MARCOLIN
EYEWEAR

MARCOLIN GROUP

SEMIANNUAL FINANCIAL REPORT

June 30, 2015

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
Francesco Capurro	Director
Cirillo Coffen Marcolin	Director
Roberto Ferraresi	Director
Nicolas Brugère	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]

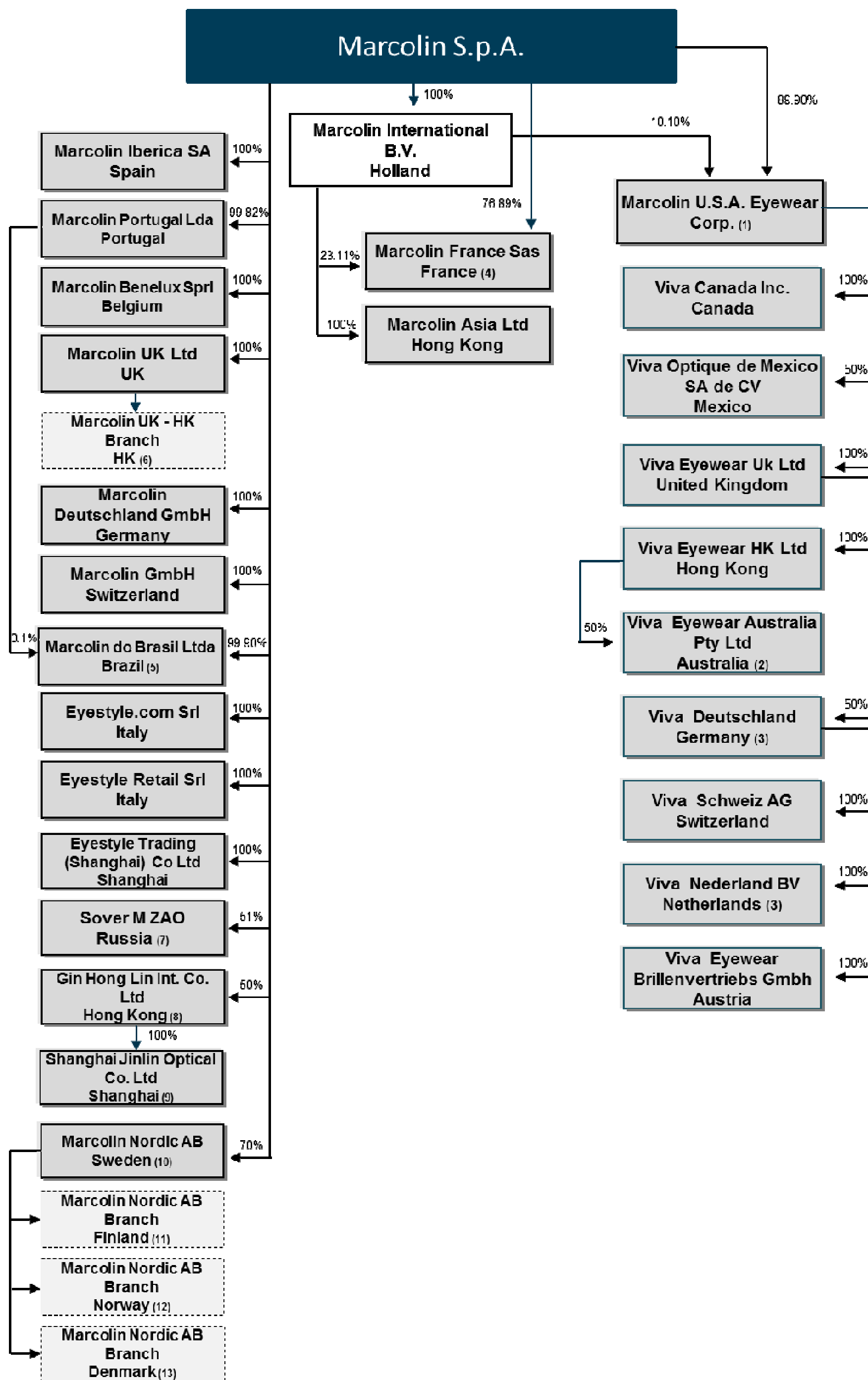
PricewaterhouseCoopers S.p.A.

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); Nicolas Brugère appointed in cooptation in the Board of Directors' of August 26, 2015.

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



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 (except for the Netherlands entity which will be dissolved).
(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) Established on July 1, 2014.
(7) Purchased on December 15, 2014. On July 10, 2015 its name is changed in Marcolin-RUS LLC.
(8) Established on November 3, 2014.
(9) Purchased on January 20, 2015.
(10) Purchased on January 19, 2015.
(11) Established on March 19, 2015.
(12) Established on April 16, 2015.
(13) Established on May 29, 2015.

