AEFFE

CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Disclaimer

The consolidated and statutory financial statements at 31 December 2015 have been translated into English solely for the convenience of the International reader. In the event of conflict or inconsistency between the terms used in the Italian Version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

CHAIRMAN'S LETTER

After three years of recession, a slow recovery started in 2015 and is expected to strengthen in 2016 and 2017, with some downside risks. The positive growth outlook is backed by improved confidence, better labour market prospects, low energy and oil prices and a gradual loosening of financial conditions. These factors are expected to continue to support growth in the short-to-medium term. However, the recovery is weaker than in the euro area.

Compared to the economic outlook for Europe, these remain uncertain, due to the difficulties to make accurate forecasts. Among the factors that could contribute to the growth slowdown include: slowing growth in emerging markets also because of an adjustment of domestic politics in China geared to lower imports in the face of sustainable domestic consumption and the possibility of further increases in the US interest rates can cause disturbances in financial markets and impact worldwide. In addition, a further decline in oil prices, could further damage the oil-exporting countries and thus reduce the demand for imports from the EU. That said, the hope is that the combination of the current support factors prevail within the EU and results in a greater than expected boost to growth, especially in the case of investment recovery.

During 2015 the Group has been strongly committed to outlining growth strategies for the long-term profitability, through investments in key areas, such as brand portfolio, marketing, advertising and retail channel. We positively evaluate objectives achieved so far, both in the prêt-à-porter and accessories segments, which already reflect a greater vitality and the strengthening of our brands positioning in high-potential markets, including Greater China and United States.

Despite macroeconomic uncertainty, we are therefore optimistic for the future, in the light of both the positive trend of the first two months of the year and good feedbacks by the latest collections presented at the fashion week in London, New York, Milan and Paris.

The Chairman of the Board of Directors

Massimo Ferretti

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Corporate boards of the Parent Company

Board of Directors

Chairman
Massimo Ferretti

Deputy Chairman
Alberta Ferretti

Chief Executive Officer
Simone Badioli

Directors
Marcello Tassinari – Managing Director
Roberto Lugano
Pierfrancesco Giustiniani
Marco Salomoni
Sabrina Borocci

Board of Statutory

President
Pier Francesco Sportoletti

Statutory Auditors
Fernando Ciotti
Daniela Saitta

Alternate Auditors
Barbara Ceppellini
Luca Sapucci

Board of Compensation Committee

President
Sabrina Borocci

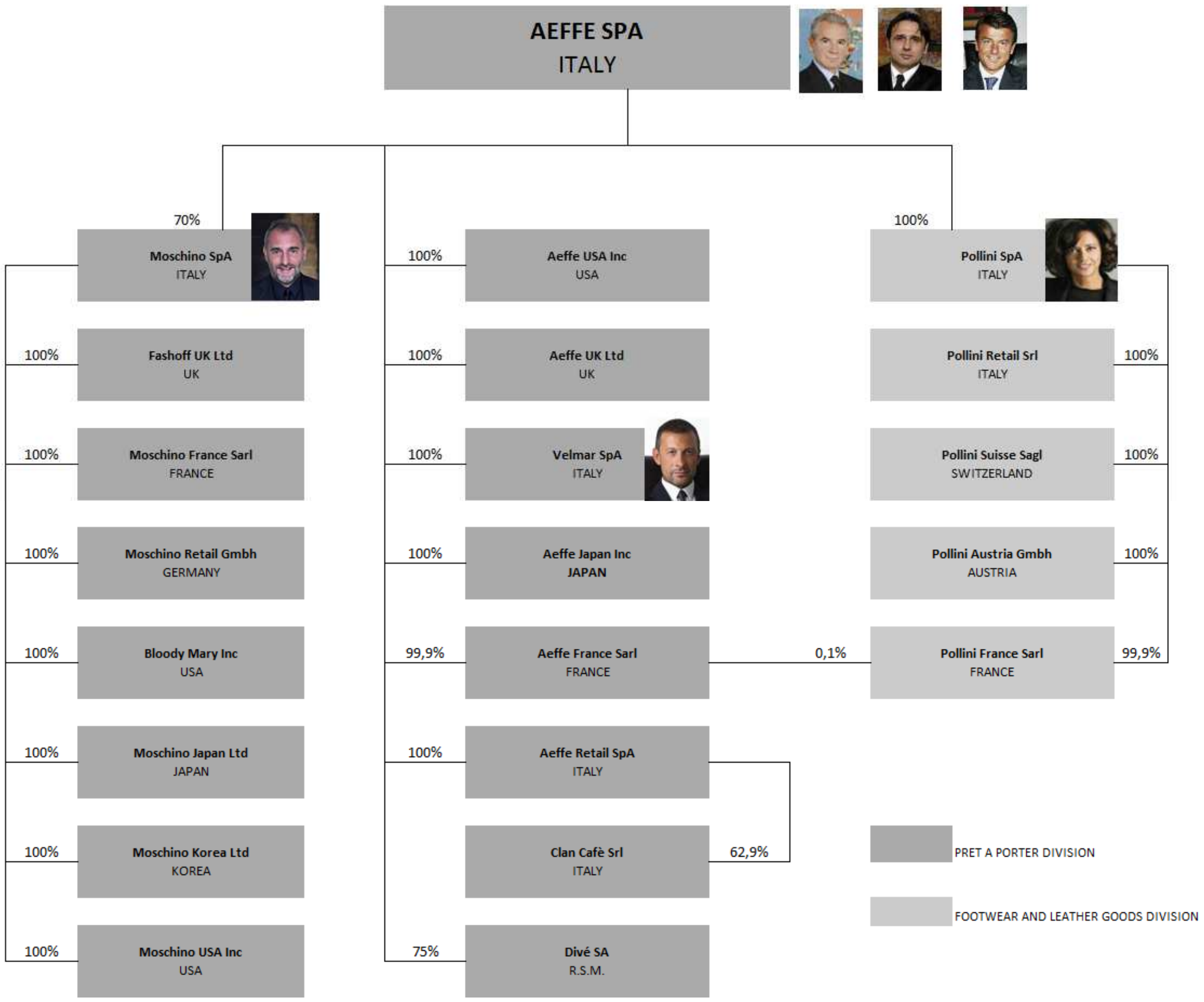
Members
Roberto Lugano
Pierfrancesco Giustiniani

Board of Internal Control Committee

President
Roberto Lugano

Members
Sabrina Borocci
Pierfrancesco Giustiniani

Organisation chart



Brands portfolio

AEFFE
Apparel- Accessories

ALBERTA FERRETTI
PHILOSOPHY DI LORENZO SERAFINI
MOSCHINO
BOUTIQUE MOSCHINO
JEREMY SCOTT
CEDRIC CHARLIER

POLLINI Footwear – Leather goods	**MOSCHINO** Licences – Design	**VELMAR** Beachwear - Lingerie
POLLINI	MOSCHINO	MOSCHINO
MOSCHINO	BOUTIQUE MOSCHINO	blugirl beachwear
BOUTIQUE MOSCHINO	LOVE MOSCHINO	blugirl underwear
LOVE MOSCHINO		BLUGIRL Folies

Headquarters

AEFFE
Via Delle Querce, 51
47842 - San Giovanni in Marignano (RN)
Italy

MOSCHINO
Via San Gregorio, 28
20124 - Milan
Italy

POLLINI
Via Erbosa I° tratto, 92
47030 - Gatteo (FC)
Italy

VELMAR
Via Delle Querce, 51
47842 - San Giovanni in Marignano (RN)
Italy

Showrooms

MILAN
(FERRETTI – POLLINI – CEDRIC CHARLIER)
Via Donizetti, 48
20122 - Milan
Italy

LONDON
(FERRETTI – MOSCHINO)
28-29 Conduit Street
W1S 2YB - London
UK

PARIS
(FERRETTI – MOSCHINO – POLLINI)
43, Rue DU Faubourg Saint Honoré
75008 - Paris
France

NEW YORK
(GRUPPO)
30 West 56th Street
10019 - New York
USA

MILAN
(MOSCHINO)
Via San Gregorio, 28
20124 - Milan
Italy

MILAN
(LOVE MOSCHINO)
Via Settembrini, 1
20124 - Milan
Italy

PARIS
(CEDRIC CHARLIER)
28, Rue de Sevigne
75004 - Paris
France

Main flagshipstore locations under direct management

ALBERTA FERRETTI
Milan
Rome
Capri
Paris
London
Los Angeles

POLLINI
Milan
Venice
Bolzano
Varese
Verona

SPAZIO A
Florence
Venice

MOSCHINO
Milan
Rome
Capri
Paris
London
Los Angeles
New York
Seoul
Pusan
Daegu

Main economic-financial data

		Full Year 2014	Full Year 2015
Total revenues	(Values in millions of EUR)	255.9	274.0
Gross operating margin (EBITDA)	(Values in millions of EUR)	25.7	19.3
Net operating profit (EBIT)	(Values in millions of EUR)	12.0	5.9
Profit before taxes	(Values in millions of EUR)	6.1	2.9
Net profit for the Group	(Values in millions of EUR)	2.7	1.5
Basic earnings per share	(Values in units of EUR)	0.027	0.015
Cash Flow (net profit + depreciation)	(Values in millions of EUR)	16.3	14.4
Cash Flow/Total revenues	(Values in percentage)	6.4	5.2

		31 December 2014	31 December 2015
Net capital invested	(Values in millions of EUR)	231.5	230.2
Net financial indebtedness	(Values in millions of EUR)	83.6	80.5
Group net equity	(Values in millions of EUR)	130.1	131.7
Group net equity per share	(Values in units of EUR)	1.2	1.2
Current assets/ current liabilities	(Ratio)	2.1	2.0
Current assets less invent./ current liabilities (ACID test)	(Ratio)	1.0	0.9
Net financial indebtedness/ Net equity	(Ratio)	0.6	0.5
ROI: Net operating profit/ Net capital invested	(Values in percentage)	5.2	2.6

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

AEFFE

Report on operations

1. ECONOMIC BACKGROUND

Shareholders,

We find it necessary to focus on the main macroeconomic variables in the sphere of which our Group has found itself operating.

INTERNATIONAL MACROECONOMIC SITUATION

The outlook in the advanced countries is improving, but the weakness of the emerging economies is curbing the growth of global trade, which continues to disappoint, and is contributing to the squeeze on raw material prices. Oil prices have fallen below the minimum levels recorded at the height of the 2008-09 crisis. The projections for the global economy this year and the next envisage a moderate acceleration compared with 2015; at the start of the year, however, significant new tensions emerged in China's financial markets, accompanied by concerns about its domestic growth.

There is a continued though fragile upturn in the euro area. The Eurosystem's asset purchase programme is proving effective in sup-porting economic activity as a whole and its effects so far are in line with initial assessments. However, weakening foreign demand and falling oil prices have contributed to the emergence of new downside risks to inflation and growth, which in recent months have become more apparent.

In Italy the recovery is proceeding gradually. The boost from exports which, after supporting economic activity in the last four years, are suffering from the weakness of non-European markets, is gradually being replaced by that of domestic demand, especially consumption and inventory restocking. The upturn in manufacturing is being flanked by signs of an expansion in services and, following a protracted slump, of stabilization in the construction sector. The outlook for investment, however, continues to be clouded by uncertainty about foreign demand. In the fourth quarter GDP is estimated to have expanded at a comparable pace to the previous one, when it grew by 0.2 per cent.

In December inflation declined to 0.1 per cent on an annual basis; households and firms expect it to pick up somewhat in the coming months but to stay at low levels. Inflation is being weighed down by the fresh fall in energy prices but also by persistently ample spare production capacity, which together are keeping core inflation at minimum levels.

Output is estimated to have risen by 0.8 per cent overall in 2015 or by 0.7 per cent based on the quarterly accounts, which are adjusted for calendar effects; it could increase by around 1.5 per cent in 2016 and in 2017. Inflation should climb gradually, reaching 0.3 per cent this year and 1.2 per cent in 2017. Despite sluggish growth to date, investment could benefit from the more favourable outlook for demand and funding conditions and from the effects of the stimulus measures contained in the Stability Law. The recovery in disposable income, in part associated with the stronger labour market, is expected to boost consumption.

