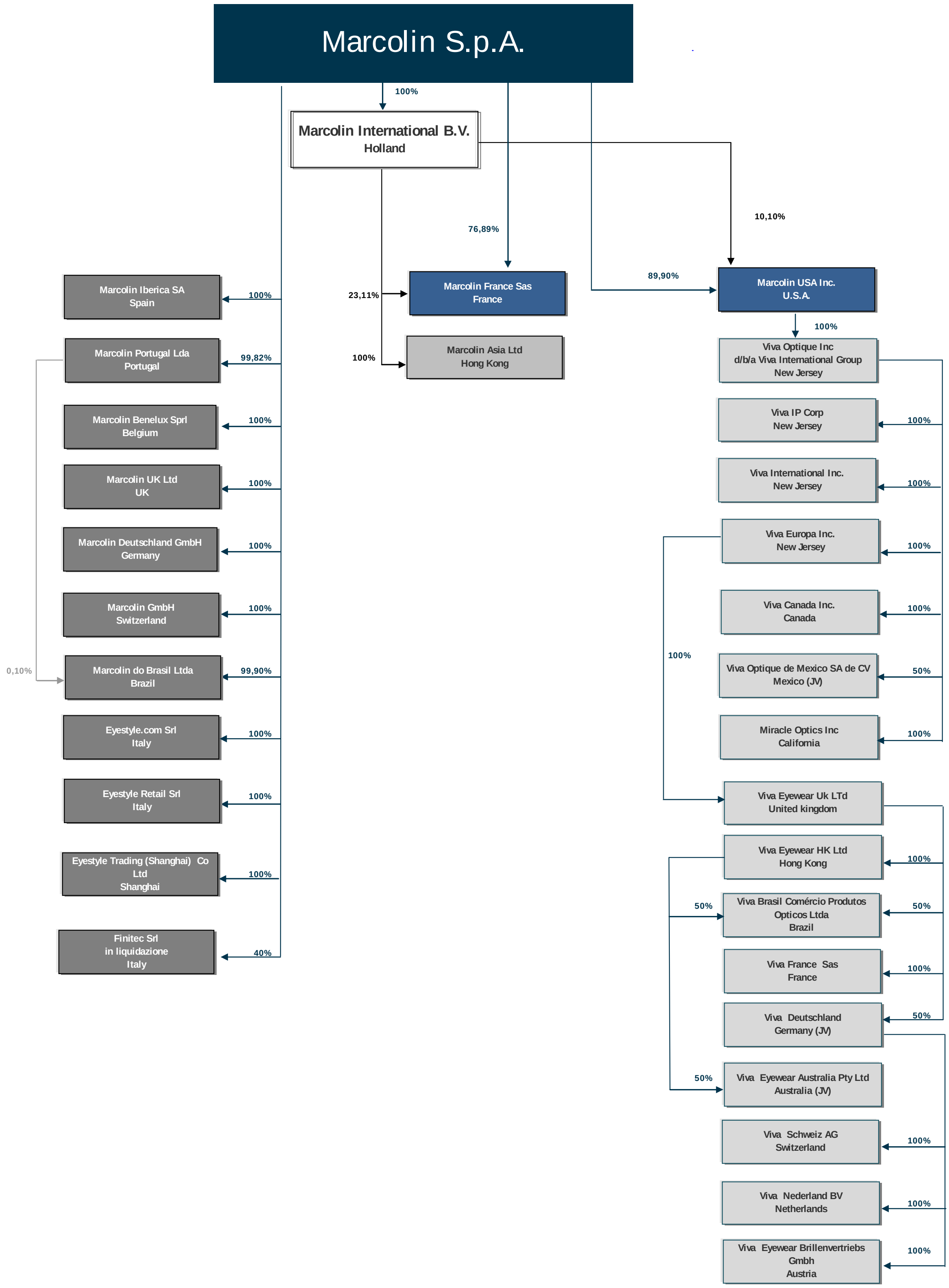
Federico Ormesani	Chairman
David Reali	Supervisor
Cirillo Coffen Marcolin	Supervisor

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, 2015 (according to Shareholders' Resolution of April 30, 2013).
(2) Board of Directors' appointment of April 30, 2013.
(3) Term of engagement: 2013, 2014 and 2015 (according to Shareholders' Resolution of April 30, 2013).

MARCOLIN GROUP STRUCTURE



MARCOLIN GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(euro/000)	Notes	6/30/2014	12/31/2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	22,821	23,489
Intangible assets	1	40,866	34,655
Goodw ill	1	257,576	256,917
Investments in subsidiaries and associates	1	2,093	2,030
Deferred tax assets	1	22,602	24,326
Other non-current assets	1	823	870
Non-current financial assets	1	6,419	7,132
Total non-current assets		**353,200**	**349,418**
CURRENT ASSETS			
Inventories	2	74,893	72,907
Trade receivables	2	88,893	72,468
Other current assets	2	15,243	13,994
Current financial assets	2	1,699	1,759
Cash and bank balances	2	30,611	38,536
Total current assets		**211,340**	**199,664**
TOTAL ASSETS		**564,540**	**549,082**
EQUITY			
Share capital	5	32,312	32,312
Additional paid-in capital	5	151,994	151,994
Legal reserve	5	3,853	3,853
Other reserves	5	44,541	43,638
Retained earnings (losses)	5	(16,822)	(4,811)
Profit (loss) for the year	5	2,353	(12,011)
Non-controlling interests		-	-
TOTAL EQUITY		**218,230**	**214,975**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	3	196,248	195,891
Non-current provisions	3	18,154	18,287
Deferred tax liabilities	3	2,796	2,987
Other non-current liabilities	3	4,119	3,954
Total non-current liabilities		**221,317**	**221,119**
CURRENT LIBILITIES			
Trade payables	4	78,422	64,711
Current financial liabilities	4	17,947	17,707
Current provisions	4	9,871	14,422
Current tax liabilities	4	6,517	4,640
Other current liabilities	4	12,235	11,508
Total current liabilities		**124,992**	**112,988**
TOTAL LIABILITIES		**346,310**	**334,106**
TOTAL LIABILITIES AND EQUITY		**564,540**	**549,082**