MARCOLIN GROUP SEMIANNUAL
CONSOLIDATED FINANACIAL STATEMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(euro/000)	**Notes**	**06/30/2015**	**12/31/2014**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	28,232	24,657
Intangible assets	1	39,596	37,213
Goodwill	1	285,706	278,010
Investments in subsidiaries and associates	1	2,075	1,877
Deferred tax assets	1	34,018	38,536
Other non-current assets	1	715	846
Non-current financial assets	1; 6	4,534	5,455
Total non-current assets		**394,877**	**386,593**
CURRENT ASSETS			
Inventories	2	110,668	100,075
Trade receivables	2	101,217	80,576
Other current assets	2	16,167	14,099
Current financial assets	2; 6	2,037	2,042
Cash and bank balances	2; 6	22,948	36,933
Total current assets		**253,036**	**233,725**
TOTAL ASSETS		**647,913**	**620,318**
EQUITY			
Share capital	3	32,312	32,312
Additional paid-in capital	3	151,994	151,994
Legal reserve	3	4,077	3,853
Other reserves	3	58,477	50,447
Retained earnings (losses)	3	(16,903)	(17,086)
Profit (loss) for the year	3	1,053	407
Non-controlling interests	3	1,319	886
TOTAL EQUITY		**232,328**	**222,813**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	4; 6	200,954	199,152
Non-current provisions	4	9,000	8,919
Deferred tax liabilities	4	5,976	7,387
Other non-current liabilities	4	5,340	4,742
Total non-current liabilities		**221,270**	**220,200**
CURRENT LIBILITIES			
Trade payables	5	99,902	102,322
Current financial liabilities	5; 6	59,059	41,353
Current provisions	5	13,433	14,799
Tax liabilities	5	5,717	5,004
Other current liabilities	5	16,205	13,827
Total current liabilities		**194,315**	**177,305**
TOTAL LIABILITIES		**415,586**	**397,505**
TOTAL LIABILITIES AND EQUITY		**647,913**	**620,318**

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(euro/000)	Notes	06/30/2015	%	06/30/2014	%
NET REVENUES	7	**222,869**	**100.0%**	**194,338**	**100.0%**
COST OF SALES	8	**(90,744)**	**(40.7)%**	**(76,692)**	**(39.5)%**
GROSS PROFIT		**132,124**	**59.3%**	**117,646**	**60.5%**
DISTRIBUTION AND MARKETING EXPENSES	9	**(103,071)**	**(46.2)%**	**(88,253)**	**(45.4)%**
GENERAL AND ADMINISTRATION EXPENSES	10	**(17,465)**	**(7.8)%**	**(14,853)**	**(7.6)%**
Other operating income / expenses:					
- other operating income		2,280	1.0%	2,028	1.0%
- impairment / reversals of equity investments		249	0.1%	194	0.1%
- other operating expenses		(413)	(0.2)%	(432)	(0.2)%
TOTAL OPERATING INCOME / EXPENSES	11	**2,116**	**0.9%**	**1,791**	**0.9%**
OPERATING INCOME - EBIT		**13,705**	**6.1%**	**16,330**	**8.4%**
FINANCIAL INCOME AND COSTS	12	**(8,137)**	**(3.7)%**	**(9,640)**	**(5.0)%**
PROFIT BEFORE TAXES		**5,568**	**2.5%**	**6,690**	**3.4%**
Income tax expense		(4,308)	(1.9)%	(4,337)	(2.2)%
NET PROFIT FOR THE PERIOD		**1,261**	**0.6%**	**2,353**	**1.2%**
Profit attributable to:					
Owners of the parent		1,053	0.5%	2,353	1.2%
Non-controlling interests		208	0.1%	-	0.0%

(euro/000)	06/30/2015	06/30/2014
NET PROFIT FOR THE PERIOD	**1,261**	**2,353**
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	7,542	1,025
TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	**7,542**	**1,025**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	**8,803**	**3,377**

CONSOLIDATED STATEMENT OF CHANGES IN 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**
December 2013	**32,312**	**151,994**	**3,853**	**46,108**	**(2,592)**	**122**	**(4,811)**	**(12,011)**	**214,975**	**-**	**214,975**
Allocation of 2013 profit	-	-	-	-	-	-	(12,011)	12,011	-	-	**-**
Change in consolidation perimeter	-	-	-	-	-	-	-	-	-	886	**886**
- Period result	-	-	-	-	-	-	-	*407*	*407*	-	*407*
- Other components of comprehensive income	-	-	-	-	*7,045*	*(236)*	*(265)*	-	*6,544*	-	*6,544*
Total comprehensive income	-	-	-	-	7,045	*(236)*	(265)	407	6,952	-	**6,952**
December 2014	**32,312**	**151,994**	**3,853**	**46,108**	**4,454**	**(114)**	**(17,086)**	**407**	**221,926**	**886**	**222,813**
Allocation of 2014 profit	-	-	224	-	-	-	183	(407)	-	-	**-**
Other movements	-	-	-	-	641	-	-	-	641	70	712
- Period result	-	-	-	-	-	-	-	*1,053*	*1,053*	*208*	*1,261*
- Other components of comprehensive income	-	-	-	-	*7,389*	-	-	-	*7,389*	*153*	*7,542*
Total comprehensive income	-	-	-	-	7,389	-	-	1,053	8,441	361	**8,803**
June 2015	**32,312**	**151,994**	**4,077**	**46,108**	**12,484**	**(114)**	**(16,903)**	**1,053**	**231,008**	**1,318**	**232,328**