These projections of Banca D'Italia are largely aligned with those of July but the relative weight of the contributing factors has changed: the weaker stimulus from foreign trade, owing to the slowdown in the emerging economies, is expected to be replaced by a greater contribution from demand both in Italy and in the euro area, supported by economic policies such as the Eurosystem's asset purchase programme and Government measures, and by the improvement in credit conditions.

Significant risks remain, however, most notably those associated with international developments, as highlighted again in recent weeks. In particular, there is the possibility that the slowdown of the emerging economies could turn out to be more severe and lengthier than assumed to date, with heavy repercussions on financial and foreign exchange markets. At the same time monetary policymakers must take decisive action to combat the downside risks to inflation, which could stem either from lower-than-expected growth in demand, should there continue to be ample spare production capacity for an extended period, or from further drops in commodity prices, were they to trigger second-round effects on wage growth. In order for our forecasting scenario to come about, the confidence of households, firms and financial operators must remain unshaken in Italy and in the euro area, and economic policies to support the economy must be pursued with determination.

MACROECONOMIC BACKGROUND TO THE CLOTHING SECTOR

At current exchange rates, demand for Personal Luxury goods increased by about 13%, reaching a total value of €253 billion. This strong growth will be reflected in the end of year results of European companies. In real terms, consumption is expected to grow by 2% in 2015.

With the exception of Russia, there is good news coming from the main geographic markets, with Europe growing by 5% at a constant rate and Japan confirmed as the biggest growing market (+9%) thanks to renewed Japanese consumer confidence and tourism from China. The US is stable (0%).

The Mainland China market shrunk slightly (-2%), but China remains the dominant nation when it comes to the consumption of luxury goods with a 31% share of the world total, to the benefit mostly of Japan, Korea and Europe. With regard to sales channels, retail continued to increase its share amounting to 34% of the overall market in 2015 (+20%). Strong growth also for the online (+40%) and outlet (+35%) channels.

Confirming the fact that tourism flows are increasingly important to the geography of consumption, Italy boasts a substantial increase in Tax-Free Shopping (+19% with respect to 2014), but double-digit growth rates were also recorded by the main European markets, with the exception of the UK, which paid for the currency effect.

The forecasts of Altagamma Consensus 2016 suggest moderate growth for all sectors, in line with the trend towards the normalisation of the industry. The geographic markets are also expected to grow, at constant exchange rates, with Europe (+4%) and Japan (+5%) still the best performing. North America is expected to grow around 3% with more modest the growth in Latin America (+1%). The contraction of tourism from Russia will hold back the Middle East, which was nevertheless up by 3%.

2. SUMMARY OF THE GROUP'S KEY ACTIVITIES

Aeffe Group operates worldwide in the fashion and luxury goods sector and is active in the design, production and distribution of a wide range of products that includes prêt-a-porter, footwear and leather goods. The Group develops, produces and distributes, with a constant focus on the qualities of uniqueness and exclusivity, its own collections both under its own-label brands, including "Alberta Ferretti", "Philosophy" "Moschino" and "Pollini", and under licensed brands, which include "Blugirl", "Cedric Charlier" and "Jeremy Scott". The Group has also licensed to key partners the production and distribution of other accessories and products with which it supplements its product range (perfumes, junior and children's lines, watches, sunglasses and other).

The Group's business is divided, based on the various product lines and brands it sells, into two segments: (i) prêt-a-porter (which includes prêt-a-porter lines, lingerie and swimwear); and (ii) footwear and leather goods.

Prêt-a-porter Division

The Prêt-a-porter Division, which is composed of the companies Aeffe, Moschino and Velmar, is mainly involved in the design, production and distribution of luxury prêt-a-porter garments and lingerie, beachwear and loungewear.

In terms of the prêt-a-porter collections, the activity is carried out by Aeffe, both for the production of the Group's proprietary brands ("Alberta Ferretti", "Philosophy", "Moschino", "Boutique Moschino" and "Love Moschino") and brands licensed from other companies (such as "Blugirl", "Cedric Charlier" and "Jeremy Scott"). Aeffe also handles the distribution of all Division products both through the retail channel (via subsidiaries) and through the wholesale channel.

Velmar manufactures and distributes lingerie and swimwear collections, and specifically men's/women's lingerie, underwear and beachwear, and loungewear. Collections are produced and distributed under the Group's proprietary brands, such as "Moschino", and under third-party licensed brands such as "Blugirl".

The Prêt-a-porter Division also manages licensing agreements granted to other companies to manufacture Aeffe and Moschino branded product lines such as the Moschino brand licensing agreement relating to the Love line, "Moschino" branded perfumes and "Moschino" branded sunglasses.

Aeffe

Aeffe is the brainchild of designer Alberta Ferretti, who set up her own business in 1972. The history of the parent company has developed in parallel with that of its founder, whose personal involvement in fashion has been a key factor in Aeffe's development.

The growth of the parent company as an industrial and creative entity has been distinguished from the start by a multi-brand approach, with Aeffe producing and distributing the prêt-a-porter collections of leading fashion houses utilising the know-how acquired in the production of luxury prêt-a-porter lines.

This provides the context for the partnership between Aeffe and designer Franco Moschino, whose brand "Moschino Couture!" it has produced and distributed under an exclusive licence since 1983.

Between 1995 and 2013, Aeffe worked with designer Jean Paul Gaultier producing and distributing the women prêt-à-porter collections branded "Jean Paul Gaultier".

In 2001, Aeffe gained control of Pollini, an established manufacturer of footwear and leather goods. This allowed Aeffe to supplement the collections produced in-house with an accessories line.

In 2002, Aeffe took over Velmar, a firm that had collaborated with Aeffe for some time on the production and distribution of lingerie, beachwear and loungewear lines.

In 2007, Aeffe, obtained the Consob Nulla Osta to public the offering memorandum relating to the Public Offering and the listing on the MTA – Star Segment – of Aeffe S.p.A. ordinary shares, closes successfully the Offer of shares and starts to be traded on the MTA – Star Segment – by Borsa Italiana.

Moschino

Moschino was founded in 1983 and grew during the 1990s to become an internationally renowned brand. Following the disappearance in 1994 of its founder, Franco Moschino, his family, staff and friends have kept the designer's legacy alive, respecting his creative identity and philosophy. Rossella Jardini, who has worked for Franco Moschino since 1981, succeeded him as artistic director and becoming in charge of brand image and styling.

The company provides design, marketing and agency services from the Milan showroom for Moschino collections in Italy and overseas.

The company also directly manages eight single-brand Moschino stores, four in Milan, one in Rome, one in Capri, one in Turin and one on-line.

In 2013 Jeremy Scott was appointed as creative director of the "Moschino" brand.

Velmar

Velmar was created in 1983 in San Giovanni in Marignano and is active in the production and distribution of lingerie, underwear, beachwear and loungewear.

In 1990, a partnership began between Velmar and designer Anna Molinari to manufacture lingerie and beachwear lines. That same year, talks began with Aeffe and Genny.

Between 1990 and 1995, Velmar worked with Genny and Fendi, producing all of the swimwear lines designed by the two fashion houses. Between 1990 and 2001, Velmar worked with Itierre and Prada on the design and production of the active and sportswear lines sold under the "Extee" and "Prada" menswear labels.

Between 1995 and 1998, Velmar produced and distributed under licence the beachwear line for Byblos menswear and womenswear.

In 1998, Velmar signed a licensing agreement with Blufin for the production and distribution of "Blugirl" lines.

In 2001, Aeffe acquired 75% of Velmar. Again, this represented a natural progression of the existing partnership between the two companies.

In 2006, Velmar obtained a licence for the production and distribution of the men's beachwear and underwear lines and women's lingerie lines under the "Moschino" brand.

In 2010, Aeffe acquires the remaining 25% of Velmar's share capital.

In 2012 Velmar signed a licensing agreement with Blufin for the design, production and international distribution of "teen" women prêt-à-porter line branded Blugirl Folies.

Aeffe USA

Aeffe USA is 100% owned by Aeffe S.p.A. and was incorporated in May 1987 under the laws of the State of New York.

The company operates in the wholesale segment of the North American market (United States and Canada) distributing items of clothing and accessories produced by the parent company, Pollini S.p.A. and Velmar S.p.A. and other third-party licensed manufacturers, with different collections, of the brands produced by the parent company. The company also acts as agent for some of these lines. The company operates out of its showroom located in midtown Manhattan. Aeffe USA also manages a single-brand store in West Hollywood Los Angeles.

Aeffe Retail

Aeffe Retail operates in the retail segment of the Italian market and directly manages 12 stores, both single-brand and multi-brand, located in major Italian cities such as Milan, Rome, Venice, Florence and Capri, manages also an on-line single-brand store.

Clan Cafè

Clan Cafè S.r.l., incorporated in 2007, is 62.9% owned by Aeffe Retail. Since 2011 it entered into a lease of a business with the company Jader S.r.l. for the management of a store located in Milan Via Pontaccio 19, which distributes clothing and accessories produced by Aeffe Group and by third parties.

Aeffe UK

Aeffe UK is 100% owned by Aeffe S.p.A. and manages the store in London's Sloane Street, which sells clothing and accessories under the Alberta Ferretti and Philosophy di Lorenzo Serafini labels.

Aeffe France

Aeffe France is 99.9% owned by Aeffe S.p.A. and manages the store in Rue St. Honorè in Paris, selling apparel and accessories under the Alberta Ferretti and Philosophy di Lorenzo Serafini brands. The company also acts as an agent for the French market.

Aeffe Japan

Aeffe Japan, company based in Tokyo and 100% owned by Aeffe S.p.A., has sold, starting from the 1st of January 2014, the distributing and franchising activities for the collections branded "Alberta Ferretti" and "Philosophy di Lorenzo Serafini" to Woollen Co., Ltd..

In 2014 the company, as owner of a new brand, has decided to develop it in the Japanese market and to that end has licensed it to a third party for the marketing of products in the country.

Moschino Japan

Moschino Japan, company based in Tokyo and 100% owned by Moschino S.p.A., has sold starting from the 1st of January 2014, the distributing and franchising activities for the collections branded Moschino to Woollen Co., Ltd..

In 2014 the company, as owner of a new brand, has decided to develop it in the Japanese market and to that end has licensed it to a third party for the marketing of products in the country.

Moschino Korea

Moschino Korea is 100% owned by Moschino S.p.A. and is based in Seoul. The company exclusively operates in the retail segment through flagship stores under direct management which sell Moschino-branded collections.

Fashoff UK

Fashoff UK operates by the showroom in London, acting as agent for the Moschino-branded collections produced by Aeffe, and importing the Jeans collections.

The company also directly manages a single-brand Moschino store in London.

Moschino France

Moschino France is based in the Paris showroom and acts as agent for all Moschino collections except childrenswear, eyewear, perfumes and watches.

The company also manages a single-brand Moschino store in Paris.

Moschino Gmbh

Moschino Gmbh, company that managed directly a single-brand Moschino store in Berlin, starting from the 1st of January 2016, is liquidation.

Bloody Mary

Bloody Mary, company based in New York and 100% owned by Moschino S.p.A., has signed, starting from 2014, a sublease contract for the management of a store placed at 401 West 14th Street New York.

Moschino USA

Moschino USA, company founded in 2014 with base in New York and 100% owned by Moschino S.p.A., directly manage two single-brand Moschino stores, one in Los Angeles and one in New York.

Footwear and leather goods Division

The footwear and leather goods Division, which is composed of Pollini and its subsidiaries, mainly handles the design, production and distribution of footwear, small leather goods, bags and matching accessories made from exclusive materials.

The operating activity is mainly carried out by Pollini, which directly handles the design, production and distribution of own-label products, as well as the production and distribution of brands licensed by Group companies.

The footwear and leather goods division also manages licensing agreements granted to other companies to manufacture "Pollini"" products such as umbrellas, scarves and ties.

Pollini

Pollini was established in 1953 in the shoemaking district of San Mauro Pascoli, following in the Italian tradition of handmade leather goods and shoes. Italy is a leading producer of footwear: due to expertise required to make these products, nearly all production sites are located in areas with a long-standing shoemaking tradition, such as San Mauro Pascoli, Vigevano and Strà (PD). The company's philosophy is focused on promoting Pollini in other countries as an amalgam of traditional quality and Italian style, offering a range of products that include shoes, bags and matching accessories.

Between 1957 and 1961, Pollini produced the footwear collections of the designer Bruno Magli.