CONSOLIDATED INCOME STATEMENT

(euro/000)

	Notes	June 2014	%	June 2013	%
NET REVENUES	7	**194,338**	**100.0%**	**112,221**	**100.0%**
COST OF SALES	8	**(76,692)**	**(39.5)%**	**(43,431)**	**(38.7)%**
GROSS PROFIT		**117,646**	**60.5%**	**68,790**	**61.3%**
Distribution and marketing expenses	9	(88,253)	(45.4)%	(49,340)	(44.0)%
General and administration expenses	10	(14,853)	(7.6)%	(10,757)	(9.6)%
Other operating income expenses	11				
- other operating income		2,223	1.1%	1,542	1.4%
- other operating expenses		(432)	(0.2)%	(368)	(0.3)%
TOTAL OPERATING INCOME/EXPENSES		**1,791**	**0.9%**	**1,174**	**1.0%**
EFFECTS OF ACCOUNTING FOR ASSOCIATES					
OPERATING INCOME - EBIT		**16,330**	**8.4%**	**9,867**	**8.8%**
FINANCIAL INCOME AND COSTS					
Financial income	12	2,257	1.2%	936	0.8%
Finance costs		(11,897)	(6.1)%	(6,345)	(5.7)%
TOTAL		**(9,640)**	**(5.0)%**	**(5,409)**	**(4.8)%**
PROFIT BEFORE TAXES		**6,690**	**3.4%**	**4,458**	**4.0%**
Income tax expense		(4,337)	(2.2)%	(2,869)	(2.6)%
NET PROFIT/(LOSS) FOR THE YEAR		**2,353**	**1.2%**	**1,589**	**1.4%**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(euro/000)	June 2014	June 2013
NET PROFIT FOR THE YEAR	**2,353**	**1,589**
Other items that will not subsequently be reclassified to profit or loss:		
Effect (actuarial gains/losses) on defined benefit plans, net of taxes	-	26
TOTAL OTHER ITEMS THAT WILL NOT SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS	**-**	**26**
Other items that will be subsequently reclassified to profit or loss		
Change in foreign currency translation reserve	1,025	(9)
TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	**1,025**	**(9)**
TOTAL COSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR	**3,377**	**1,606**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

				Other reserves							
(euro/000)	Share capital	Additional paid-in capital	Legal Reserve	S.holders deposit in s/capital	Other reserves	Retained earnings/ (losses)	Profit/(loss) for the year	Period result	Capital and reserves net total	Non-controlling interests in equity	Total
Balance as of January 1, 2013	**1,200**	**159,660**	**-**	**-**	**-**	**-**	**-**	**(4,811)**	**156,049**	**-**	156,049
Capital increase of February 6,2013	-	-	-	27,300	-	-	-	-	27,300	-	**27,300**
Allocation of 2012 profit	-	-	-	-	-	-	(4,811)	4,811	-	-	**-**
Merger impact	31,112	(7,666)	3,853	(27,300)	-	-	-	-	-	-	**-**
Capital increase of November 29, 2013	-	-	-	24,000	-	-	-	-	24,000	-	**24,000**
Capital increase of December 3, 2013	-	-	-	22,108	-	-	-	-	22,108	-	**22,108**
- Period result	-	-	-	-	-	-	-	(12,011)	(12,011)	-	***(12,011)***
- Other components of comprehensive incom	-	-	-	-	(2,592)	122	-	-	(2,470)	-	***(2,470)***
Total comprehensive income	-	-	-	-	(2,592)	122	-	(12,011)	(14,481)	-	**-14,481-**
Balance as of December 31, 2013	**32,312**	**151,994**	**3,853**	**46,108**	**(2,592)**	**122**	**(4,811)**	**(12,011)**	**214,975**	**-**	214,975
Allocation of 2013 profit	-	-	-	-	-	(16,944)	4,811	12,011	-122-	-	**-122-**
- Period result	-	-	-	-	-	-	-	*2,353*	*2,353*	-	***2,353***
- Other components of comprehensive income	-	-	-	-	**1,025**	**-**	**-**	**-**	***1,025***	-	***1,025***
Total comprehensive income	-	-	-	-	1,025	-	-	2,353	3,377	-	**3,377**
Balance as of June 30, 2014	**32,312**	**151,994**	**3,853**	**46,108**	**(1,567)**	**(16,822)**	**-**	**2,353**	**218,230**	**-**	**218,230**

Consolidated cash flow statement	**06/30/2014**	**12/31/2013**
(euro/000)		
Operating activities :		
Profit for the period	*2,353*	*(12,011)*
Depreciation and amortization	4,515	5,411
Provisions	(309)	(2,806)
Impairment losses	-	-
Income tax expense	4,337	201
Accrued interest expense	9,709	19,881
Adjustments to other non-cash items	(6,020)	1,034
Cash generated by operations	*14,586*	*11,709*
(Increase) decrease in trade receivables	(16,941)	(1,300)
(Increase) decrease in other receivables	(2)	(88)
(Increase) decrease in inventories	471	3,717
(Decrease) increase in trade payables	13,711	(11,260)
(Decrease)/increase in other liabilities	892	(931)
(Use) of provisions	(1,323)	(3,574)
(Decrease)/increase in current tax liabilities	969	(1,383)
Adjustments to other non-cash items	(576)	5,524
Income taxes paid	(1,979)	(1,938)
Interest paid	(8,883)	(17,452)
Cash used for current operations	*(13,660)*	*(28,684)*
Net cash from /(used in) operating activities	**926**	**(16,975)**
INVESTING ACTIVITIES		
(Purchase) of property, plant and equipment	(1,221)	(2,615)
Proceeds from the sale of property, plant and equipment	64	(30)
(Purchase) of intangible assets	(8,611)	(1,512)
Investments in subsidiaries and associates	-	
Net cash outflow on business combinations net of the liquidity acquired (Marcolin Gro	-	(53,619)
Net cash outflow on business combinations net of the liquidity acquired (Viva)	-	(74,126)
Net cash from /(used in) investing activities	**(9,767)**	**(131,902)**
FINANCING ACTIVITES		
Loans granted		
- Increase	-	-
- Decrease	713	1,600
Net increase (decrease) in bank borrowings	(3,310)	1,934
Loans taken out		
- new loans	13,490	252,600
- repayments	(10,350)	(164,514)
Capital increase	-	51,300
Net cash from /(used in) financing activities	**543**	**142,920**
Net increase/(decrease) in cash and cash equivalents	**(8,298)**	**(5,958)**
Effect of foreign exchange rate changes	374	(707)
Cash and cash equivalents at beginning of year	**38,536**	**45,200**
Cash and cash equivalents at end of year	**30,611**	**38,536**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2014