CONSOLIDATED STATEMENT OF CASH FLOWS

(euro/000)	06/30/2015	12/31/2014
OPERATING ACTIVITIES		
Profit for the period	*1,261*	*407*
Depreciation and amortization	5,015	8,958
Provisions	1,841	2,216
Income tax expense	4,308	6,695
Accrued interest expense	8,137	12,830
Adjustments to other non-cash items	(832)	(8,914)
Cash generated by operations	*19,730*	*22,192*
(Increase) decrease in trade receivables	(22,057)	(10,553)
(Increase) decrease in other receivables	(1,978)	(2,653)
(Increase) decrease in inventories	(7,293)	(27,821)
(Decrease) increase in trade payables	(1,078)	33,787
(Decrease)/increase in other liabilities	2,975	3,113
(Use) of provisions	(2,562)	(6,892)
(Decrease)/increase in current tax liabilities	365	-
Adjustments to other non-cash items	(1,608)	(2,492)
Income taxes paid	319	(3,609)
Interest paid	(9,354)	(18,253)
Cash used for current operations	*(42,271)*	*(35,373)*
Net cash from /(used in) operating activities	**(22,541)**	**(13,181)**
INVESTING ACTIVITIES		
(Purchase) of property, plant and equipment	(5,360)	(6,179)
Proceeds from the sale of property, plant and equipment	-	755
(Investments) in subsidiaries and associates	93	-
(Purchase) of intangible assets	(5,600)	(6,742)
Net cash outflow on business combinations net of the liquidity acquired (Marcolin Group)	-	-
Net cash outflow on business combinations net of the liquidity acquired (Viva)	-	(4,958)
Net cash outflow on business combinations net of the liquidity acquired (SoverM)	-	(1,530)
Net cash from /(used in) investing activities	**(10,866)**	**(18,655)**
FINANCING ACTIVITES		
Loans granted		
- Increase	-	-
- Decrease	921	1,676
Net increase (decrease) in bank borrowings	3,403	(7,448)
Loans taken out		
- new loans	34,229	47,190
- repayments	(20,274)	(14,921)
Net cash from /(used in) financing activities	**18,279**	**26,497**
Net increase/(decrease) in cash and cash equivalents	**(15,127)**	**(5,338)**
Effect of foreign exchange rate changes	1,142	3,736
Cash and cash equivalents at beginning of year	**36,933**	**38,536**
Cash and cash equivalents at end of year	**22,948**	**36,933**

NOTES TO THE SEMIANNUAL CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Marcolin, a well-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.

At the end of 2013 Marcolin acquired the Viva International group (hereinafter also “Viva”), one of the most important international eyewear groups, by acquiring from the American group HVHC Inc. a 100% stake in Viva Optique, Inc. (the group's parent company based in New Jersey, with branches in New York and Miami).
The Viva International group, with some 8.5 million eyewear items sold, 300 employees and sales of nearly $190 million dollars (55% of which in the United States), was the ninth largest eyewear company in the world and the second largest in the United States, where it had an especially strong position in the “vision” segment. With a network of more than 160 agents operating on the American market and a brand portfolio that included Guess, Guess by Marciano, Gant, Harley Davidson, and other brands targeted specifically to the U.S. "diffusion" market, Viva controlled affiliates in major countries of strategic interest (with subsidiaries in France, the United Kingdom, Hong Kong and Brazil, and partnerships in Mexico, Australia and Germany).

In 2014 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. Those activities were completed, in advance respect the integration schedule, in the initial months of 2015; currently the rationalization of the corporate structure is being completed, after which the Group's structure will be definitive.

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. 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.

In 2014, combined with Viva, the Marcolin group had sold an estimated 15 million pairs of eyeglasses and sunglasses worldwide, with sales exceeding euro 360 million and some 1,500 employees (including 570 in the American affiliates), plus a widespread, well-structured network of independent agents.

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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 and Pucci (whose distribution has been commenced in 2015); 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 most important house brands are WEB and Marcolin.

During the first half of 2015, on May 20, 2015, Marcolin inaugurated the new plant of a 3.500 mq manufacturing facility in Longarone (Fortogna area), in the heart of the eyewear district. The new site will double Marcolin's in-house Made in Italy production: this is the answer to structural good sales' performance and, on top, to the opening of new directly managed markets mixed with new highly recognized brands in the portfolio.

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ACCOUNTING POLICIES AND BASIS OF CONSOLIDATION

Accounting policies

The financial statements for the six months ended June 30, 2015 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, 2015 are consistent with those used to prepare the annual financial statements as at December 31, 2014, 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, 2014.
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, 2015 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 throw Equity Method are set forth below.