In the 1960s and early 1970s, Pollini began making shoes under its own label, presenting “themed” collections (such as the ”Daytona” sports footwear collection, inspired by the world of motorbike racing).

In the 1970s, Pollini rose to international fame: at that point, its collections were shown in Düsseldorf, Paris and New York, as well as in Milan and Bologna. Around the same time, the first stores opened in Milan, Verona, Varese and Venice.

In 1989, Pollini moved into its new office in Gatteo, in the Italian province of Forlì-Cesena. The new site measures 50,000 sq. m., just over a third of it indoor, with a production workshop and seven-storey building housing the showroom and offices. The new site brought the footwear and leather goods divisions and sales and administration offices under one roof.

In 2001, Aeffe and Pollini reached an agreement whereby Aeffe would acquire a controlling stake in Pollini. The acquisition was a natural progression of the increasingly concentrated partnership between the two companies, enabling the growth of the footwear and leather goods lines designed by Alberta Ferretti.

Always in 2008, Pollini entered into new license agreements with Drops S.r.l., for the manufacturing of umbrellas, as well as Larioseta S.p.A., for the manufacturing and distribution of neckwear, including women’s shawls, women’s and men’s scarves and ties.

In 2011 Aeffe S.p.A. has acquired the remaining 28% shareholding of Pollini S.p.A., becoming the sole shareholder.

Pollini Retail

Pollini Retail is active in the retail segment of the Italian market and directly manages 20 stores, between boutiques and outlets, in major Italian cities such as Milan and Rome.

Pollini Suisse

Pollini Suisse directly manages the single-brand Pollini store in Mendrisio, Switzerland.

Pollini Austria

Pollini Austria directly manages the single-brand Pollini store in Pandorf, Austria.

3. TREND OF THE GROUP MANAGEMENT

CONSOLIDATED INCOME STATEMENT

(Values in units of EUR)	Full Year 2015	% on revenues	Full Year 2014	% on revenues	Change	%
REVENUES FROM SALES AND SERVICES	**268,824,621**	**100.0%**	**251,537,973**	**100.0%**	**17,286,648**	**6.9%**
Other revenues and income	5,213,423	1.9%	4,341,829	1.7%	871,594	20.1%
TOTAL REVENUES	**274,038,044**	**101.9%**	**255,879,802**	**101.7%**	**18,158,242**	**7.1%**
Changes in inventory	5,085,669	1.9%	10,835,783	4.3%	(5,750,114)	(53.1%)
Costs of raw materials, cons. and goods for resale	(91,297,185)	(34.0%)	(88,728,702)	(35.3%)	(2,568,483)	2.9%
Costs of services	(79,178,229)	(29.5%)	(68,644,632)	(27.3%)	(10,533,597)	15.3%
Costs for use of third parties assets	(23,537,688)	(8.8%)	(21,245,319)	(8.4%)	(2,292,369)	10.8%
Labour costs	(61,088,027)	(22.7%)	(58,563,102)	(23.3%)	(2,524,925)	4.3%
Other operating expenses	(4,679,511)	(1.7%)	(3,847,835)	(1.5%)	(831,676)	21.6%
Total Operating Costs	(254,694,971)	(94.7%)	(230,193,807)	(91.5%)	(24,501,164)	10.6%
GROSS OPERATING MARGIN (EBITDA)	**19,343,073**	**7.2%**	**25,685,995**	**10.2%**	**(6,342,922)**	**(24.7%)**
Amortisation of intangible fixed assets	(7,152,791)	(2.7%)	(6,990,167)	(2.8%)	(162,624)	2.3%
Depreciation of tangible fixed assets	(5,502,233)	(2.0%)	(5,332,336)	(2.1%)	(169,897)	3.2%
Revaluations/(write-downs) and provisions	(804,250)	(0.3%)	(1,334,748)	(0.5%)	530,498	(39.7%)
Total Amortisation, write-downs and provisions	(13,459,274)	(5.0%)	(13,657,251)	(5.4%)	197,977	(1.4%)
NET OPERATING PROFIT / LOSS (EBIT)	**5,883,799**	**2.2%**	**12,028,744**	**4.8%**	**(6,144,945)**	**(51.1%)**
Financial income	976,300	0.4%	551,124	0.2%	425,176	77.1%
Financial expenses	(4,007,510)	(1.5%)	(6,466,682)	(2.6%)	2,459,172	(38.0%)
Total Financial Income / (expenses)	(3,031,210)	(1.1%)	(5,915,558)	(2.4%)	2,884,348	(48.8%)
PROFIT / LOSS BEFORE TAXES	**2,852,589**	**1.1%**	**6,113,186**	**2.4%**	**(3,260,597)**	**(53.3%)**
Taxes	(1,143,861)	(0.4%)	(2,107,267)	(0.8%)	963,406	(45.7%)
NET PROFIT / LOSS	**1,708,728**	**0.6%**	**4,005,919**	**1.6%**	**(2,297,191)**	**(57.3%)**
(Profit) / loss attributable to minority shareholders	(186,632)	(0.1%)	(1,264,249)	(0.5%)	1,077,617	(85.2%)
NET PROFIT / LOSS FOR THE GROUP	**1,522,096**	**0.6%**	**2,741,670**	**1.1%**	**(1,219,574)**	**(44.5%)**

Sales

In 2015 consolidated revenues amount to EUR 268,825 thousand compared to EUR 251,538 thousand of the year 2014, showing an increase of 6.9% (+5.1% at constant exchange rates).

Revenues of the prêt-à-porter division amount to EUR 207,221 thousand with an increase of 7.8% at current exchange rates (+5.5% at constant exchange rates) compared to 2014. The revenues of the footwear and leather goods division increase by 11.4% to EUR 95,751 thousand.

Sales by brand

(Values in thousands of EUR)	Full Year 2015	%	Full Year 2014	%	Change Δ	%
Alberta Ferretti	23,939	8.9%	20,456	8.1%	3,483	17.0%
Philosophy	10,561	3.9%	13,917	5.5%	(3,356)	(24.1%)
Moschino	186,579	69.4%	163,439	65.0%	23,140	14.2%
Pollini	29,305	10.9%	32,924	13.1%	(3,619)	(11.0%)
Other	18,441	6.9%	20,802	8.3%	(2,361)	(11.3%)
Total	**268,825**	**100.0%**	**251,538**	**100.0%**	**17,287**	**6.9%**

In 2015, the Alberta Ferretti brand increases by 17.0% (+14.3% at constant exchange rates), contributing to 8.9% of consolidated sales, while Philosophy di Lorenzo Serafini brand decreases by 24.1% (-26.0% at constant exchange rates), contributing to 3.9% of consolidated sales. It is worth noting that the 2015 trend did not benefit from the revamping of the brand yet. In particular, appointed in October 2014, Lorenzo Serafini started the relaunch of Philosophy with the Fall/Winter 2015 collection presented in Milan in February 2015. As such, his first season, as starting season, could not generate immediately a strong increase in sales. The orders' intake for the second collection, the Spring/Summer 2016, under the new creative direction posted an excellent 34.6% increase. In addition, feedbacks by the press and buyers regarding the last Autumn/winter 2016 collection are very positive and the ongoing selling campaign is currently recording an excellent growth trend.

In the same period Moschino brand increases by 14.2% (+12.5% at constant exchange rates), contributing to 69.4% of consolidated sales.

Pollini brand records a drop of 11.0% (-11.6% at constant exchange rates), generating 10.9% of consolidated sales. The brand suffered especially the crisis in Russia, which is one of its most important markets. The Group is strongly focused on offsetting the Russian decline with a strengthening of the brand positioning in other regions, such as Italy and Eastern Europe. Currently we are collecting the orders backlog of the Fall/winter 2016 collections and so far it is recording a good growth.

The brand under license decreases by 11.3% (-15.1% at constant exchange rates), equal to 6.9% of consolidated sales.

Sales by geographical area

(Values in thousands of EUR)	Full Year 2015	%	Full Year 2014	%	Change Δ	%
Italy	119,754	44.5%	113,591	45.2%	6,163	5.4%
Europe (Italy and Russia excluded)	56,842	21.1%	55,858	22.2%	984	1.8%
Russia	9,172	3.4%	16,614	6.6%	(7,442)	(44.8%)
United States	22,248	8.3%	16,109	6.4%	6,139	38.1%
Japan	6,842	2.5%	7,038	2.8%	(196)	(2.8%)
Rest of the World	53,967	20.2%	42,328	16.8%	11,639	27.5%
Total	**268,825**	**100.0%**	**251,538**	**100.0%**	**17,287**	**6.9%**

In 2015, sales in Italy register a very positive trend posting a 5.4% increase to EUR 119,754 thousand, contributing to 44.5% of consolidated sales.

Sales in Europe increase by 1.8% (+0.5% at constant exchange rates), contributing to 21.1% of consolidated sales, in this case the good performance of the main markets was partially offset by the decline reported across Eastern European countries.

The Russian market decreases by 44.8%, contributing to 3.4% of consolidated sales, solely due to current difficulties of the domestic economic situation, which affected all Group's brands.

Sales in the United States post a very important growth of 38.1% (+18.1% at constant exchange rates contributing to 8.3% of consolidated sales.

In Japan sales, contributing to 2.5% of consolidated sales, decreased by 2.8%, due to a slowdown in wholesale channel.

In the Rest of the World, sales increase by 27.5% (+26.1% at constant exchange rates) to EUR 53,967 thousand, contributing to 20.2% of consolidated sales, especially thanks to the excellent performance in Greater China, which posted a 72% growth.

Sales by distribution channel

(Values in thousands of EUR)	Full Year		Full Year		Change	
	2015	%	2014	%	Δ	%
Wholesale	185,859	69.1%	170,817	67.9%	15,042	8.8%
Retail	74,272	27.6%	69,816	27.8%	4,456	6.4%
Royalties	8,694	3.3%	10,905	4.3%	(2,211)	(20.3%)
Total	**268,825**	**100.0%**	**251,538**	**100.0%**	**17,287**	**6.9%**

The revenues generated by the Group during 2015 are analysed below:

- 69.1% from the Group's sales organisation, showrooms, agents and importers, franchise outlets, corners and shop-in-shops (wholesale channel), which contributes EUR 170,817 thousand in 2014 and EUR 185,859 thousand in 2015, up 8.8% (+7.0% at constant exchange rates);

- 27.6% from sales outlets managed directly by the Group (retail channel), which contributes EUR 69,816 thousand in 2014 and EUR 74,272 thousand in 2015, +6.4% (+4.2% at constant exchange rates);

- 3.3% from royalties deriving from licenses granted to third parties for the production and distribution of product lines sold under the Group's brand names. Royalties decrease from EUR 10,905 thousand in 2014 to EUR 8,694 thousand in 2015, by 20.3%.

Labour costs

Labour costs change from EUR 58,563 thousand in 2014 to EUR 61,088 thousand in 2015, recording an increase of EUR 2,525 thousand, and an incidence on revenues which changes from 23.3% in 2014 to 22.7% in 2015.

Such increase is mainly determined by the new openings realized during 2015, the termination of the contract of solidarity and the increases under national textile agreement.

The workforce increases from an average of 1,258 units in 2014 to 1,276 units in 2015.

Average number of employees by category	Full Year	Full Year	Change	
	2015	2014	Δ	%
Workers	226	248	(22)	(8.9%)
Office staff-supervisors	1,027	987	40	4.1%
Executive and senior managers	23	23	-	0.0%
Total	**1,276**	**1,258**	**18**	**1.4%**

Gross Operating Margin (EBITDA)

In 2015 consolidated EBITDA is positive for EUR 19,343 thousand (with an incidence of 7.2% of consolidated sales), showing a reduction of 24.7% compared to an EBITDA of EUR 25,686 thousand in 2014 (with an incidence of 10.2% of consolidated sales).

In particular, EBITDA of the *prêt-à-porter* division amounts to EUR 12,187 thousand (representing 5.9% of sales), compared to an EBITDA of EUR 18,597 thousand in 2014 (representing 9.7% of sales), with a decrease of EUR 6,410 thousand.

In 2015, the profitability was affected by a series of factors, mainly attributable to long-term strategic initiatives to strengthen the visibility of the group's brands, which have already produced a 14.3% increase of the orders' backlog of the Spring/Summer 2016 collections compared to the corresponding season of 2015.