INTRODUCTION

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

In 2013 the Marcolin Group sold an estimated 5.4 million pairs of eyeglasses and sunglasses worldwide, in more than 5,800 models, with sales exceeding euro 200 million.

At the end of 2013 Marcolin acquired the VIVA International group (hereafter also “Viva”) by acquiring 100% of the capital of Viva Optique, Inc., one of the most prominent eyewear groups in the United States, and one that is particularly strong in the vision care segment. VIVA is based in New Jersey, and controls affiliates in major countries of strategic interest. In 2013 its sales were some US$ 190 million, with 8.5 million articles sold, 55% of which in the United States.

In 2013 combined with VIVA, the Marcolin Group had sales of euro 345 million and some 1,200 employees (including 300 from the VIVA Group), plus a widespread network of proven independent agents.

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

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

The luxury segment includes glamorous fashion brands such as Tom Ford, Tod’s, Balenciaga, Roberto Cavalli, Montblanc and now Zegna, Agnona and Pucci (the latter brands will be launched in 2015), and the diffusion segment includes Diesel, Swarovski, DSquared2, Just Cavalli, Timberland, Cover Girl, Kenneth Cole New York and Kenneth Cole Reaction.
Viva International Inc. 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 boosted Marcolin's presence in the American market. The Group is now present in all leading countries worldwide through its affiliates, partnerships and exclusive distribution agreements with major players.

The acquisition will have important synergies for the Marcolin Group in terms of organization, cost structure and sourcing, thanks moreover to opportunities arising from the integration of the sales and distribution networks.

The integration process is proceeding fully in line with the defined plans. Efficiencies will be generated starting from the second half of 2014 through the reduction of overlaps between foreign subsidiaries, savings in property executive management and back-office personnel, consolidation of corporate functions, and shared usage of operational, office, and distribution networks.

A reorganization of the foreign subsidiaries is in progress, having focused in the first six months of 2014 on the U.S., Europe (U.K.) and Hong Kong; the integration activities are being implemented according to the integration plan. In terms of operational synergies, additional efficiencies will be generated through the consolidation of warehouse facilities, IT systems and procurement department savings. Significant improvements in terms of efficiency and service quality have already been implemented.

ACCOUNTING POLICIES AND BASIS OF CONSOLIDATION

Accounting policies

The financial statements for the six months ended June 30, 2014 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 six months ended June 30, 2014 are consistent with those used to prepare the annual financial statements as at December 31, 2013, 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, 2013.
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 six months ended June 30, 2014 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 accounted for using the equity method are set forth below; they are the same as those present at December 31, 2013.

COMPANY	HEADQUARTERS	CURRENCY	SHARE CAPITAL	CONSOLIDATION METHOD	% OWNERSHIP DIRECT	% OWNERSHIP INDIRECT
Marcolin Asia Ltd.	Hong Kong	HKD	1,539,785	Full	-	100.00%
Marcolin Benelux Sprl	Faimes, Benelux	EUR	280,000	Full	99.98%	-
Marcolin do Brasil Ltda	Jundiai, Brasil	BRL	9,575,240	Full	99.90%	0.10%
Marcolin (Deutschland) GmbH	Ludwigsburg, Germany	EUR	300,000	Full	100.00%	-
Marcolin GmbH	Fullinsdorf, Switzerland	CHF	200,000	Full	100.00%	-
Marcolin Iberica SA	Barcellona, Spagna	EUR	487,481	Full	100.00%	-
Marcolin International BV	Amsterdam, Olanda	EUR	18,151	Full	100.00%	-
Marcolin Portugal Lda	Lisbona, Portugal	EUR	420,000	Full	99.82%	-
Marcolin (UK) Ltd	Newbury, Uk	GBP	850,000	Full	99.88%	-
Marcolin Usa Inc	New York, Usa	USD	775,100	Full	89.90%	10.10%
Marcolin France Sas	Parigi,France	EUR	1,054,452	Full	76.89%	23.11%
Eyestyle Retail Srl	Milano, Italy	EUR	200,000	Full	100.00%	
Eyestyle.com Srl	Longarone, Italy	EUR	150,000	Full	100.00%	
Eyestyle Trading (Shanghai) Co., Ltd	Shangai, China	CNY	930,546	Full	100.00%	
Finitec Srl in liquidazione	Longarone, Italy	EUR	54,080	Equity	40.00%	-
Viva Optique Inc.d/b/a Viva International Group	Somerville, Usa	USD	121,872,715	Full	100.00%	
Viva Europa Inc.	New Jersey, USA	USD	0	Full	100.00%	
Viva IP, Inc	New Jersey, USA	USD	10,000	Full	100.00%	
Viva Brasil Comercio Produtos Opticos Ltda	Sao Paulo, Brasil	REAL	798,560	Full		100.00%
Viva Canada Inc.	New Brunswick, Canada	CAN$	347,640	Full	100.00%	
Viva France Sas	Pontault Combault, France	EUR	37,000	Full		100.00%
Viva Eyewear Hong Kong Ltd	New Territories, Hong Kong	HKD	100	Full		100.00%
Viva Italia	Operations Ceased	EUR	93,600	Full	1.00%	99.00%
Viva International, Inc d/b/a Viva Japan	Operations Ceased	YEN	0	Full	100.00%	
Viva Eyewear UK Ltd	North Yorkshire, UK	GBP	0	Full		100.00%
Viva Optique de Mexico SA de CV	Edo, Mexico	PESO	3,694,685	Equity	50.00%	
Viva Deutschland	Schwaebisch Gmund, Germany	EUR	25,000	Equity		50.00%
Viva Eyewear Brillenvertriebs Gmbh	Mondsee, Austria	EUR	35,000	Equity		50.00%
Viva Nederland B.V.	Rijswijk, Netherlands	EUR	18,000	Equity		50.00%
Viva Schweiz AG Postfach 51	Wallis, Switzerland	CHF	50,000	Equity		50.00%
Viva Eyewear Australia Pty Ltd	Rosebery NSW, Australia	AUS$	1,000,000	Equity		50.00%

The consolidation perimeter is the same as that of December 31, 2013.