Company *Local Currency*	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	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	Barcelona, Spain	EUR	487,481	Full	100.00%	
Marcolin International BV	Amsterdam, Netherlands	EUR	18,151	Full	100.00%	
Marcolin Portugal Lda	Lisboa, Portugal	EUR	420,000	Full	99.82%	
Marcolin UK Ltd	Newbury, UK	GBP	3,572,718	Full	100.00%	
Marcolin France Sas	Paris, France	EUR	1,054,452	Full	76.89%	23.11%
Eyestyle Retail Srl	Milan, Italy	EUR	200,000	Full	100.00%	
Eyestyle.com Srl	Longarone, Italy	EUR	150,000	Full	100.00%	
Eyestyle Trading (Shanghai) Co Ltd	Shanghai, China	CNY	3,001,396	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 Italia Srl	Operations Ceased	EUR	845,600	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 Deutschland Gmbh	Schwaebisch Gmund, Germany	EUR	25,000	Equity		50.00%
Viva Eyewear Brillenvertriebs Gmbh	Vöcklabruck, Austria	EUR	35,000	Equity		50.00%
Viva Nederland BV	Rijswijk, Netherlands	EUR	18,000	Equity		50.00%
Viva Schweiz AG	Wallis, Switzerland	CHF	100,000	Equity		50.00%
Viva Eyewear Australia Pty Ltd	Rosebery NSW, Australia	AUD	1,000,000	Equity		50.00%
Sover - M ZAO	Moscow, Russia	RUB	372,583	Full	51.00%	
Gin Hong Lin Intenational Co Ltd	Hong Kong	HKD	19	Full	50.00%	
Marcolin Nordic AB	Solna, Stockholm	SEK	50,000	Full	70.00%	

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., had opted for the Italian tax consolidation regime for IRES (corporate income tax) purposes for 2013, 2014 and 2015, which recognized Marmolada S.p.A. as the parent company.
On June 13, 2014, pursuant to the Italian Income Tax Code ("TUIR"), Presidential Decree no. 917, Article 117 *et seq* of December 22, 1986, the ultimate parent company, 3 Cime S.p.A. notified the Italian Revenue Office of its adoption of the Italian tax consolidation regime with its subsidiaries, including Marcolin S.p.A., for 2014, 2015 and 2016. Accordingly, the tax consolidation in effect in 2013 was replaced with an identical agreement with 3 Cime S.p.A., which involved terminating the previous agreement and stipulating a new agreement for the three-year period.
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 June 30, 2015 and January-to-June 2015, respectively):

Currency	Symbol	Closing exchange rate			Average exchange rate		
		06/30/2015	12/31/2014	*Change*	06/30/2015	06/30/2014	*Change*
Australian Dollar	AUD	1.455	1.483	(1.9)%	1.426	1.499	(4.9)%
Brasilian Real	BRL	3.470	3.221	7.7%	3.310	3.150	5.1%
Canadian Dollar	CAD	1.384	1.406	(1.6)%	1.377	1.503	(8.4)%
Swiss Franc	CHF	1.041	1.202	(13.4)%	1.057	1.221	(13.5)%
Remimbi	CNY	6.937	7.536	(8.0)%	6.941	8.452	(17.9)%
English Pound	GBP	0.711	0.779	(8.7)%	0.732	0.821	(10.8)%
Hong Kong Dollar	HKD	8.674	9.417	(7.9)%	8.652	10.629	(18.6)%
Japanese Yen	JPY	137.010	145.230	(5.7)%	134.204	140.396	(4.4)%
Mexican Pesos	MXN	17.533	17.868	(1.9)%	16.889	17.977	(6.1)%
Norwegian Krone	NOK	8.791	9.042	(2.8)%	8.648	8.276	4.5%
Russian Rublo	RUB	62.355	72.337	(13.8)%	64.641	48.020	34.6%
Swedish Krona	SEK	9.215	9.393	(1.9)%	9.340	8.954	4.3%
Danish Krone	DKK	7.460	7.445	0.2%	7.456	7.463	(0.1)%
USA Dollar	USD	1.119	1.214	(7.8)%	1.116	1.370	(18.6)%

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)*	**06/30/2015**	**12/31/2014**	**Increase/decrease**	
			euro	**%**
Property, plant and equipment	28,232	24,657	3,576	14.5%
Intangible assets	39,596	37,213	2,383	6.4%
Goodwill	285,706	278,010	7,697	2.8%
Investments in subsidiaries and associates	2,075	1,877	198	10.5%
Deferred tax assets	34,018	38,536	(4,518)	(11.7)%
Other non-current assets	715	846	(130)	(15.4)%
Non-current financial assets	4,534	5,455	(921)	(16.9)%
Total non-current assets	**394,877**	**386,593**	**8,284**	**2.1%**

The net value of non-current assets rose by euro 8.284 million from December 31, 2014, mainly due to capital expenditures, goodwill and deferred tax asset.

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

- the investment in the new Fortogna plant aimed to increase the internal manufacturing capacity of “Made in Italy” products (property, plant and equipment);
- 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.

Goodwill roses by euro 7.697 million, due to the translation effect of the period.

Finally, deferred tax assets decreases due to utilization of fiscal losses over the period.

2. Current assets

The composition of current assets is shown below:

Current assets *(euro/000)*	**06/30/2015**	**12/31/2014**	**Increase/decrease**	
			euro	**%**
Inventories	110,668	100,075	10,592	10.6%
Trade receivables	101,217	80,576	20,641	25.6%
Other current assets	16,167	14,099	2,069	14.7%
Current financial assets	2,037	2,042	(5)	(0.2)%
Cash and bank balances	22,948	36,933	(13,985)	(37.9)%
Total current assets	**253,036**	**233,725**	**19,312**	**8.3%**

The total value of current assets roses by euro 19.312 million from December 31, 2014, mainly as a result of the combined effect of the changes listed below.