The main expense items that affected the decrease in marginality in the period were as follows:

a) increase in marketing and advertising activities aimed at further enhancing Moschino and Alberta Ferretti brands, along with Philosophy di Lorenzo Serafini brand's relaunch;

b) costs for events dedicated to Moschino brand to promote the new men's collection, which has been produced in house since the launch of Autumn/Winter 2015 season;

c) investments for the reorganization of the Moschino boutiques network.

Moreover, significant discounts were granted to Russian customers to support them in the current difficult economic local situation, given the market importance for the Group. Finally, there was a decrease in income from royalties and commissions attributable to Moschino licenses, that need progressive adjustments following to the change in style of Maison Moschino.

In 2015 EBITDA of the footwear and leather goods division is EUR 7,156 thousand (7.5% on sales), compared to an EBITDA of EUR 7,089 thousand in 2014 (8.2% on sales), with a 1% increase.

Net operating result (EBIT)

Consolidated EBIT is equal to EUR 5,884 thousand (representing 2.2% of sales), recording a reduction of EUR 6,145 thousand, compared to EUR 12,029 thousand of 2014 (representing 4.8% of sales).

The decrease is due to the reduction of EBITDA.

Result before taxes

Result before taxes posts a profit of EUR 2,853 thousand in 2015 showing a EUR 3,260 thousand drop compared to EUR 6,113 thousand in 2014.

Thanks to the significant drop in financial charges, that decrease of 48.8% from EUR 5.916 thousand in 2014 to EUR 3.031 thousand in 2015, the Profit before taxes for the period partially recovered the reduction in EBITDA.

Net result

Net result posts a profit of EUR 1,709 thousand in 2015 compared to EUR 4,006 thousand in 2014, with a decrease in absolute value of EUR 2,297 thousand.

Net result for the Group

Consolidated net result for the Group decreases from EUR 2,742 thousand in 2014 to EUR 1,522 thousand in 2015, with a fall f EUR 1,220 thousand.

CONSOLIDATED BALANCE SHEET

(Values in units of EUR)	31 December 2015	31 December 2014	Change Δ	%
Trade receivables	38,256,285	36,884,748	1,371,537	3.7%
Stock and inventories	89,988,199	83,867,256	6,120,943	7.3%
Trade payables	(61,428,950)	(55,052,139)	(6,376,811)	11.6%
Operating net working capital	**66,815,534**	**65,699,865**	**1,115,669**	**1.7%**
Other short term receivables	26,254,111	24,881,205	1,372,906	5.5%
Tax receivables	7,229,775	8,531,445	(1,301,670)	(15.3%)
Other short term liabilities	(14,963,436)	(14,319,321)	(644,115)	4.5%
Tax payables	(3,015,292)	(3,124,892)	109,600	(3.5%)
Net working capital	**82,320,692**	**81,668,302**	**652,390**	**0.8%**
Tangible fixed assets	63,260,612	63,770,590	(509,978)	(0.8%)
Intangible fixed assets	122,820,750	127,926,760	(5,106,010)	(4.0%)
Equity investments	131,558	80,268	51,290	63.9%
Other fixed assets	4,265,083	4,701,444	(436,361)	(9.3%)
Fixed assets	**190,478,003**	**196,479,062**	**(6,001,059)**	**(3.1%)**
Post employment benefits	(6,551,605)	(7,457,710)	906,105	(12.1%)
Provisions	(1,068,715)	(2,047,384)	978,669	(47.8%)
Assets available for sale	436,885	436,885	-	n.a.
Liabilities available for sale	-	-	-	n.a.
Long term not financial liabilities	(14,330,132)	(14,080,132)	(250,000)	1.8%
Deferred tax assets	11,089,214	13,368,052	(2,278,838)	(17.0%)
Deferred tax liabilities	(32,207,692)	(36,828,733)	4,621,041	(12.5%)
NET CAPITAL INVESTED	**230,166,650**	**231,538,342**	**(1,371,692)**	**(0.6%)**
Share capital	25,371,407	25,371,407	-	n.a.
Other reserves	114,336,595	115,285,814	(949,219)	(0.8%)
Profits / (Losses) carried-forward	(9,486,229)	(13,341,832)	3,855,603	(28.9%)
Profits / (Loss) for the period	1,522,096	2,741,670	(1,219,574)	(44.5%)
Group interest in shareholders' equity	**131,743,869**	**130,057,059**	**1,686,810**	**1.3%**
Minority interests in shareholders' equity	17,884,148	17,914,722	(30,574)	(0.2%)
Total shareholders' equity	**149,628,017**	**147,971,781**	**1,656,236**	**1.1%**
Short term financial receivables	(1,815,854)	(1,000,000)	(815,854)	81.6%
Cash	(9,992,726)	(6,691,668)	(3,301,058)	49.3%
Long term financial liabilities	18,393,626	12,752,273	5,641,353	44.2%
Long term financial receivables	(2,031,138)	(1,718,063)	(313,075)	18.2%
Short term financial liabilities	75,984,725	80,224,019	(4,239,294)	(5.3%)
NET FINANCIAL POSITION	**80,538,633**	**83,566,561**	**(3,027,928)**	**(3.6%)**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**230,166,650**	**231,538,342**	**(1,371,692)**	**(0.6%)**

NET INVESTED CAPITAL

Net invested capital decreases by 0.6% compared with 31 December 2014.

Net working capital

Net working capital amounts to EUR 82,321 thousand (30.6% on sales) compared with EUR 81,668 thousand at 31 December 2014 (32.5% on sales).

Changes in the main items included in the net working capital are described below:

- the sum of trade receivables, inventories and trade payables increases in all by 1.7% (EUR +1,116 thousand) with a decrease of incidence on sales, from 26.1% in 2014 to 24.9% in 2015. This decrease is mainly related to the positive dynamics of commercial receivables and payables in the last quarter 2015;
- the sum of other receivables and payables increases in all of EUR 729 thousand compared with the previous year mainly for higher credits for prepaid costs;
- the sum of tax receivables and tax payables decrease in all of EUR 1,192 thousand. Such decrease is mainly due to the use of tax receivables in compensation of the tax payable for IRES of the period matured in some of the Group's subsidiaries as a consequence of the adhesion of the subsidiaries to the fiscal consolidation.

Fixed assets

At 31 December 2015, fixed assets decrease by EUR 6,001 thousand compared to 31 December 2014.

Changes in the main items are described below:

- the decrease in Tangible fixed assets of EUR 510 thousand is mainly due to the following affects:
  - increases related to investments for maintenance and stores' refurbishment, purchase of plant and specific equipment and purchase of electronic machines for EUR 4,767 thousand;
  - decreases for the depreciation of the year equal to EUR 5,502 thousand.
- the decrease in Intangible fixed assets of EUR 5,106 thousand is mainly due to the following effects:
  - increases for EUR 2,073 thousand, mainly related to key money and software;
  - decreases for the amortisation of the year equal to EUR 7,153 thousand.

NET FINANCIAL POSITION

The net financial position of the Group amounts to EUR 80,539 thousand as of 31 December 2015 compared with EUR 83,567 thousand as of 31 December 2014. The decrease compared to 2014 is mainly due to a better management of net working capital and to lower financial expenses.

SHAREHOLDERS' EQUITY

The shareholders' equity increases by EUR 1,656 thousand from EUR 147,972 thousand as of 31 December 2014 to EUR 149,628 thousand as of 31 December 2015. The reasons of such decrease are illustrated in the explanatory notes. The number of shares is 107,362,504.

The following institutions hold more than 2% of the Aeffe's shares as of 31 December 2015:

Main shareholders	%
Fratelli Ferretti Holding S.r.l.	37.387%
I.M. Fashion S.r.l.	24.410%
Tullio Badioli	5.000%
Highclere International Investors Llp	2.060%
Other shareholders(*)	31.143%

(*) 5,5% of own shares held by Aeffe S.p.A.

RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND NET PROFIT FOR THE PERIOD OF THE PARENT COMPANY AND THE CORRISPONDING CONSOLIDATED AMOUNTS

Pursuant to the Consob Communication of 28 July 2006, the following table provides reconciliation between the net result and equity of Aeffe S.p.A. for the year ended 31 December 2015 and the comparable items on a consolidated basis (portion attributable to owners of Aeffe S.p.A.):

(Values in thousand of EUR)	Shareholders' equity at 31 December 2015	Net profit /loss for the full year 2015
Taken from the corporate financial statements of the parent company	**135,040**	**919**
Share of the consolidated subsidiaries's equity and profit /loss attributable to the Group, net of the carrying amount of equity interests	(22,974)	(816)
Effect of business combination reopening	35,166	562
Reversal of the intercompany inventory margin	(963)	(47)
Transition to parent company accounting policies	2,238	915
Other adjustments	1,121	176
Total consolidation adjustments	**14,588**	**790**
Group interest in shareholders' equity	**131,744**	**1,522**
Minority interest	**17,884**	**187**
Total shareholders' equity	**149,628**	**1,709**

4. RESEARCH & DEVELOPMENT ACTIVITIES

Considering the particular nature of the Group's products, research & development activities consist in the continual technical/stylistic renewal of models and the constant improvement of the materials employed in production. These costs were charged in full to the Income Statement.

5. GROUP'S OBJECTIVES AND POLICIES ON FINANCIAL RISKS

Regarding the Group's objectives and policies on financial risks refer to the information reported in the Notes.

6. CORPORATE GOVERNANCE

Aeffe S.p.A. has aligned its system of corporate governance with the recommendations of the Code of Self-Regulation for stock-market listed companies approved in March 2006 (and amended in March 2010) by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A.. It has also taken account of the recommendations of the Code of Self-Regulation for stock-market listed companies approved in December 2011 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Assogestioni, Assonime and Confindustria. Unless specified otherwise, the references in this paragraph relate to the 2006 Code.

The Code of Self-Regulation provides an organisational and functional reference model for the companies listed on the markets organised and managed by Borsa Italiana; it is non-binding and offers the flexibility necessary for its adoption by listed companies.

Alignment of the system of governance adopted by listed companies with the recommendations contained in the Code of Self-Regulation is, in fact, not currently a legal requirement: adoption of the standards and organisational models proposed therein is therefore voluntary, and left to the discretion of the listed companies for which it is intended. Nevertheless, certain recommendations contained in the Code of Self-Regulation are reflected in current legislation and/or regulations including, more precisely, the Italian Civil Code, Decree 58 dated 24 February 1998 as subsequently amended (the "**Consolidated Finance Law**"), Consob Regulation 11971 dated 14 May 1999, as amended (the "**Issuers' Regulations**"), the Regulations for Markets Organised and Managed by Borsa Italiana (the "**Market Regulations**") and the Market Instructions relating specifically to companies with shares admitted to trading in the STAR segment.

As required by the regulations, Aeffe prepares yearly the "Report on corporate governance and ownership structures", stating: (i) which recommendations contained in the Code of Self-Regulation have actually been adopted by the Issuer and how, and (ii) which recommendations have not been adopted, in whole or in part, together with adequate information on the reasons for such partial or non-application of them. This report, which also provides information on the ownership structure, is available from the governance section of the following *website:* www.aeffe.com.

7. TREASURY SHARES

As of 31 December 2015, the Parent Company holds 5,876,878 treasury shares, par value EUR 0.25 each, totalling 5.5% of its share capital. During the year, no transactions on treasury shares have been carried out by the Parent Company.

As of 31 December 2015 the Parent Company does not hold shares of any controlling company either directly or indirectly.

8. TRANSACTIONS BETWEEN GROUP COMPANIES AND WITH RELATED PARTIES

During the period, there were no transactions with related parties, including intragroup transactions, which qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered.

Information on transactions with related parties, including specific disclosures required by the Consob Communication of 28 July 2006, is provided in Note 39 of the Consolidated Financial Statements.

9. INFORMATION RELATIVE TO PERSONNEL AND THE ENVIRONMENT

With regard to the activities performed by our Group, that do not involve particular levels of risk for the employees, we have no serious accidents to report, or the emergence of any pathologies linked to professional diseases. Our Group has not been charged with any actions of mobbing.

As regards the environment, once again, the business of our Group does not have any particular impact on the environment, other than energy consumption, significantly reduced thanks to the installation of a renewable energy system (photovoltaic), and in opposition a contraction in CO_2 emission. We can therefore report that, during the year, the Group was not declared guilty of causing any damage to the environment, and did not receive any sanctions or penalties for environmental crimes or damage.