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Comparability

The Viva acquisition had a significant impact on the Group's financial statement results, so the income statement results of the first half of 2014 are incomparable with those of the same period of 2013.
For the purpose of comparability between the two periods with the same consolidation perimeter, pro-forma information is provided herein including the Viva Group’s data for the period of January-to-June 2013.

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Italian tax consolidation

Marcolin S.p.A., together with its subsidiaries Eyestyle Retail S.r.l. and Eyestyle.com S.r.l., opted for the Italian tax consolidation regime regarding corporate income tax (IRES) for the three-year period from 2013 to 2015, which recognizes Marmolada S.p.A. as the parent company.
Marmolada S.p.A.'s participation in the tax consolidation is governed by specific regulations that remain in effect for the entire period during which the option is exercised.

In June 2014 the indirect parent company, Tre Cime S.p.A., elected to use the IRES (corporate income tax) consolidation regime for subsidiaries Marmolada S.p.A, Marcolin S.p.A., Eyestyle Retail S.r.l. and Eyestyle.com S.r.l.

The final effects of the Marmolada S.p.A tax consolidation on the financial statements of Marcolin S.p.A. and the companies participating in the tax consolidation, and on the Marcolin Group’s consolidated financial statements, will be recognized when the 2013 consolidated tax return will be filed for the 2013 Italian tax consolidation participants.

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The following table lists the exchange rates used for currency translation (the closing and average exchange rates refer to June 30, 2014 and January-to-June 2014, respectively):

Currency		**Closing exchange rate**			**Average eschange rate**		
		2014	**2013**	***Change***	**2014**	**2013**	***Change***
English Pound	GBP	0.802	0.857	(6.5)%	0.821	0.851	(3.5)%
Swiss Franc	CHF	1.216	1.234	(1.5)%	1.221	1.230	(0.7)%
USA Dollar	USD	1.366	1.308	4.4%	1.370	1.313	4.3%
Brazilian Real	BRL	3.000	2.890	3.8%	3.150	2.668	18.0%
Hong Kong Dollar	HKD	10.59	10.148	4.3%	10.629	10.190	4.3%

BUSINESS COMBINATIONS

Acquisition of Viva International Group

In December 2013 the Marcolin group, through Marcolin USA, Inc., acquired the Viva International group, one of the most important eyewear businesses in the U.S. market. The acquisition date was December 3, 2013. After carrying out the preliminary and preparatory activities, the acquisition, which received antitrust approval from the U.S. Federal Trade Commission, was completed by Marcolin USA, Inc., which thus was the owner of the entire share capital of Viva Optique, Inc. (Parent Company of the acquired Group) as at December 31, 2013.
According to IFRS 3, "Business Combinations", this acquisition consisted of a business combination, and as such was accounted for with the acquisition method. As permitted by IFRS 3, given the significance of the acquisition and the proximity to the 2013 reporting date, the initial accounting for the business combination was determined only provisionally in the financial statements for the year ended December 2013, and goodwill was determined on the basis of provisional, partial identification of the fair values of the acquired assets, liabilities and contingent liabilities.
Within 12 months of the acquisition date, the business combination accounting will be finalized with the identification and valuation of the acquired assets and liabilities.
The business combination disclosures required by IFRS 3 are provided hereunder.

Combining entities

The combining entities are Marcolin USA, Inc., the acquirer, and the Viva International Group, the acquiree group of companies.
The following table sets forth the acquired companies and the percentage of equity instruments with voting rights acquired directly by Marcolin USA, Inc. in 2013:

Company	Registred Offices	Currency	Share capital	% ownership Direct	% ownership Indirect
Viva Optique, Inc. d/b/a Viva International Group	U.S. (New Jersey)	USD	121,872,715	100%	
Viva IP, Corp	U.S. (New Jersey)	USD	10,000		100%
Viva International, Inc. - in liquidazione	U.S. (New Jersey)	USD			100%
Viva Europa, Inc.	U.S. (New Jersey)	USD	-		100%
Viva Canada Inc.	Canada	CAD	347,640		100%
Viva Optique de México S.A. de C.V.	Messico	MXN	3,694,685		50%
Miracle Optics, Inc. - in liquidazione	U.S. (California)	USD			
Viva Eyewear UK Ltd.	UK	GBP	-		100%
Viva Italia S.r.l. - in liquidazione	Italia	EUR	93,600		100%
Viva Eyewear Hong Kong, Ltd.	Hong Kong	HKD	100		100%
Viva Brasil Comércio de Produtos Opticos Ltd	Brasile	BRL	798,560		100%
Viva France S.A.S.	Francia	EUR	37,000		100%
Viva Eyewear Australia Pty Ltd.	Australia	AUD	1,000,000		50%
Viva Schweiz AG	Svizzera	CHF	50,000		50%
Viva Netherlands B.V.	Paesi Bassi	EUR	18,000		50%
Viva Deutschland GmbH	Germania	EUR	25,000		50%
Viva Eyewear Brillenvertriebs	Austria	EUR	35,000		50%

Cost of the business combination

The cost of the business combination was euro 117.297 million, represented by the sum of acquiree equity instruments acquired.
It is detailed below (amounts in thousands of euros):

	EUR	USD
Corresponding amount paid by Marcolin USA Inc. at closing on Dec.3, 2013	85,689	116,348
Other corresponding amounts paid by Marcolin USA Inc. at closing on Dec.3,	1,841	2,500
Price paid though 3Cime SpA at closing on Dec.3, 2013	22,095	30,000
Deferred price to be paid to HVHC Inc. after Dec.31, 2013	7,672	10,417
Purchase price	**117,297**	**159,266**

Transaction costs were recognized in the income statement of the year they were incurred (in accordance with the applicable accounting standard).