The increase in net inventories compared to the previous year is strongly impacted by U.S. dollar appreciation. The inventory increase is also attributable to the discontinuity represented by new brands, Zegna and Pucci, which have been recently launched, and to the joint ventures inventory. The growth in closing inventories is also attributable to a highest “current” finished product inventory, due to the increasing sales, in addition to the management's decision to improve customer service by reducing delivery time and investing in supplies of continuing products (to be “never out of stock”).

The increase in net trade receivables is also impacted by the translation differences due to the part in foreign currency (in particular US dollar). The figure is also largely affected by the increased sales, compared to the same period of 2014, and by the impact of the business seasonality.
Credit quality remained consistent with that of recent past.
In 2015 the recent improvement in the average collection period, or "days sales outstanding" (DSO), lost momentum, but the emphasis on credit management and client selection made it possible to keep the Group's days sales outstanding (DSO) at June 30, 2015 under control even with difficult markets and rising sales (up by 3 days).

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 significant changes in equity refer to the net income of euro 1.261 million and the recognition of the comprehensive income of euro 7.542 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)*	**06/30/2015**	**12/31/2014**	**Increase/decrease**	
			euro	**%**
Non-current financial liabilities	200,954	199,152	1,802	0.9%
Non-current provisions	9,000	8,919	81	0.9%
Deferred tax liabilities	5,976	7,387	(1,410)	(19.1)%
Other non-current liabilities	5,340	4,742	598	12.6%
Total non-current liabilities	**221,270**	**220,200**	**1,070**	**0.5%**

Non-current liabilities rose by euro 1.070 million, mainly as a result of the combined effect of the changes listed below:

- an increase of non-current financial liabilities for euro 1.802 million, driven by a new long term bank borrowing and the release of the Bond amortized costs;
- a decrease of deferred tax liabilities for euro 1.410 million, due to the effect of temporal tax adjustment in the period (mainly related to not realized gains on exchange rates);
- an increase of other non-current liabilities for euro 0.598 million, mainly due to translation effect.

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 Sanpaolo 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 1/3/6 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	4,375,000	12.31.2018	*Euribor 3 months + spread*	Loan partially guaranteed by SACE, drawn on December 18, 2014, repayable in 16 quarterly installments from March 31, 2015
Banca Popolare FriulAdria S.p.A.	euro	3,000,000	2,757,976	04.03.2018	*Euribor 3 months + spread*	Loan drawn on March 4, 2015, repayable in 12 quarterly installments from June 4, 2015.

5. Current liabilities

Current liabilities are set forth below:

Current liabilities *(euro/000)*	**06/30/2015**	**12/31/2014**	**Increase/decrease**	
			euro	**%**
Trade payables	99,902	102,322	(2,420)	(2.4)%
Current financial liabilities	59,059	41,353	17,706	42.8%
Current provisions	13,433	14,799	(1,366)	(9.2)%
Tax liabilities	5,717	5,004	713	14.3%
Other current liabilities	16,205	13,827	2,378	17.2%
Total current liabilities	**194,315**	**177,305**	**17,010**	**9.6%**

The current liabilities at June 30, 2015 show an increase of euro 17.010 million from December 31, 2014.

In particular, the following may be observed:

- the improvement in the Group's days payables outstanding (DPO) shown at the end of 2014 and due to the adjustment of payment terms for suppliers shared by Marcolin and Viva to the longest time period between the two, is slightly decreased at June 30, 2015. In fact, the seasonality and the concentration of suppliers payments in the first half of the year has produced a substantially stable balance, despite the turnover increase;
- the increase in current financial liabilities is 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, and to new financial facilities referring to the Parent Company and to the U.S. Subsidiary;
- the decrease in current provisions is due to the use of ordinary provisions allocated at the end of 2014 to cover potential returns and discount for the year;
- the increase in other current liabilities is due to payables towards employees for severance costs accrued for dismissed employees of the discontinued Arizona plant, in addition to other payables due to personnel in the ordinary course of business.

6. Net financial position

The net financial position/(indebtedness) as at June 30, 2015 is set forth below in comparison with December 31, 2014:

Net financial position / (indebtedness)	**06/30/2015**	**12/31/2014**	**Increase/decrease**	
(euro/000)			**euro**	**%**
Cash and cash equivalents	22,948	36,933	(13,985)	(37.9)%
Financial assets	6,572	7,497	(926)	(12.3)%
Short-term borrowings	(59,059)	(41,353)	(17,706)	42.8%
Long-term borrowings	(200,954)	(199,152)	(1,802)	0.9%
Total	**(230,493)**	**(196,074)**	**(34,419)**	**17.6%**

The net balance is indebtedness of euro 230.493 million, compared to the indebtedness of euro 196.074 million at December 31, 2014.