10. SIGNIFICANT EVENTS OF THE PERIOD

No significant events occurred during the year have to be reported.

11. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the balance sheet date, no significant events regarding the Group's activities have to be reported.

12. OUTLOOK

During 2015 the Group has been strongly committed to outlining growth strategies for the long-term profitability, through investments in key areas, such as brand portfolio, marketing, advertising and retail channel. We positively evaluate objectives achieved so far, both in the prêt-à-porter and accessories segments, which already reflect a greater vitality and the strengthening of our brands positioning in high-potential markets, including Greater China and United States. Despite macroeconomic uncertainty, we are therefore optimistic for the future, in the light of both the positive trend of the Spring/Summer 2016 collections, that have recorded a 14.3% increase compared to the corresponding season of 2015, and the good feedbacks by the latest Autumn/Winter 2016 collections whose orders' backlog is not currently closed.

Financial statements

CONSOLIDATED BALANCE SHEET ASSETS (*)

(Values in units of EUR)	Notes	31 December 2015	31 December 2014	Change
NON-CURRENT ASSETS				
Intangible fixed assets				
Key money		33,208,388	34,916,804	(1,708,416)
Trademarks		88,962,178	92,455,759	(3,493,581)
Other intangible fixed assets		650,184	554,197	95,987
Total intangible fixed assets	(1)	122,820,750	127,926,760	(5,106,010)
Tangible fixed assets				
Lands		16,958,413	16,828,413	130,000
Buildings		23,134,692	23,688,050	(553,358)
Leasehold improvements		15,979,003	16,177,831	(198,828)
Plant and machinary		2,583,550	2,953,095	(369,545)
Equipment		358,278	308,741	49,537
Other tangible fixed assets		4,246,676	3,814,460	432,216
Total tangible fixed assets	(2)	63,260,612	63,770,590	(509,978)
Other fixed assets				
Equity investments	(3)	131,558	80,268	51,290
Long term financial receivables	(4)	2,031,138	1,718,063	313,075
Other fixed assets	(5)	4,265,083	4,701,444	(436,361)
Deferred tax assets	(6)	11,089,214	13,368,052	(2,278,838)
Total other fixed assets		17,516,993	19,867,827	(2,350,834)
TOTAL NON-CURRENT ASSETS		**203,598,355**	**211,565,177**	**(7,966,822)**
CURRENT ASSETS				
Stocks and inventories	(7)	89,988,199	83,867,256	6,120,943
Trade receivables	(8)	38,256,285	36,884,748	1,371,537
Tax receivables	(9)	7,229,775	8,531,445	(1,301,670)
Cash	(10)	9,992,726	6,691,668	3,301,058
Short term financial receivables	(11)	1,815,854	1,000,000	815,854
Other receivables	(12)	26,254,111	24,881,205	1,372,906
TOTAL CURRENT ASSETS		**173,536,950**	**161,856,322**	**11,680,628**
Assets available for sale	(13)	436,885	436,885	-
TOTAL ASSETS		**377,572,190**	**373,858,384**	**3,713,806**

(*) Pursuant to Consob Resolution N. 15519 of 27th July 2006, the effects of related party transactions on the Consolidated Balance Sheet are presented in the specific Balance Sheet schedule provided in the attachment I, and are further described in Note "Transactions with related parties".

CONSOLIDATED BALANCE SHEET LIABILITIES (*)

(Values in units of EUR)	Notes	31 December 2015	31 December 2014	Change
SHAREHOLDERS' EQUITY	**(14)**			
Group interest				
Share capital		25,371,407	25,371,407	-
Other reserves		114,336,595	115,285,814	(949,219)
Profits / (losses) carried-forward		(9,486,229)	(13,341,832)	3,855,603
Net profit / (loss) for the Group		1,522,096	2,741,670	(1,219,574)
Group interest in shareholders' equity		131,743,869	130,057,059	1,686,810
Minority interest				
Minority interests in share capital and reserves		17,697,516	16,650,473	1,047,043
Net profit / (loss) for the minority interests		186,632	1,264,249	(1,077,617)
Minority interests in shareholders' equity		17,884,148	17,914,722	(30,574)
TOTAL SHAREHOLDERS' EQUITY		**149,628,017**	**147,971,781**	**1,656,236**
NON-CURRENT LIABILITIES				
Provisions	(15)	1,068,715	2,047,384	(978,669)
Deferred tax liabilities	(6)	32,207,692	36,828,733	(4,621,041)
Post employment benefits	(16)	6,551,605	7,457,710	(906,105)
Long term financial liabilities	(17)	18,393,626	12,752,273	5,641,353
Long term not financial liabilities	(18)	14,330,132	14,080,132	250,000
TOTAL NON-CURRENT LIABILITIES		**72,551,770**	**73,166,232**	**(614,462)**
CURRENT LIABILITIES				
Trade payables	(19)	61,428,950	55,052,139	6,376,811
Tax payables	(20)	3,015,292	3,124,892	(109,600)
Short term financial liabilities	(21)	75,984,725	80,224,019	(4,239,294)
Other liabilities	(22)	14,963,436	14,319,321	644,115
TOTAL CURRENT LIABILITIES		**155,392,403**	**152,720,371**	**2,672,032**
Liabilities available for sale		-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**377,572,190**	**373,858,384**	**3,713,806**

(*) Pursuant to Consob Resolution N. 15519 of 27th July 2006, the effects of related party transactions on the Consolidated Balance Sheet are presented in the specific Balance Sheet schedule provided in the attachment II, and are further described in Note "Transactions with related parties ".

CONSOLIDATED INCOME STATEMENT (*)

(Values in units of EUR)	Notes	Full Year 2015	Full Year 2014
REVENUES FROM SALES AND SERVICES	**(23)**	**268,824,621**	**251,537,973**
Other revenues and income	(24)	5,213,423	4,341,829
TOTAL REVENUES		**274,038,044**	**255,879,802**
Changes in inventory		5,085,669	10,835,783
Costs of raw materials, cons. and goods for resale	(25)	(91,297,185)	(88,728,702)
Costs of services	(26)	(79,178,229)	(68,644,632)
Costs for use of third parties assets	(27)	(23,537,688)	(21,245,319)
Labour costs	(28)	(61,088,027)	(58,563,102)
Other operating expenses	(29)	(4,679,511)	(3,847,835)
Amortisation, write-downs and provisions	(30)	(13,459,274)	(13,657,251)
Financial Income / (expenses)	(31)	(3,031,210)	(5,915,558)
PROFIT / LOSS BEFORE TAXES		**2,852,589**	**6,113,186**
Taxes	(32)	(1,143,861)	(2,107,267)
NET PROFIT / LOSS		**1,708,728**	**4,005,919**
(Profit) / loss attributable to minority shareholders		(186,632)	(1,264,249)
NET PROFIT / LOSS FOR THE GROUP		**1,522,096**	**2,741,670**

(*) Pursuant to Consob Resolution N. 15519 of 27th July 2006, the effects of related party transactions on the Consolidated Income Statement are presented in the specific Income Statement schedule provided in the attachment III and are further described in Note "Transactions with related parties".

COMPREHENSIVE INCOME STATEMENT

(Values in units of EUR)	Notes	Full Year 2015	Full Year 2014
Profit/(loss) for the period (A)		**1,708,728**	**4,005,919**
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans		133,260	(408,436)
Income tax relating to components of Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
Total other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1)		**133,260**	**(408,436)**
Other comprehensive income that will be reclassified subsequently to profit or loss:			
Gains/(losses) on cash flow hedges			
Gains/(losses) on exchange differences on translating foreign operations		(185,765)	955,389
Income tax relating to components of Other Comprehensive income / (loss)		-	-
Total other comprehensive income that will be reclassified subsequently to profit or loss, net of tax (B2)		**(185,765)**	**955,389**
Totale Other comprehensive income, net of tax(B1)+(B2)=(B)		**(52,505)**	**546,953**
Total Comprehensive income / (loss) (A) + (B)		**1,656,223**	**4,552,872**
Total Comprehensive income / (loss) attributable to:		**1,656,223**	**4,552,872**
Owners of the parent		1,686,797	3,282,478
Non-controlling interests		(30,574)	1,270,394

CONSOLIDATED CASH FLOW STATEMENT (*)

(Values in thousands of EUR)	Notes	Full Year 2015	Full Year 2014
OPENING BALANCE		**6,692**	**7,524**
Profit before taxes		2,853	6,113
Amortisation / write-downs		13,459	13,657
Accrual (+)/availment (-) of long term provisions and post employment benefits		(1,885)	507
Paid income taxes		(3,596)	(3,584)
Financial income (-) and financial charges (+)		3,031	5,916
Change in operating assets and liabilities		(1,097)	(5,651)
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**(33)**	**12,765**	**16,958**
Increase (-)/ decrease (+) in intangible fixed assets		(2,047)	(2,129)
Increase (-)/ decrease (+) in tangible fixed assets		(4,992)	(4,468)
Investments and write-downs (-)/ Disinvestments and revaluations (+)		(51)	(50)
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(34)**	**(7,090)**	**(6,647)**
Other variations in reserves and profits carried-forward of shareholders' equity		(52)	547
Dividends paid		-	-
Proceeds (+)/ repayments (-) of financial payments		1,402	(5,723)
Increase (-)/ decrease (+) in long term financial receivables		(693)	(51)
Financial income (+) and financial charges (-)		(3,031)	(5,916)
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(35)**	**(2,374)**	**(11,143)**
CLOSING BALANCE		**9,993**	**6,692**

(*) Pursuant to Consob Resolution N. 15519 of 27th July 2006, the effects of related party transactions on the Consolidated Cash Flow are presented in the specific Cash Flow schedule provided in the attachment IV and are further described in Note "Transactions with related parties ".

STATEMENTS OF CHANGES IN CONSOLIDATED SHAREHOLDERS’ EQUITY

(Values in thousands of EUR)	Share capital	Share premium reserve	Other reserves	Fair Value reserve	IAS reserve	Profits/(losses) carried-forward	Remeasurement of defined benefit plans reserve	Net profit / loss for the Group	Translation reserve	Group interest in shareholders' equity	Minority interest in shareholders' equity	Total shareholders' equity
BALANCES AT 1 January 2014	**25,371**	**71,240**	**31,765**	**7,901**	**11,459**	**(14,198)**	**(833)**	**(3,198)**	**(2,733)**	**126,774**	**16,644**	**143,418**
Allocation of 2013 profit/(loss)	-	-	(5,284)	-	-	2,086	-	3,198	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buyback)/sale	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) of 2014	-	-	-	-	-	-	(396)	2,742	937	3,283	1,271	4,554
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
BALANCES AT 31 December 2014	**25,371**	**71,240**	**26,481**	**7,901**	**11,459**	**(12,112)**	**(1,229)**	**2,742**	**(1,796)**	**130,057**	**17,915**	**147,972**

(Values in thousands of EUR)	Share capital	Share premium reserve	Other reserves	Fair Value reserve	IAS reserve	Profits/(losses) carried-forward	Remeasurement of defined benefit plans reserve	Net profit / loss for the Group	Translation reserve	Group interest in shareholders' equity	Minority interest in shareholders' equity	Total shareholders' equity
BALANCES AT 1 January 2015	**25,371**	**71,240**	**26,481**	**7,901**	**11,459**	**(12,112)**	**(1,229)**	**2,742**	**(1,796)**	**130,057**	**17,915**	**147,972**
Allocation of 2014 profit/(loss)	-	-	35	-	-	2,707	-	(2,742)	-	-	-	-
Dividends paid	-	-		-	-	-	-	-	-	-	-	-
Treasury stock (buyback)/sale	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) of 2015	-	-		-	-		131	1,522	34	1,687	(31)	1,656
Other changes	-	-	-	-	-	(81)	81	-	-	-	-	-
BALANCES AT 31 December 2015	**25,371**	**71,240**	**26,516**	**7,901**	**11,459**	**(9,486)**	**(1,017)**	**1,522**	**(1,762)**	**131,744**	**17,884**	**149,628**

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INDEPENDENT AUDITORS'REPORT IN ACCORDANCE WITH ART. 14 AND 16 OF LEGISLATIVE DECREE N0.39 OF JANUARY 27th,2010

To the shareholders of
Aeffe S.p.A.