Fair value of acquired assets, liabilities and contingent liabilities

As noted, given the significance of the acquisition and the proximity to the reporting date, it was not possible to determine the definitive net fair values of the assets and liabilities acquired in the Viva International group, so the allocation is based on the fair value determined provisionally as at the acquisition date.

The provisional fair value of the net acquired assets is euro 49.048 million, detailed as follows (in thousands of euros):

(euro/000)		Provisional Fair Value EUR	Provisional Fair Value USD	Carrying Value in Viva Goup Statements EUR	Carrying Value in Viva Goup Statements USD
ASSETS					
Non-current assets					
	Property, plant, and equipment	3,724	5,056	3,724	5,056
	Intangible assets	14,781	20,069	14,781	20,069
	Goodwill	-	-	65,793	89,334
	Investments	1,950	2,648	1,950	2,648
	Deferred tax assets	3,005	4,080	3,005	4,080
	Total non-current assets	**23,460**	**31,854**	**89,254**	**121,189**
Current assets					
	Inventories	25,865	35,119	25,865	35,119
	Trade and other receivables	23,114	31,384	23,114	31,384
	Other current assets	1,483	2,014	1,483	2,014
	Cash and bank balances	13,404	18,200	13,404	18,200
	Current financial assets	-	-	-	-
	TOTAL current assets	**63,866**	**86,717**	**63,866**	**86,717**
Total assets		**87,326**	**118,571**	**153,120**	**207,906**
LIABILITIES					
Non-current liabilities					
	Non-current financial liabilities	2,069	2,809	2,069	2,809
	Non-current provisions	184	250	184	250
	Deferred tax liabilities	2,215	3,007	1,939	2,632
	Other non-current liabilities	-	-	-	-
	Total non-current liabilities	**4,468**	**6,066**	**4,191**	**5,691**
Current liabilities					
	Trade payables	18,420	25,011	18,420	25,011
	Current financial liabilities	675	916	675	916
	Current liabilities	5,378	7,302	5,378	7,302
	Current tax liabilities	2,443	3,317	2,443	3,317
	Other current liabilities	6,895	9,362	6,895	9,362
	Total current liabilities	**33,811**	**45,908**	**33,811**	**45,908**
Total liabilities		**38,278**	**51,974**	**38,002**	**51,599**
Acquired net assets		**49,048**	**66,597**	**115,118**	**156,307**

Since the acquisition was completed on December 3, 2013, the Marcolin group's consolidated financial statements include the Viva International group's income statement data for the period from December 4, 2013 to December 31, 2013.

The impact of the business combination on the annual cash flow is a decrease in cash and bank balances of euro 74.126 million, equal to the price paid net of the cash and bank balances acquired from the Viva International group (euro 13.404 million on December 3, 2013), of the price paid through the indirect parent company, 3 Cime S.p.A., and of the deferred consideration.

Assuming an acquisition date corresponding to the beginning of the reporting period (i.e., January 1, 2013), as required by IFRS 3, the revenues and Ebitda of the surviving entity are euro 344.9 million and euro 26.8 million, respectively (excluding non-recurring income and costs).

Goodwill recognized pursuant to the business combination

Provisional goodwill of euro 68.249 million (as at December 3, 2013) 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, as shown in the table below:

	EUR	USD
Net fair value at acquisition date	**49,048**	**66,597**
Minority interest	-	-
Net fair value acquisition date	**49,048**	**66,597**
Purchase price	117,297	159,266
Goodwill	**68,249**	**92,668**

Goodwill represents the future economic benefits arising from the business combination, due primarily to the Viva Group's legacy of expertise and know-how developed over the years; they form a potential contribution to future earnings and generation of cash flows deriving from the ability to satisfy customer demands, quantifiable in terms of higher profitability and cash flows. Future economic benefits are assured by the Viva group's collective business strategies and information regarding licensor relationships, relationships with the distribution network in the American market, products distributed and customer demands, implemented in the past in order to gain prestige and win over new customers and markets. This intangible legacy of practical knowledge summarizes the business know-how of the group acquired.

As noted, the fair value of the net acquired assets was determined only provisionally, so the respective definitive values and value attributed to goodwill could differ, even considerably, from the values reported at this reporting date.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Non-current assets

The composition of non-current assets is shown below:

NON-CURRENT ASSETS *(euro/000)*	06/30/2014	12/31/2013
PROPERTY, PLANT AND EQUIPMENT	22,821	23,489
INTANGIBLE ASSETS	40,866	34,655
GOODWILL	257,576	256,917
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	2,093	2,030
DEFERRED TAX ASSETS	22,602	24,326
OTHER NON-CURRENT ASSETS	823	870
NON-CURRENT FINANCIAL ASSETS	6,419	7,132
TOTAL NON-CURRENT ASSETS	**353,200**	**349,418**

The value of non-current assets rose by euro 3.782 million from December 31, 2013.
The most significant changes refer to the following items:

- property, plant and equipment, which fell by euro 668 thousand largely as a result of new asset purchases of euro 1.221 million. The difference refers mainly to purchases (plant and machinery for euro 420 thousand, equipment for 361 thousand, hardware for euro 110 thousand and increases for factory restructuring for euro 147 thousand) and depreciation of euro 1.922 million, as well as to subsidiary Viva's reclassification of software of euro 139 thousand from property, plant and equipment to intangible assets;
- intangible assets, which rose by euro 6.211 million due to new acquisitions of euro 8.682 million, annual amortization of euro 2.593 million and Viva International's aforementioned reclassification of euro 139 thousand. The intangible assets include the euro 6.792 million lump sum paid by the Parent Company to two licensors in order to extend the licensing agreement periods. Specifically, euro 6.055 million refers to the extension of one licensing agreement to include 2017 and 2018, and euro 737 thousand refers to the extension of another licensing agreement until December 31, 2015. In addition, intangible assets under formation include Viva's ERP software change and the Parent Company's software and business application implementation for euro 1.817 million;
- deferred tax assets, which fell by euro 1.723 million, due mainly to the tax impact of provisions released by the Parent Company in the first half year of 2014;
- other non-current financial assets, which fell by euro 713 thousand. Nearly the entire decrease refers to the partial repayment of a loan granted by subsidiary Marcolin USA to a third party, on which interest accrues at market rates. As agreed, the loan shall be repaid with semi-annual installments from 2013 to 2015.