The cash absorption shown in 2015 is primarily attributable to financial needs related to the investment in trade working capital, in particular trade receivables and inventory, as explained above and shown in the Cash Flow Statement report.

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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 25.0 million that was fully drawn at the end of June 30, 2015.

In particular, 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. This credit line is for euro 5.0 million, 50% of which backed with an irrevocable guarantee from SACE S.p.A., granted specifically to fund Italian companies that invest in projects aimed to make their businesses more international, whether directly or indirectly.

The growth in gross financial debt shown as of June 2015, compared to the same figure at the end of December 2014, is mostly due to an increase of bank credit facilities in the form of bill discounting facility undertaken in the ordinary course of business, and to new financial facilities drawn by Marcolin S.p.A. and by Marcolin USA Eyewear Corp.
In addition, another medium-long term amortizing financing committed and unsecured has been agreed between the Parent Company and another important Bank and drawn in March for euro 3.0 million, with the purpose of supporting the Fortogna's project (building acquisition). The financing of Fortogna project also impacted with a finance lease of about euro 1.5 million, related to the acquisition of new machinery and equipment for the refurbishment of the new Acetato plant.

Finally, the financial liabilities include an amount of US$ 5.0 million due to the HVHC, Inc. Group, of which US$ 2.0 million is due in the short term; the remaining portion, due at the end of 2016, is recognized as non-current financial liabilities, and discounted in accordance with the applicative accounting standards.

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ANALYSIS OF CONSOLIDATED INCOME STATEMENT

The Group's interim Consolidated Income Statement at June 30, 2015 is summarized below against the reported interim results as at June 30, 2014.

The 2015 revenues to date are euro 222.869 million, compared to euro 194.338 million for the first six months of 2014.

The June 2015 Reported Ebitda is euro 19.124 million, compared to 21.241 million for the six months of 2014.
Reported Ebit is euro 13.705 million, compared to euro 16.330 million for the six months of 2014.

Consolidated income statement	**06/30/2015**		**06/30/2014**	
(euro/000)	**euro**	**% of revenue**	**euro**	**% of revenue**
Net revenues	222,869	100.0%	194,338	100.0%
Gross profit	132,124	59.3%	117,646	60.5%
Ebitda	19,124	8.6%	21,241	10.9%
Operating income - Ebit	13,705	6.1%	16,330	8.4%
Financial income and costs	(8,137)	(3.7)%	(9,640)	(5.0)%
Profit before taxes	5,568	2.5%	6,690	3.4%
Net profit for the period	1,261	0.6%	2,353	1.2%

The Group's results were influenced by non-recurring transactions, which adversely impacted the Reported Ebitda both for the six-month period ended June 30, 2015 and for the six-month period ended June 30, 2014.

In order to better understand the business performance, those effects must be eliminated. They only refer to one-off charges for discontinued Arizona operation and other extraordinary items related to Viva integration project.

Excluding the effects of those transactions, the June 2015 Adjusted Ebitda is euro 26.849 million (12.0% of net sales), against the June 2014 Adjusted Ebitda of euro 24.126 million (12.4% of sales).

7. Revenue

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

Net Sales by geographical area	**06/30/2015**		**06/30/2014**		**Increase (decrease)**	
(euro/000)	**Turnover**	**% on total**	**Turnover**	**% on total**	**Turnover**	**Change**
Italy	*13,900*	*6.2%*	*11,071*	*5.7%*	*2,829*	*25.6%*
Rest of Europe	*53,178*	*23.9%*	*52,837*	*23.7%*	*341*	*0.6%*
Europe	67,078	30.1%	63,908	32.9%	3,170	5.0%
U.S.A.	94,341	42.3%	80,381	41.4%	13,960	17.4%
Asia	21,720	9.7%	16,385	8.4%	5,335	32.6%
Rest of World	39,731	17.8%	33,664	17.3%	6,067	18.0%
Total	**222,869**	**100.0%**	**194,338**	**100.0%**	**28,531**	**14.7%**

In the first six months of 2015 sales revenues were euro 222.869 million, an increase of euro 28.531 million (14.7%) in comparison to the same period of 2014.

Italy
Sales in the domestic (Italian) market rose 25.6% during the first six months of 2015.
Diffusion brands, led by Guess, Swarovski and our house brand Web, had a double-digit growth.

Rest of Europe
Revenue from the Rest-of-Europe market, totaling euro 53.178 million, was slightly better than that of the previous first half-year.
Luxury brands were more prominent than in 2014. The prescription frames segment growth (+5.1%) was partially offset by the slowdown of sales in the sunglasses segment (-3.6%).
The market was characterized by a stagnant economy and was heavily impacted by the recent Viva/ Marcolin sales force integration in France, offset by positive sales in other countries (i.e. Spain gained market share and the new Russian and Nordic subsidiaries performed well), and sales by large international chains.

North America
In the U.S. market, revenues grew by 17.4%, showing the great impact of exchange rate fluctuations.
The American market raised its share to 42.3% of total Group sales, and it represents the Group's main market.
Net sales decreased by 3.7% at constant exchange rates: the positive performance of luxury brands, fostered by greater consumer confidence and an improved U.S. economy, was offset by some issues faced in the new distribution center resulting from the move from Arizona to New Jersey.
These disruptions have been resolved, resulting in a very good performance in July month that start the recovery period in order to match the forecasted target for the whole 2015 year.