Report of the consolidated financial statements

We have audited the accompanying consolidated financial statements of Aeffe S.p.A. and its subsidiaries (the Aeffe Group), which comprise the statement of financial position as of December 31st, 2015, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors'responsibility for the* consolidated *financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree N0. 38/05.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to art. 11, paragraph 3 of Legislative Decree N0. 39/2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO Italia S.p.A. – Sede Legale: Viale Abruzzi, 94 – 20131 Milano – Capitale Sociale Euro 1.000.000 i.v.
Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722780967 - R.E.A. Milano 1977842
Iscritta al Registro dei revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013
BDO Italia S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Aeffe Group as of December 31st 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree N0. 38/05.

Report on compliance with other laws and regulation

Opinion on the consistency of the consolidated financial statements with the report on operations and of certain information set out on corporate governance and ownership structure

We have performed the procedures required by auditing standard (SA Italia) N0. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in art. 123-bis, paragraph 4 of Legislative Decree N0. 58/98, which are the responsibility of the directors of Aeffe S.p.A., with the consolidated financial statements of Aeffe Group. in our opinion, the report on operations and of the information set out in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Aeffe Group as of December 31st 2015.

Other matters

The consolidated financial statements for the year ended December 31st, 2014 were audited by the auditor in charge at the time who expressed an unmodified opinion on those statements on March 25, 2015.

Bologna, March 22 2016

BDO Italia S.p.A.

Signed by Alessandro Gallo
Partner

This report has been translated into english from the italian original solely for the convenience of international readers

EXPLANATORY NOTES

GENERAL INFORMATION

Aeffe Group operates worldwide in the luxury goods sector and is active in the design, production and distribution of products of high quality and stylistic uniqueness.

The Group develops, produces and distributes, with a constant focus on the qualities of uniqueness and exclusivity, its own collections both under its own-label brands, including "Alberta Ferretti", "Philosophy", "Moschino" and "Pollini", and licensed brands, which include "Blugirl", "Cedric Charlier" and "Jeremy Scott".

The Group also has licensed to key partners the production and distribution of other accessories and products with which it supplements its product range (perfumes, junior and children's lines, watches sunglasses and other).

The Group's business is divided, based on the various product lines and brands it sells, into two segments: prêt-a-porter (which includes prêt-a-porter, lingerie and swimwear) and footwear and leather goods.

The Parent Company Aeffe, an Italian legal entity incorporated as a public limited company (società per azioni) based in San Giovanni in Marignano (RN), is currently listed in the – STAR Segment – of the MTA, the Italian Stock Exchange operated by Borsa Italiana.

Aeffe is controlled by the company Fratelli Ferretti Holding S.r.l., of which in the attachment VII are reported the data of the latest approved statutory financial statements. The company Fratelli Ferretti Holding also draws up the consolidated financial statement in accordance with the international accounting standards.

These consolidated financial statements include the financial statements of the Parent Company Aeffe and its subsidiaries and the Group's equity interests in affiliated companies. They consist of the balance sheet, income statement, comprehensive income statement, statement of changes in equity, cash flow statement and these notes.

The financial statements are expressed in euro, since this is the currency in which most of the Group's transactions are conducted. Foreign operations are included in the consolidated financial statements according to the principles stated in the notes that follow.

DECLARATION OF CONFORMITY AND REPORTING PRINCIPLES

Pursuant to art. 3 of Decree 38/2005 dated 28th February 2005, these financial statements have been prepared in accordance with International Accounting Standards (IAS/IFRS). The explanatory notes, also prepared in accordance with IAS/IFRS, have been supplemented by the additional information requested by CONSOB and by its instructions issued in accordance with art. 9 of Decree 38/2005 (resolutions 15519 and 15520 dated 27th July 2006 and communication DEM/6064293 dated 28th July 2006, pursuant to art. 114.5 of the Consolidated Finance Law), by art. 78 of the Issuers' Regulations, by the EC document issued in November 2003 and, where applicable, by the Italian Civil Code. Consistent with last year's annual report, some of the required information are presented in the Directors' Report (Report on operations).

Unless otherwise indicated in the measurement bases described below, these consolidated financial statements were prepared in accordance with the historic cost principle.

The measurement bases were applied uniformly by all Group companies.

CONSOLIDATION PRINCIPLES

The scope of consolidation at 31 December 2015 includes the financial statements of the Parent Company Aeffe and those of the Italian and foreign companies in which Aeffe holds control either directly or through its subsidiaries and associates or in which it exerts a dominant influence.

If necessary, adjustments were made to the financial statements of subsidiaries to bring their accounting polices into line with those adopted by the Group.

Companies are consolidated using the line-by-line method. The principles adopted for the application of this method are essentially as follows:

- the book value of equity investments held by the Parent Company or other consolidated companies is written-off against the corresponding net equity at 31 December 2015 in relation to assumption of the assets and liabilities of the subsidiaries;
- the difference between historical cost and fair value of the net equity of shareholdings on the acquisition date is allocated as much as possible to the assets and liabilities of the shareholdings. The remainder is allocated to goodwill. In accordance with the transitional provisions of IFRS 3, the Group, in case it was present, has ceased to depreciate goodwill, instead subjecting it to impairment tests;
- significant transactions between consolidated companies are written-off, as are receivables and payables and earnings not yet realised from third parties arising from transactions between Group companies, excluding any tax effect;
- minority interests in shareholders' equity and net profit are reported in the relevant items of the consolidated balance sheet and income statement;
- companies acquired during the period are consolidated from the date on which majority control was achieved.

Subsidiaries

Subsidiaries are enterprises controlled by the company. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are consolidated from the date on which the Group acquires control and until the date when such control ceases.

The acquisition of subsidiaries is accounted for using the historical method. Historical cost is determined by adding together the fair values of the assets contributed, the shares issued and the liabilities assumed on the acquisition date, plus the costs directly associated with the acquisition. Any surplus acquisition cost over the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill.

If the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate exceeds historical cost, the difference is immediately recorded in the income statement.

Intercompany balances, transactions, revenue and costs are eliminated in the consolidated statements.

Furthermore, intercompany business combinations are recognised by maintaining the same book value of assets and liabilities as previously recorded in the consolidated financial statements.

Associates

An associate is an enterprise in which the Group has significant influence, but has neither sole or joint control, by taking part in decisions regarding the company's financial and operating strategy.

Trading results and the assets and liabilities of associates are accounted for in the consolidated financial statements based on the equity method, except where they are classified as held for sale.

According to this method, equity interests in associates are recorded in the balance sheet at cost, adjusted to take account of changes following the acquisition of their net assets, excluding any loss in value of individual investments. Losses of associates that exceed the Group's percentage interest in them (including long-term receivables that essentially form part of the Group's net investment in the associate) are not recognised unless the Group has an obligation to cover them. The surplus acquisition cost over the parent's percentage share of the present value of the identifiable assets, liabilities and contingent liabilities of the associate on the acquisition date is recognised as goodwill. Goodwill is included in the carrying amount of the investment and is subjected to impairment tests. The historical cost deficit compared with the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of associates on the acquisition date is credited to the income statement in the year of acquisition. With reference to operations between a Group company and an associate, unrealised gains and losses are eliminated in equal measure to the Group's percentage interest in the associate, except for cases where the unrealised losses constitute evidence of impairment of the asset transferred.

SCOPE OF CONSOLIDATION

In accordance with Article 126 of Consob Regulation 11971 of 14 May 1999, as subsequently amended, a complete list of Group companies and significant investments at 31 December 2015 is provided in the following table.

Company	Location	Currency	Share capital	Direct interest	Indirect interest
Companies included in the scope of consolidation					
Italian companies					
Aeffe Retail S.p.A.	S.G. in Marignano (RN) Italy	EUR	8,585,150	100%	
Clan Cafè S.r.l.	S.G. in Marignano (RN) Italy	EUR	100,000		62,9% (iii)
Moschino S.p.A.	S.G. in Marignano (RN) Italy	EUR	20,000,000	70%	
Pollini S.p.A.	Gatteo (FC) Italy	EUR	6,000,000	100%	
Pollini Retail S.r.l.	Gatteo (FC) Italy	EUR	5,000,000		100% (i)
Velmar S.p.A.	S.G. in Marignano (RN) Italy	EUR	120,000	100%	
Foreign companies					
Aeffe France S.a.r.l.	Paris (FR)	EUR	50,000	100%	
Aeffe UK Ltd.	London (GB)	GBP	310,000	100%	
Aeffe USA Inc.	New York (USA)	USD	600,000	100%	
Divè S.a.	Galazzano (RSM)	EUR	260,000	75%	
Fashoff UK Ltd.	London (GB)	GBP	1,550,000		70% (ii)
Moschino Japan Inc.	Tokyo (J)	JPY	120,000,000		70% (ii)
Moschino Korea Ltd.	Seoul (ROK)	KRW	6,192,940,000		70% (ii)
Moschino France S.a.r.l.	Paris (FR)	EUR	1,612,000		70% (ii)
Moschino Retail G.m.b.h.	Berlin (D)	EUR	395,500		70% (ii)
Moschino USA Inc.	New York (USA)	USD	10,000		70% (ii)
Aeffe Japan Inc.	Tokyo (J)	JPY	3,600,000	100%	
Bloody Mary Inc.	New York (USA)	USD	100,000		70% (ii)
Pollini Suisse S.a.g.l.	Chiasso (CH)	CHF	20,000		100% (i)
Pollini Austria G.m.b.h.	Vienna (A)	EUR	35,000		100% (i)

Notes (details of in direct shareholdings):

(i) 100% owned by Pollini S.p.A.;

(ii) 100% owned by Moschino S.p.A.;

(iii) 62,893% owned by Aeffe Retail.

Notes (details of in direct shareholdings):

a) Capital increase of EUR 89.000 for Moschino Retail G.m.b.h.;

b) Capital increase of EUR 1.562.000 for Moschino France S.a.r.l.;

c) Nuova Stireria Tavoleto S.r.l. has been incorporated in Aeffe S.p.A..

FOREIGN CURRENCIES

Functional and reporting currency

The amounts in the financial statements of each Group enterprise are measured using the operating currency or the currency of the economic area in which the enterprise operates. These consolidated financial statements are presented in EUR, which is the operating and reporting currency of the parent company.

Foreign currency transactions

Foreign currency transactions are converted into the operating currency at the exchange rate in force on the transaction date. Cash assets and liabilities denominated in foreign currencies are converted at the exchange rate in force on the balance sheet date. Any exchange rate differences arising from the elimination of these transactions or from the conversion of cash assets and liabilities are posted to the income statement. Non-cash assets and liabilities in foreign currencies that are measured at fair value are converted at the exchange rates in force on the date on which the fair value was determined.

Financial statements of foreign companies

The financial statements of companies outside the EUR zone are translated into EUR based on the following procedures:

(i) assets and liabilities, including goodwill and fair value adjustments arising from consolidation are converted at the exchange rate in force on the balance sheet date;

(ii) revenue and costs are converted at the average rate for the period, which must be close to the exchange rate in force on the transaction date;

(iii) exchange rate differences are recognised in a separate account in shareholders' equity. When a foreign company is sold, the total amount of accumulated exchange rate differences relating to that company are recorded in the income statement.

The exchange rates used for the conversion into euro of the financial and equity statements of companies included in the scope of consolidation are listed in the following table:

Currency description	Actual exchange rate 31 December 2015	Average exchange rate 2015	Actual exchange rate 31 December 2014	Average exchange rate 2014
United States Dollars	1.0887	1.1095	1.2141	1.3285
United Kingdom Pounds	0.7340	0.7259	0.7789	0.8061
Japanese Yen	131.0700	134.3140	145.2300	140.3061
South Korean Won	1,280.7800	1,256.5444	1,324.8000	1,398.1424
Swiss franc	1.0835	1.0679	1.2024	1.2146

FINANCIAL STATEMENT FORMATS

As part of the options available under IAS 1 for the presentation of its economic and financial position, the Group has elected to adopt a balance sheet format that distinguishes between current and non-current assets and liabilities, and an income statement that classifies costs by type of expenditure, since this is deemed to reflect more closely its business activities. The cash flow statement is presented using the "indirect" format.

With reference to Consob Resolution no. 15519 dated 27th July 2006 regarding the format of the financial statements, additional schedules have also been presented for the income statement, the balance sheet and the cash flow statement in order to identify any significant transactions with related parties. This has been done to avoid compromising the overall legibility of the main financial statements.

ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT YET EARLY ADOPTED BY THE GROUP

On 12 December 2013 the IASB issued the Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2 – Share based payment, the disclosure on judgment used in the aggregation of operating segments in IFRS 8 – Operating Segments, the identification and disclosure of a related party transaction that arise when a management entity provides key management personnel service to a reporting entity in IAS 24 - Related Party disclosures, the extension of the exclusion from the scope of IFRS 3 – Business Combinations to all types of joint arrangements and to clarify the application of certain exceptions in IFRS 13 – Fair value Measurement.

On 6 May 2014, the IASB issued amendments to IFRS 11 – Joint arrangements: Accounting for acquisitions of interests in joint operations, clarifying the accounting for acquisitions of an interest in a joint operation that constitutes a business. The amendments are effective, retrospectively, for annual periods beginning on or after 1 January 2016 with earlier application permitted.

On 12 May 2014, the IASB issued amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets, included in the title "Clarification of Acceptable Methods of Depreciation and Amortisation". The requirements of IAS 16 are amended to clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The requirements of IAS 38 are amended to introduce a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons as in IAS 16. However, the IASB states that there are limited circumstances when the presumption can be overcome. They will apply for annual periods beginning on or after 1 January 2016.

On 24 July 2014 the IASB issued the final version of IFRS 9 - Financial Instruments.

There follows the main aspects of the new international accounting principle:

- Classification and Measurement

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements.

- Impairment

During the financial crisis, the delayed recognition of credit losses on loans (and other financial instruments) was identified as a weakness in existing accounting standards. As part of IFRS 9, the IASB has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The IASB has already announced its intention to create a transition resource group to support stakeholders in the transition to the new impairment requirements.

- Hedge accounting

IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

- Own credit

IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Early application of this improvement to financial reporting, prior to any other changes in the accounting for financial instruments, is permitted by IFRS 9.

The amendments will apply for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

On 12 August 2014 the IASB published Equity Method in Separate Financial Statements (Amendments to IAS 27). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors.

The amendments respond to requests that the IASB had received during its inaugural public agenda consultation. The amendments are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

On 11 September 2014 the IASB published 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)'. The amendments address a conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

On 25 September 2014 the IASB published Annual Improvements to IFRSs 2012 – 2014 Cycle. The document introduces amendments to the following principles: IFRS 5, 'Non-current assets held for sale and discontinued operations'; IFRS 7, 'Financial instruments: Disclosures'; IAS 19, 'Employee benefits'; IAS 34, 'Interim financial reporting'. They will apply for annual periods beginning on or after 1 January 2016.

On 18 December 2014 the IASB published 'Disclosure Initiative (Amendments to IAS 1)'. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

On 18 December 2014 the IASB published "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted

On 11 September 2015 the IASB published the document Effective Date of IFRS 15, in which it has been deferred by one year, from the 1 January 2017 to the 1 January 2018, the effective date of the IFRS 15 "Revenue from Contracts with Customers".

On 13 January 2016 the IASB published the new accounting Standard, IFRS 16 Leases that will replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

It sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15. it is yet to be endorsed for application in the European Union.

ACCOUNTING POLICIES

The accounting policies and valuation criteria adopted for the preparation of the financial statements as of 31 December 2015 are presented below:

Intangible fixed assets

Intangible fixed assets are identifiable non-monetary assets, without physical substance, that are controlled by the company and able to generate future economic benefits for the Group. Intangible fixed assets are initially recorded at purchase cost (being their fair value in the case of business combinations), as represented by the acquisition price paid including any charges directly attributable to the preparatory or production phase, if the conditions are met for the capitalisation of costs incurred on the internal generation of assets. Following initial recognition, intangible fixed assets are carried at cost, net of accumulated amortisation and any impairment recorded in accordance with IAS 36 (*Impairment of Assets*). Subsequent expenditure on intangible fixed assets is capitalised only if it increases the future economic benefits embodied in the specific asset to which it relates. All other costs are charged to the income statement as incurred.

Of intangible fixed assets, a distinction can be made between: a) those with an "infinite" useful life, such as goodwill, which are not amortised but subjected to an annual impairment test (or whenever there is reason to believe that the asset may have been impaired) in accordance with IAS 36; b) those with a finite useful life or other intangible fixed assets, the valuation criteria for which are reported in the following paragraphs.

Goodwill

Goodwill arising from the acquisition of a subsidiary or joint venture represents the surplus acquisition cost over the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or joint venture on the acquisition date. Goodwill is recognised as an asset and reviewed annually to make sure that there is no impairment. Impairment losses are recognised in the income statement and are not restated.

In case of the disposal of a subsidiary or joint venture, the amount of goodwill not yet amortised is included in the calculation of the capital gain or loss on disposal.

If the net fair value of the identifiable assets, liabilities and contingent liabilities of the shareholding exceeds the acquisition cost, the difference is immediately recorded in the income statement.

When the acquisition contract allows the adjustment of the acquisition price based on future events, the estimated adjustment must be included in the acquisition cost if the adjustment seems probable and the amount can be reliably estimated. Any future adjustments to the estimate are recorded as a goodwill adjustment.

At 31 December 2015, the company has not recorded values related to goodwill in the financial statements.

Key money

Intangible fixed assets also include key money, or amounts paid by the Group to take over contracts relating to directly managed stores or, in the case of business combinations, the fair value of these assets at the time of acquisition. These assets have been treated, up to the financial statements 2008, as intangible fixed assets with an "infinite" useful life and as such have not been amortised. "Infinite" useful life, according to IAS 38, does not mean an endless useful life, but a useful life with no fixed end.

The Group, up to the financial statements 2008, based on the valuations of independent experts, has considered the period linked with the lease term as not relevant. This included protection given to the tenant by standard market conditions and by special legal provisions, together with a strategy of gradual expansion of the network by Group companies, which usually involves renewing lease agreements before they expire, regardless of whether the Group intends to maintain the stores or not, in view of the inherent value of the premises themselves.

Following the change of the key money market, the Group deemed it proper to introduce a change of estimate on their useful life, switching from an indefinite useful life to a finite useful life.

A reversed trend has been noted starting in 2009. Although not generalised, it has led several of the lessors of the market to ask that the contract be terminated as the expiration date draws near. Even if the most recent transactions carried out by the Group are reassuring with regard to the entire recoverability of the original value of the key money, by virtue of the new market definition, the directors prudentially deemed it correct to change the estimate of useful life. Based on the experience of the renewals obtained from the lessors in past financial years, the directors deemed it fitting to estimate a useful life corresponding to the residual term of the contract, and generally plan a renewal for another 6 years, considering a final end value equal to the amounts due by way of indemnity for taking over the lease if provided for by the national regulations.

Brands

Brands are recognised at cost and are amortised systematically on a straight-line basis during their estimated useful life (40 years) from when the asset is available for use. By applying IFRS 3, all business combinations since 31 December 2001 have been restated, with an indication, based on an independent estimate, of the new value of intangible fixed assets that were not reported when the shareholdings were acquired.

The Group has seen fit to give brands a finite life of 40 years in view of the policies adopted by other market operators. Prudently, it has adopted an extremely long – although not infinite and thus unidentifiable – useful life for its own brands (reflecting the prolonged benefits derived from these). This decision is in line with intangible fixed assets typical of the fashion industry, based on previous experience of other international operators in the sector (market comparables).

Other intangible fixed assets

This caption comprises the costs incurred to acquire software, which is amortised over a period not exceeding 3 years.

The principal amortisation rates applied are summarised below:

Category	%
Royalties from patents and intellectua property	33%
Brands	2.5%

Research costs are charged to the income statement as incurred.

At 31 December 2015, the company has not recorded intangible fixed assets with an "infinite" useful life in the financial statements.

Tangible fixed assets

Tangible fixed assets, stated net of accumulated depreciation, are recorded at purchase or production cost except for those assets which have been revalued in accordance with specific laws. Cost includes related charges and directly-attributable expenses.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using economic-technical rates that reflect the residual useful lives of each asset. Tangible fixed assets are written down in the event of permanent impairment, regardless of the depreciation already accumulated.

Ordinary maintenance expenses are charged in full to the income statement. Improvement expenditure is allocated to the fixed assets concerned and depreciated over their residual useful lives.

Construction in progress and advances to suppliers are recorded at the cost incurred, including directly-related charges.

As an exception to the general principle, the carrying amount of land and buildings has been adjusted to reflect the value determined by reference to an independent appraisal. This was performed to identify the separate value of land that was previously included in the "land and buildings" caption and consequently depreciated. The depreciation rates are applied on a straight-line basis over the new estimated useful lives of the buildings: 50 years (2%).

The depreciation rates applied are summarised below:

Category	%
Industrial buildings	2% - 2,56%
Plant and machinery	10% - 12,5%
Industrial and commercial equipment	25%
Electronic machines	20%
Motor vehicles	20%
Cars	25%

Land is not depreciated.

Leasehold improvements, including the costs of fitting and modernising directly-managed shops and all other property used for business purposes but not owned by the Group, are depreciated over the shorter of the duration of the lease, including any renewal periods, or their useful lives.

Improvement expenditure is added to the carrying amount of the assets concerned if the future economic benefits for the Group are likely to exceed those determined originally. Such expenditure is depreciated over the residual useful lives of the assets concerned. All other maintenance costs are charged to the income statement as incurred.

Leasing

Financial leases

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits of ownership, are recognised as part of property, plant and equipment at their fair value or, if lower, at the present value of the minimum lease payments, and stated net of accumulated depreciation. The corresponding liability to the lessor is classified among financial payables in the balance sheet. These assets are depreciated using the rates set out above.

On disposal, or when no further economic benefits are expected from use of the asset, leased assets are eliminated from the balance sheet and any gains or losses (difference between disposal proceeds and carrying amount) are reflected in the income statement for the year.

Operating leases

Leases that do not transfer to the Group substantially all the risks and benefits of ownership are recognised as operating leases. Payments under operating leases are recognised as a cost on a straight-line basis over the duration of the related lease contracts.

Impairment

Key money, brands and other intangible fixed assets are subjected to impairment testing each year, or more frequently if there is evidence of a possible loss of value.

Tangible fixed assets and other non-current assets are subjected to impairment testing whenever events or a change of circumstances suggest that their value may be impaired.

Impairment losses arise and are recognised when the carrying amount of an asset or a cash generating unit exceeds its recoverable value. The carrying amount of such assets is aligned with their recoverable value and the impairment loss is charged to the income statement.

The comparison between the value of the Group shareholders' equity per share and the share list value at year-end and during the period until the date these financial statements were drawn up shows a book value higher than the market value. The directors believe that this evidence is basically attributable to the particular situation of the financial markets happened in the aftermath of the actual difficult situation of the world markets. Therefore, the market value is not considered representative of the Group value.

Determination of recoverable value

Under IAS 36, intangible and tangible fixed assets must be subjected to impairment testing if there is evidence (events, change of circumstances) to suggest a possible loss of value. The purpose of this is to ensure that assets are not recorded in the balance sheet at an amount that exceeds their recoverable value. As already mentioned, this test is performed annually, or more frequently, in relation to assets with an indefinite useful life.

The recoverable value of these assets is the higher between their fair value, net of disposal costs, and their value in use. In order to determine value in use, the estimated future cash flows, including those deriving from the disposal of the asset at the end of its useful life, are discounted using a post-tax rate that reflects the current market assessment of the value of money and the risks associated with the Group's activities. If separate cash flows cannot be estimated for an individual asset, the separate cash generating unit to which the asset belongs is identified.

Reinstatement of value

The value of financial assets recorded at amortised cost is reinstated when a subsequent increase in their recoverable value can, objectively, be attributed to an event that took place subsequent to recognition of the impairment loss.

The value of other non-financial assets is reinstated if the reasons for impairment no longer apply and the basis for determining their recoverable value has changed.

Write-backs are credited immediately to the income statement and the carrying amount of the asset concerned is adjusted to reflect its recoverable value. Recoverable value cannot exceed the carrying amount that would have been recognised, net of depreciation, had the value of the asset not been written down due to impairment in prior years.

The written down value of goodwill is never reinstated.