2. Current assets

The composition of current assets is shown below:

CURRENT ASSETS *(euro/000)*	06/30/2014	12/31/2013
INVENTORIES	74,893	72,907
TRADE RECEIVABLES	88,893	72,468
OTHER CURRENT ASSETS	15,243	13,994
CURRENT FINANCIAL ASSETS	1,699	1,759
CASH AND BANK BALANCES	30,611	38,536
TOTAL CURRENT ASSETS	**211,340**	**199,664**

The total value of current assets rose by euro 11.676 million from December 31, 2013, mainly as a result of the combined effect of the changes listed below. Most of these were affected by the sales growth for the period, and to a large extent by seasonal factors. With a constant perimeter and at constant exchange rates, the sales of the first six months of 2014 are 4.9% higher than those of the first six months of 2013.

The most significant differences from December 31, 2013 are as follows:

- a euro 1.986 million increase in inventories;
- a euro 16.425 million increase in trade receivables including euro 5.057 million referring to the Parent Company, euro 3.925 million to Marcolin USA and euro 4.527 million to Viva. Nearly the entire increase concerns non-overdue receivables and is attributable to the seasonality difference between the second-quarter 2014 sales compared to last-quarter 2013 sales. With a constant perimeter, the Group's days sales outstanding (DSO) at June 30, 2014 is substantially consistent with that of the last six months of 2013;
- a euro 1.249 million increase in other current assets;
- a euro 7.925 million decrease in cash and bank balances, as reported in the Group's Consolidated Statement of Cash Flow.

Inventory is shown net of the euro 22.078 million provision for inventory impairment, and receivables are shown net of the euro 5.632 million provision for doubtful debts.

3. Non-current liabilities

The composition of non-current liabilities is shown below:

NON-CURRENT LIABILITIES *(euro/000)*	**06/30/2014**	**12/31/2013**
NON-CURRENT FINACIAL LIABILITIES	196,248	195,891
NON-CURRENT PROVISIONS	18,154	18,287
DEFERRED TAX LIABILITIES	2,796	2,987
OTHER NON-CURRENT LIABILITIES	4,119	3,954
TOTAL NON-CURRENT LIABILITIES	**221,317**	**221,119**

Non-current liabilities are in line with those of December 31, 2013, having increased by euro 199 thousand from that date.

The significant loans, all of which were taken out by the Parent Company, are presented in detail below:

BANK	CURRENCY	ORIGINAL AMOUNT	RESIDUAL AMOUNT	MATURITY DATE	INTEREST RATE	NOTES
Ministry of productive activities (technological innovation)	euro	793.171	165.087	26 June 2016	1,012%	Subsidized loan obtained under the law 46/82, repayable in 10 annual installments from June 26, 2007
BOND	euro	200.000.000	200.000.000	14 novembre 2019	8,5%	Bond issued the 14th November 2013 - Half-yearly interests on 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	2.000.000	2.000.000	3 June 2019	*Euribor 1/2/3 monthes spread 4%*	Super Senior RCF - Revolving facility agreement - Euro 25.000.000 - signed the 18th November 2013

4. Current liabilities

Current liabilities are set forth below:

CURRENT LIABILITIES *(euro/000)*	**06/30/2014**	**12/31/2013**
TRADE PAYABLES	78,422	64,711
CURRENT FINANCIAL LIABILITIES	17,947	17,707
CURRENT PROVISIONS	9,871	14,422
CURRENT TAX LIABILITIES	6,517	4,640
OTHER CURRENT LIABILITIES	12,235	11,508
TOTAL CURRENT LIABILITIES	**124,992**	**112,988**

The current liabilities at June 30, 2014 show an increase of euro 12.005 million from December 31, 2013.

In particular, the following may be observed:

- a euro 13.711 million increase in trade payables, referring mainly to Marcolin S.p.A. (euro 9.702 million). The increase is primarily attributable to non-recurrent payables for the aforementioned extension of two licensing agreements and guaranteed minimum royalties that will be paid after June 30 since they accrue in the second half of the year;
- a euro 4.551 million decrease in current provisions, due largely to the use of ordinary provisions allocated at the end of 2013 to cover potential returns and discounts for the year and other operational risks. The amount is the net balance of decreases referring to the Parent Company (euro 3.347 million) and Viva (euro 1.687 million), and provisions allocated by other subsidiaries (-481 thousand);
- a euro 1.877 million increase in income tax expense relating to Marcolin S.p.A., arising on the provision use noted above;
- a euro 727 thousand increase in other current liabilities;
- a euro 240 thousand increase in short-term borrowings.

5. Equity

The significant changes in equity refer to the allocation of the 2013 loss of euro 12.011 million to the reserve for retained earnings/(losses), and the recognition of the comprehensive income of euro 3.377 million for the period.

6. Net financial position

The net financial position/(indebtedness) as at June 30, 2014 is set forth below in comparison with that of December 31, 2013:

NET FINANCIAL POSITION / (INDEBTEDNESS)	**6/30/2014**	**12/31/2013**
(euro/000)		
Cash and cash equivalents	30,611	38,536
Financial receivables	8,118	8,890
Short-term borrow ings	(17,865)	(17,625)
Current portion of long-term borrow ings	(81)	(81)
Long-term borrow ings	(196,248)	(195,891)
Total	**(175,466)**	**(166,172)**

The net balance is indebtedness of euro 175.466 million, compared to the indebtedness of euro 166.172 million at December 31, 2013. The euro 9.294 million increase in indebtedness is due mainly to recurrent seasonal factors, and is detailed in the Group's Consolidated Cash Flow Statement.