Asia
The Asian Far East market experienced high double-digit growth of +32.6%.
This result is attributable entirely to fashion brands, which performed extremely well especially in the Chinese market, also thanks to the new joint venture initiative. In particular, revenue from luxury sunglasses had the best performance, growing by 70% from the previous year.

Rest of World
From a geographical standpoint, "Rest of the World" sales include the Middle East, Central and South America, Africa and Oceania. The revenue produced in this market rose by 18.0%, or 13.9% at constant exchange rates, in the first half of 2015, totaling euro 39.731 million.
The largest increases came from the Middle East (up by 15.6% at constant exchange rates) and Central America, while South America had a weak first six months (at constant exchange rates).
Revenue growth was driven in particular by luxury brands (+50%).

8. Cost of sales

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

Cost of sales		**%on**		**%on**	**Increase/decrease**	
(euro/000)	**06/30/2015**	**revenues**	**06/30/2014**	**revenues**	**euro**	**%**
Purchase of materials and finished products	72,826	32.7%	56,539	29.1%	16,287	28.8%
Changes in inventories	(6,911)	(3.1)%	(1,124)	-0.6%	(5,787)	514.8%
Cost of personnel	10,406	4.7%	9,837	5.1%	569	5.8%
Outsourced processing	5,837	2.6%	4,657	2.4%	1,180	25.3%
Amortization, depreciation and writedowns	1,172	0.5%	991	0.5%	181	18.3%
Other costs	7,414	3.3%	5,793	3.0%	1,622	28.0%
Total	**90,744**	**40.7%**	**76,692**	**39.5%**	**14,052**	**18.3%**

The costs of sales amounted to euro 90.744 million for the six months ended June 30, 2015, an increase of euro 14.052 million, or 18.3%, from euro 76.692 million for the six months ended June 30, 2014. The cost of sales as a percentage of revenue is 40.7% for the six months ended June 30, 2015 compared to 39.5% for the six months ended June 30, 2014.

The June 2015 Gross profit is euro 14.479 million higher than that of the previous year, growing from 117,646 million (or 60.5%) up to euro 132.124 million (or 59.3%) in 2015.

The increase in Gross margin is influenced by a price effect: it was a management decision to selectively reduce prices for certain product lines to accommodate specific market demands.

In the period considered average price decrease especially in direct sales and distributors, partially due to some close-out sales.

Compared to last year, volumes have decreased especially in direct and distributors channel, also influenced by the disruptions faced in the new U.S. distribution center resulting from the move from Arizona to New Jersey, and now completely resolved.

Such effects were however more than balanced by an important positive brand mix effect, especially due to the introduction of new luxury brands and the improving performance of some existing fashion brands, with an higher margin in respect of those of diffusion brands.

Another factor contributing to the gross margin growth is the positive impact of exchange rates, which raised business profitability by increasing the share of the Group's profits in euros.

9. Distribution and marketing expenses

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

Distribution and marketing expenses					**Increase/decrease**	
(euro/000)	**06/30/2015**	**% on revenues**	**06/30/2014**	**% on revenues**	**euro**	**%**
Cost of personnel	33,454	15.0%	29,163	15.0%	4,291	14.7%
Commissions	7,851	3.5%	6,953	3.6%	898	12.9%
Amortization	2,501	1.1%	2,860	1.5%	(359)	(12.5)%
Royalties	27,797	12.5%	23,956	12.3%	3,841	16.0%
Advertising and PR	16,621	7.5%	13,845	7.1%	2,776	20.0%
Other costs	14,847	6.7%	11,476	5.9%	3,371	29.4%
Total	**103,071**	**46.2%**	**88,253**	**45.4%**	**14,818**	**16.8%**

The distribution and marketing expenses amounted to euro 103.071 million for the six months ended June 30, 2015, an increase of euro 14.818 million or 16.8% from euro 88.253 million for the six months ended June 30, 2014.
The increase is due to the general rise in the variable costs, strongly linked to the turnover growth. In particular Cost of personnel include also agents costs, which grew in proportion to the sales growth.
Distribution and marketing expenses also include one-off expenses related to the Viva reorganization. Excluding such non-recurring amounts, distribution and marketing expenses is respectively 44.8% of revenues in 2015 and 44.9% of revenues in 2014.

In 2015 Royalties amounted to euro 27.797 million, an increase of 16.0%, from the euro 23.956 million for the six months ended June 30, 2014. In 2015 Royalties as a percentage of revenue is 12.5%, compared to 12.3% of 2014. Pursuant to certain operations and agreements stipulated during the last year (regarding the revision of minimum guaranteed royalties due over the term of the licensing agreement), 2015 improves the profitability of some licenses, thanks to better absorption of royalties and advertising contributions which in 2014 were not fully saturated by the sales realized. This effect has been partially off-set in the first six month of the year by a negative brand mix effect, driving an increased below minimum royalties for certain brands.

Advertising and PR in 2015 amounted to euro 16.621 million, an increase of euro 2.776 million, or 20.0%, from the euro 13.845 million in the same period of 2014, due to costs incurred for additional advertising and public relations activities, in addition to greater corporate advertising investments and advertising made in the house brands. As a percentage of revenue, Advertising and PR expenses in 2015 is 7.5%, compared to 7.1% of 2014.

The "other costs" mainly refer to transportation expenses on sales, business travels, rents and other services and show an increase of euro 3.371 million compared with previous year. This figure is

affected by the aforementioned non-recurring costs related to Viva integration project. Excluding such non-recurring expenses the "other costs" is respectively 5.4% of revenues in 2014 and 5.3% of revenues in 2015.

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On February 18, 2015, Marcolin Group and Timberland announced the early renewal of their licensing agreement ending December 2018 for the design, production and distribution of eyewear collections of sunglasses and optical frames.
On April 30, 2015, Marcolin U.S.A. Eyewear Corp. and Iconix executed amendments to renew the Candie's license for five years through 2020 and the Bongo and Rampage license for two years through 2017. Key business terms were re-negotiated to significantly reduce minimum guaranteed royalties for Candie's and to eliminate all minimum guaranteed royalties for Bongo and Rampage.
Finally, on June 11, 2015 Marcolin Group has signed an agreement with Tom Ford International regarding the extension of the licensing contract for the design, production and worldwide distribution of Tom Ford Eyewear sunglasses and optical frames.

10. General and administrative expenses

The general and administrative expenses are set forth below:

General and administrative expenses		**% on**		**% on**	**Increase/decrease**	
(euro/000)	**06/30/2015**	**revenues**	**06/30/2014**	**revenues**	**euro**	**%**
Cost of personnel	7,500	3.4%	6,323	3.3%	1,177	18.6%
Writedowns of receivables	404	0.2%	299	0.2%	105	35.0%
Amortization and writedowns	1,342	0.6%	761	0.4%	580	76.2%
Other costs	8,219	3.7%	7,470	3.8%	749	10.0%
Total	**17,465**	**7.8%**	**14,853**	**7.6%**	**2,611**	**17.6%**

At June 2015, the general and administrative expenses were 7.8% of sales.
The main increase of G&A expenses is 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).

Also these costs are affected by non-recurring expenses both in 2014 and in 2015, also included in the calculation of Adjusted Ebitda. Excluding such one-offs, general and administrative expenses is respectively 7.2% of revenues in 2014, compared to 7.0% of revenues in 2015.
This slight decrease in terms of percentage on revenues in General and administrative expenses is the result of successful actions taken by the Group to improve efficiency and contain costs, as part of the synergies realized, and will be more evident in the second part of the year, due to the ceasing of Arizona costs.

"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

The other operating income and expenses are set forth below:

Other operating income and expenses (euro/000)	06/30/2015	% on revenues	06/30/2014	% on revenues	Increase/decrease	
					euro	%
Transport refund	1,573	0.7%	1,635	0.8%	(61)	(3.8)%
Release of provision	231	0.1%	64	0.0%	167	259.9%
Other income	725	0.3%	524	0.3%	201	38.4%
Total other income	**2,529**	**1.1%**	**2,223**	**1.1%**	**306**	**13.8%**
Other expenses	(413)	-0.2%	(432)	-0.2%	20	(4.5)%
Total other expenses	**(413)**	**-0.2%**	**(432)**	**-0.2%**	**20**	**(4.5)%**
Total operating income and expenses	**2,116**	**0.9%**	**1,791**	**0.9%**	**326**	**18.2%**

"Other income" mainly consist of transportation expenses and advertising material, incurred mainly by the Parent Company and Viva, re-charged to customers.
In addition, in “Other income” are included the share of profits of Viva subsidiaries accounted with the equity method.

"Other expenses" mainly consist of non-recurring expenses accrued with regard to costs to be incurred after the reporting period.

12. Financial income and costs

The net financial costs improved by euro 1.503 million compared to the six months of the previous year, from a negative amount of euro 9.640 million as at June 30, 2014 up to a negative amount of euro 8.137 million for the first six month of 2015.

The most significant items refer to the following:

- Bond accruals, in line with previous year and amount to euro 8.500 million;
- Interest expenses and financial discounts, in line in respect to June 2014;
- Net gains and losses on currency exchange.

OTHER INFORMATIONS

SUBSEQUENT EVENTS

In the first six months of 2015 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 six months of 2015, there were no significant non-recurring events and/or transactions.

Atypical and unusual transactions

In the first six months of 2015 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 June 30, 2015 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 *(euro/000)*	**Expenses**	**Revenues**	**Payables**	**Receivables**	**Type**
Other related parties					
Tod's S.p.A	1,141	405	752	33	Related party
Pai Partners Sas	-	2	31	-	Related party
Coffen Marcolin Family	332	0	34	-	Related party
O.T.B. Group	1,240	229	2,434	23	Related party
3 Cime S.p.A.	-	-	-	2,597	Consolidating
Total	**2,712**	**635**	**3,251**	**2,653**	

Longarone; August 26, 2015

For the Board of Directors

C.E.O
Giovanni Zoppas

MARCOLIN
EYEWEAR