Specifically, the following may be observed:

- a euro 7.925 million decrease in cash and bank balances;
- a euro 772 thousand decrease in short-term financial receivables;
- a euro 240 thousand increase in short-term borrowings;
- a euro 357 thousand increase in long-term borrowings.

CONSOLIDATED INCOME STATEMENT

The Group's interim consolidated income statement at June 30, 2014 is summarized below against the corresponding interim results at June 30, 2013.

As noted in the introduction, the Viva acquisition had a significant impact on the Group's results, so the income statement results of the first six months of 2014 are incomparable with those of the first six months of 2013.

The June 2013 column of the table below presents pro-forma figures that include Cristallo's results, but exclude Viva's contribution.

The 2014 revenues to date are euro 194.3 million, compared to euro 112.2 million for the first six months of 2013 (which exclude Viva).
The June 2014 Ebitda is euro 21.241 million, or 10.9% of sales, a clear improvement from the June 2013 Ebitda of euro 12.523 million (11.2% of sales).
Ebit is euro 16.330 million, or 8.4% of sales. For the same period of 2013 the amount reported was euro 9.867 million, equal to 8.8% of sales.

CONSOLIDATED INCOME STATEMENT

(euro/000)	**June 2014**	%of revenue	**June 2013 Pro-forma**	%of revenue
REVENUE	194,338	100.0%	112,221	100.0%
GROSS PROFIT	117,646	60.5%	68,790	61.3%
EBITDA	21,241	10.9%	12,523	11.2%
OPERATING INCOME - EBIT	16,330	8.4%	9,867	8.8%
FINANCIAL INCOME AND COSTS	(9,640)	(5.0)%	(5,409)	(4.8)%
PROFIT BEFORE TAXES	6,690	3.4%	4,458	4.0%
NET PROFIT	2,353	1.2%	1,589	1.4%

In order to provide a more meaningful presentation of the Group's performance in the period, the following notes describe the results of the first six months of 2014 in comparison with results for the first six months of 2013 that include Viva.

Including Viva in 2013, the 2013 pro-forma revenues are euro 190.6 million, meaning that the 2014 sales are approximately 2.0% higher than those of the same period of 2013.
However, exchange rates were very significant, especially for the U.S. dollar and Brazilian Real. At constant exchange rates and with a constant perimeter, the like-for-like sales growth is 4.9%.

Including Viva, with a constant perimeter, the 2013 semiannual pro-forma EBITDA is euro 19.925 million, or 10.4% of sales, compared with euro 21.241 million (or 10.9% of sales) for the first half of 2014.

For the first six months of 2013, including Viva, the pro-forma EBIT is euro 15.385 million, corresponding to 8.1% of sales, compared with euro 16.330 million, or 8.4% of sales, for the same period of 2014.

In both 2014 and 2013, the Group's results were influenced by non-recurring transactions, which in the first six months of 2014 adversely impacted Ebitda by nearly euro 2.885 million (in 2013, including the costs of the absorbed company, Cristallo, the adverse effect was euro 4.128 million).
In order to better understand the business performance, those effects must be eliminated. They mainly refer to costs for reorganization, one-offs for business development, one-off costs for the Viva integration project in particular for 2014, and other non-recurring transactions that took place in the period.

Excluding the effects of those transactions, the 2014 adjusted Ebitda is euro 24.126 million (12.4% of sales), against the 2013 pro-forma adjusted EBITDA of euro 24.053 (12.6% of sales).
The normalized adjusted key performance indicator, filtered of the significant effects of the non-recurring costs, is presented below:

ECONOMIC INDICATORS - ADJUSTED

(euro/000)	2014	% of revenue	2013 Pro-forma	% of revenue
EBITDA *	**24,126**	**12.4%**	**16,651**	**14.8%**
EBITDA CONSTANT PERIMETER **	**24,126**	**12.4%**	**24,053**	**12.6%**

* 2013 =Cristallo +Marcolin Group
** 2013= Cristallo +Marcolin Group+Viva

7. Revenue

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

NET SALES BY GEOGRAPHIC AREA	**June 2014**		**June 2013**		**Increase (Decrease)**	
(euro/000)	Turnover	% on total	Turnover	% on total		
- Europe	74,454	38.3%	51,276	45.7%	23,178	45.2%
- U.S.A.	73,797	38.0%	29,432	26.2%	44,365	150.7%
- Asia	16,724	8.6%	11,486	10.2%	5,238	45.6%
- Rest of World	29,362	15.1%	20,026	17.8%	9,336	46.6%
TOTAL	**194,338**	**100%**	**112,221**	**100%**	**82,117**	**73.2%**

In the first six months of 2014 sales revenues were euro 194.338 million, an increase of euro 82.117 million (73.2%) from the same period of 2013.
With the same consolidation perimeter, including Viva's results for the first half of 2013, the 2013 net sales to date were euro 190.619 million, resulting in a 2014 increase of 2%.

Being strongly influenced by exchange rates, with a constant perimeter and at constant exchange rates, revenues for the six months ended June 30, 2014 are approximately 4.9% higher than those for the same period of 2013.

The U.S. sales were in line with the same period of 2013, sales in Europe rose by 2.9%, and the combined sales of Asia and the Rest-of-World segment grew by 3.5%.

8. Cost of sales

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

COST OF SALES *(euro/000)*	June 2014	June 2013	Increase (decrease)	%
Purchase of materials and finished products	56,539	21,399	35,140	164.2%
Changes in inventories	(1,124)	6,720	(7,844)	(116.7)%
Cost of personnel	9,837	8,576	1,261	14.7%
Outsourced processing	4,657	3,323	1,334	40.1%
Amortization, depreciation and writedowns	991	1,127	(136)	(12.1)%
Other costs	5,793	2,287	3,506	153.3%
Total	**76,692**	**43,431**	**33,261**	**76.6%**

The cost of sales is euro 33.261 million higher than that of the first six months of 2013, due to a different perimeter as a consequence of the Viva acquisition.

The “other costs” refer principally to transportation expenses and customs duties on purchases.

9. Distribution and marketing expenses

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

DISTRIBUTION AND MARKETING EXPENSES *(euro/000)*	June 2014	June 2013	Increase (decrease)	%
Cost of personnel	29,163	14,808	14,355	96.9%
Commissions	6,953	4,012	2,941	73.3%
Amortization	2,860	536	2,324	434.0%
Royalties	23,956	14,715	9,241	62.8%
Advertising and PR	13,845	8,921	4,924	55.2%
Other expenses	11,476	6,348	5,128	80.8%
Total	**88,253**	**49,340**	**38,913**	**78.9%**

In the first half of 2014, the distribution and marketing expenses were 45.4% of net sales.
With a constant perimeter, these expenses (45.5% of sales) are in line with those of the same period of 2013.

In the first six months of 2014, costs were incurred for additional advertising and public relations activities; greater advertising investments were made in the house brands and for the Venice International Convention, held in June 2014, which all the Group’s top customers attended, including those acquired through the Viva acquisition.

10. General and administration expenses

The general and administrative expenses are set forth below:

GENERAL AND ADMINISTRATION EXPENSES *(euro/000)*	June 2014	June 2013	Increase (decrease)	%
Cost of personnel	6,323	4,170	2,153	51.6%
Writedowns of receivables	299	86	213	247.3%
Amortization and writedowns	761	908	(146)	(16.1)%
Other expenses	7,470	5,593	1,876	33.5%
Total	**14,853**	**10,757**	**4,096**	**38.1%**

In the first half of 2014, the general and administration expenses were 7.65% of sales.

With a constant perimeter, the 2014 general and administration expenses were euro 3.177 million less than those for the same period of 2013. The 2014 reduction is due mainly to lower consulting costs incurred in the first six months of 2014 and successful actions taken to improve efficiency and contain costs.

"Other expenses" consist mainly of compensation for Directors and Statutory Auditors, expenses for other general and administration services and IT consulting fees.

11. Other operating income and expenses

The other operating income and expenses are set forth below:

OTHER OPERATING INCOME AND EXPENSES	June 2014	June 2013
(euro/000)		
Transport refund	1,635	652
Release of provision	64	158
Other income	524	734
Total other income	**2,223**	**1,544**
Losses on receivables	-	-
Other expenses	(432)	(370)
Total other expenses	**(432)**	**(370)**
TOTAL	**1,790**	**1,174**

The balance of this item is income of euro 1.790 million.
"Other income" consists principally of:

- euro 1.635 million charged to customers for transportation expenses incurred mainly by the Parent Company and Viva;
- euro 154 thousand charged for advertising material;
- euro 197 thousand representing the share of profits of Viva subsidiaries accounted for with the equity method.

12. Financial income and costs

Financial income and costs are presented below:

FINANCIAL INCOME AND COSTS	June 2014	June 2013
(euro/000)		
Financial income	2,257	936
Financial costs	(11,897)	(6,345)
Total	**(9,640)**	**(5,409)**

As shown in the table, the net financial costs increased by euro 4.231 million compared to the half year of the previous year.

The composition of financial income and costs is shown below:

FINANCIAL INCOME	June 2014	June 2013
(euro/000)		
Interest income	-	-
Other income	383	329
Gains on currency exchange	1,874	607
Total	**2,257**	**936**

FINANCIAL COSTS	June 2014	June 2013
(euro/000)		
Interest expense	(10,033)	(4,999)
Financial discounts	(1,023)	(447)
Losses on currency exchange	(842)	(899)
Total	**(11,897)**	**(6,345)**

As shown in the table above, the most significant changes refer to the following:

- interest expense, which rose by euro 5.034 million compared to the same period of 2013, due primarily to the greater interest expense on the bond notes compared to the interest expense on the pre-existing bank loans and, to a lesser extent, to the reversal of amortized transaction costs;
- financial discounts, which rose by euro 576 thousand, nearly entirely attributable to Viva subsidiaries.

With a constant perimeter, the balance of financial income and costs was a net cost of euro 6.808 million.

OTHER INFORMATION

SUBSEQUENT EVENTS

On April 28, 2014, pursuant to the agreement stipulated on March 3, 2011 by Marcolin S.p.A, Marcolin USA and 001 Corporation, the option to renew the Tom Ford license was exercised and the license was extended for the period from January 1, 2016 to December 31, 2022.

On May 6, 2014 the licensing agreement with Skechers USA Inc. was renewed for the worldwide manufacturing and distribution of eyeglasses and sunglasses.

On June 9, 2014, the Marcolin Group and Emilio Pucci announced the stipulation of an exclusive worldwide licensing agreement for the design, production and distribution of the prestigious Emilio Pucci brand sunglasses and eyeglasses.
The five-year, renewable license will take effect in January 2015.

On July 2, 2014, Marcolin and M.lle Catherine Deneuve announced the renewal of their licensing agreement for the design, production and worldwide distribution of Catherine Deneuve optical frames and sunglasses, initially launched through a licensing partnership with Viva International in 1989.

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 six months of 2014, there were no significant non-recurring events and/or transactions.

Atypical and unusual transactions

In the first six months of 2014 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. and the Group.

Transactions with related parties

In addition to the transactions between the consolidated companies, during the year 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.
As previously noted, the Marcolin Group figures reflect the participation in the Italian tax consolidation regime with the Parent Company, Marmolada.

The transactions and outstanding balances with respect to related parties as at June 30, 2014 are shown below, as required by IAS 24:

Company *(euro/000)*	**Expenses**	**Revenues**	**Payables**	**Receivables**
Related parties				
Tod's S.p.A	1,185	424	46	137
O.T.B. Group	915	0	4,615	0
Marmolada Spa	-	0	-	3,999
Other related parties	262	-	34	-
Total Other related parties	**2,362**	**424**	**4,696**	**4,136**

Milan; August 27, 2014

For the Board of Directors

The Chairman
Vittorio Levi