Equity investments

Equity investments in non-consolidated subsidiaries, associates and joint ventures are recognised according to the equity method. The surplus cost over shareholders' equity on the acquisition date is treated in the same way as described in the section on consolidation principles. Other equity investments are recognised using the cost method, which is reduced for impairment losses. The original value is restated in subsequent years if the reasons for the write-down no longer apply.

Assets held for sale

This item includes assets where the book value will be recovered mainly through sale rather than continuous use. For this to happen, the asset (or group) must be available for sale in its current condition, subject to standard conditions applicable to the sale of such assets (or groups), and the sale must be highly probable. An asset classified as held for sale is recognised at the lesser of its book value and fair value, excluding selling costs, as stipulated in IFRS 5.

Trade and other receivables

Receivables are stated at their estimated realisable value, being their nominal value less the allowance for collection losses on doubtful accounts. They are review regularly in terms of ageing and seasonality in order to avoid adjustments for unexpected losses. Non-current receivables that include an element of embedded interest are discounted using a suitable market rate. This caption also includes the accrued income and prepaid expenses recorded to match income and costs relating to more than one year in the accounting periods to which they relate.

Inventories

Inventories are recorded at purchase or production cost or, if lower, at their estimated net realisable value. Net realisable value is the estimated selling price under normal operating conditions, net of completion costs and all other selling-related expenses.

The cost of production of finished products includes the cost of raw materials, outsourced materials and processing, and all other direct and indirect manufacturing costs reasonably attributable to them, with the exclusion of financing costs.

Obsolete and slow-moving inventories are written down to reflect their likely use or realisability.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand deposits and all highly liquid investments with an original maturity of three months or less. Securities included in cash and cash equivalents are measured at their fair value.

Provisions

The provisions for risks and charges cover known or likely losses or charges, the timing and extent of which cannot be determined at period end. Provisions are recorded only when there is a legal or implicit obligation that, to be settled, requires the consumption of resources capable of generating economic benefits, and the amount concerned can be estimated reliably. If the effect is significant, provisions are calculated by discounting expected future cash flows using a pre-tax rate that reflects the current market assessment of the present value of money and the specific risks associated with the liability.

Employee benefits

Employee severance indemnities are covered by IAS 19 ("Employee Benefits") since they are deemed to be a form of defined benefit plan. Group contributions to defined benefit plans are charged to the income statement on an accruals basis.

The Group's net liability for defined benefit plans is determined on an actuarial basis, using the projected unit credit method. All actuarial gains and losses determined as of 1 January 2005, the IFRS transition date, have been recognised.

Financial payables

Financial payables, excepting derivates, are recorded at their fair value, after transactions costs directly attributable.

Bank overdrafts and loans

Loans are initially measured at cost, which approximates their fair value, net of any transaction-related expenses. Subsequently, they are measured at amortised cost. Any difference between cost and the redemption value is recorded in the income statement over the duration of the loan, using the effective interest method.

Loans are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least twelve months subsequent to the accounting reference date.

Trade and other payables

Payables are stated at the nominal value. The financial element embedded in non-current payables is separated using a market rate of interest.

Treasury shares

Treasury shares are presented as a deduction from capital for the part of their nominal value, and from a specific reserve for the part in excess to their nominal value.

Contributions to the capital account and for overheads

Any public contributions are reported when there is a reasonable certainty that the company will meet all the conditions foreseen to receive the contributions and actually receives them. The Group has opted to present any contributions to the capital account in the financial statement as items in adjustment of the book value of the property to which they refer, and any contributions to overhead as a direct deduction from the relative cost.

Revenue

Revenues are stated net of returns, discounts, allowances and rebates, as well as the taxes associated with the sale of goods and the provision of services. Revenues from sales are recognised when the seller has transferred the principal risks and benefits of ownership to the purchaser. The principal types of revenue realised by the Company are recognised on the following basis:

- retail sales – on delivery of the goods;
- wholesale sales – on shipment of the goods;
- royalties and commissions – on an accrual basis.

Costs

Costs and expenses are recognised on an accrual basis.

Design and production costs for sample collections incurred during the period are correlated to the turnover from sales of collection and are thus carried in the income statement in proportion to the revenue generated. The remaining portion to be carried in the income statement during the period in which the corresponding revenue is generated is posted to other current assets.

Financial income and expenses

These include all items of a financial nature written to the income statement for the period, including interest payable on financial debts calculated using the effective interest method (mainly current account overdrafts and medium and long-term loans), foreign currency gains and losses, dividends received, and the portion of interest payable deriving from the accounting treatment of assets under finance leases (IAS 17).

Interest income and expenses are reported in the income statement for the period in which they are realised/incurred.

Dividends are recognised in the period when the Group’s right to a dividend payment matures, subject to ratification.

The amount of interest payable on finance leases is booked to the income statement using the effective interest method.

Taxes

Income taxes for the period include all taxes calculated on taxable income. Income taxes for the period are recorded in the income statement.

Taxes other than income taxes, such as property tax, are reported under operating expenses or, if the necessary conditions are fulfilled, are capitalized in the related real estate.

Current taxes on income taxable in the period represent the tax burden calculated using current rates of taxation in force on the balance sheet date.

Deferred taxes are recognised for all temporary differences existing on the balance sheet date between the book value of assets and liabilities and the corresponding values used to determine taxable income for tax purposes.

Payables for deferred taxes relate to:

- positive components of income for the current period but taxable in future periods;
- negative components of income deductible in excess compared to the amount recorded in the income statement as a result of the application of the International Accounting Standards.

Receivables for deferred taxes are recognised:

- for all negative components of income non-deductible in the period under examination but that could be deducted in future periods;
- for the carryover of unused tax losses, if it is probable that taxable income, for which the tax loss may be used, will be generated.

Credits for deferred tax assets and debits for deferred tax liabilities are calculated based on the rates of taxation applicable to tax calculation on income in periods in which temporary differences are reversed, based on the rate of taxation and tax regulations in force on the balance sheet date.

The impact on these taxes of any change in rates of taxation is posted to the income statement in the period in which the change occurs.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit or loss attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding.

Main estimates used by the Management

Hereafter we report the main estimates and assumptions used by the Management to draft the consolidated financial statement, whose variations, not foreseeable at the moment, could affect the economic and equity situation of the Group.

- Estimates used to evaluate value impairment of assets other than financial assets

For the purposes of ascertaining any impairment of value of assets other than current assets entered in the financial statement, the company applied the method described above in the paragraph entitled "Impairment of value of assets".

Key money

The recoverable value of key money was calculated using the higher between the current value and the value determinable by use.

Current value: this value was calculated by estimating both the cost of establishing the network of boutiques, subject to the impairment test at current values, and as the current market value in case of transfer to others of the rental contract for each boutique (considered as "cash generating units").

The estimates used to calculate the values as indicated above are illustrated below:

- annual value of the rental contracts from the total spent in 2015;
- annual hypothetical increase in rents for about 2.5%;
- possible renewal on expiration of each contract for a period equal to that foreseen by the contract in existence as of 31 December 2015;
- terminal value after first renewal.

The discount rates used are as follows:

- Risk-free rate for established contracts, 3%;
- Hypothetical renewal rate after the first expiration, 5%;
- Terminal value rate, 20%.

Value calculable on the basis of use: the evaluation derives from the cash flow analyses of the characteristic activity of each boutique ("cash generating unit"). The cash flows of the "cash generating units" attributable to each key money were derived for the year 2016 from a budget simulation that, depending on the boutique, foresees increases of turnover around a range that goes from +21% in the most optimistic cases to +3% in the most pessimistic. These estimates are not an indication of the performance of the retail business for 2016 but were used to make a prudential calculation for the test purpose only. For the years 2017 and 2018 and to calculate the terminal value we considered generally a turnover growth rate of 5%. As a discount rate we used the average cost of capital (WACC) which is 4.13%.

Brands

To calculate the recoverable value of the brands entered in the financial statement, we estimated the current value, discounting the hypothetical value of the royalties deriving from the transfer in use to others of these intangible assets, for a period equal to 40 years. To calculate the values on this basis it has been used for the year 2016 the Group budget. For the remaining periods it has been used an increase in turnover with a CAGR variable from 2.2% to 2.5%. As royalty rates we used the averages for the sector and as discount rate we used the average cost of capital (WACC) which is 4.13%.

• These estimates used for actuarial calculation serve to calculate the benefit plans in the sphere of future benefits of the working relationship:

- The inflation rate foreseen is 2.00%;
- The discount rate used is 1.79%;
- * The expected rates of retribution increases (inclusive of inflation) are divided as follows: (i) Management 1.50%; (ii) Office staff/department heads 0.50%; (iii) laborers 0.50%
- The annual rate in increase of the severance indemnity fund foreseen is 3.00%;
- The expected turn-over of employees is 6% for Aeffe S.p.A., 10% for Aeffe Retail S.p.A, 8% for Moschino S.p.A. and Pollini Retail and 5% for Pollini S.p.A and Velmar S.p.A.

* The estimated rates of salary increase were used only for the companies with 50 or fewer employees.

• Estimates used in the actuarial calculations to determine the supplementary clientele severance indemnity fund:

- The voluntary turnover rate foreseen is 0.00%;
- The corporate turnover rate foreseen is 5.00% for all the Group's companies;
- The discount rate used is 1.79%.

OTHER INFORMATION

Segment information

Within a group, various segments are distinguishable providing a series of homogeneous products or services (business segment) or providing products and services in a specific geographical area (geographical segment). Specifically, in Aeffe Group, two areas of activity are identified:

(i) Prêt-a-porter Division;

(ii) Footwear and leather goods Division.

In accordance with IFRS 8, segment information can be found in the section entitled "Comments on the income statement and segment information”.

Management of financial risk

The financial risks to which the Group is exposed in the performance of its business are as follows:

- risk of liquidity
- market risk (inclusive the currency risk, rate risk, price risk);
- credit risk;

Liquidity and market risk

Management of the financial needs and relative risks (mainly rate and exchange risks) is handled at the level of the central treasury and, except in a few cases (Pollini Group) it is managed by the individual companies that, however, are coordinated by the treasury on the basis of the guidelines established by the Managing Director of the Group and approved by the Chief Executive Officer.

The main goal of these guidelines consists of:

(i) **Liquidity risk**

The Group manages the liquidity risk with a view to guarantee, at the consolidated level, the presence of a liability structure in balance with the asset composition of the financial statement, in order to maintain an elevated solid equity.

The credit lines, though negotiated at the Group level, are granted to the individual companies.

As of the date of this financial statement, the companies in the Group with the main short and medium/long-term loans from banks are the parent company, Pollini, Moschino and Velmar.

(ii) **Exchange risk:**

The Group operates internationally and is therefore exposed to the exchange risk. The exchange risk arises when assets and liabilities are reported in a currency other than that in which the company operates.

The mode of management of this risk consists of minimizing the risk connected with exchange rates by using for the main companies of the Group exposed to the exchange risk, the opening of loans in foreign currency and the subscription of forward foreign exchange contracts..

(iii) **Rate risk:**

The interest rate risk to which the companies in the Group are exposed originates mainly from the medium and long-term financial payables in existence, that are almost all at variable rates and expose the Group to the risk of variation in cash flows as the interest rates vary.

The average cost of indebtedness tends to be parametrized with the status of the EURIBOR rate at 3/6 months, plus a spread that depends mainly on the type of financial instrument used. In general, the margins applied are in line with the best market standards. As of 31 December 2015 a hypothetical upward variation of 10% in the interest rate, all other variables being equal, would have produced a higher cost before taxes (and thus a corresponding reduction in the shareholders’ equity) of about EUR 345 thousand annually (EUR 531 thousand as of 31 December 2014).

The *cash flow risk* on interest rates has never been managed in the past with recourse to derivative contracts - *interest rate swaps* - that would transform the variable rate into a fixed rate. As of 31 December 2015 there are no instruments that hedge interest-rate risk.

(iv) **Price risk**

The Group makes its purchases and sales worldwide and is therefore exposed to the normal risk of variations in price, typical of the sector.

Credit risk

With reference to receivables in Italy, the Group deals only with known and reliable clients. It is a policy of the Group that clients requesting extended payment terms are subject to procedures of audit of the class of merit. Moreover, the balance of receivables is monitored during the year to ensure that the doubtful positions are not significant.

The credit quality of unexpired financial assets and those that have not undergone value impairment can be valued with reference to the internal credit management procedure.

Customer monitoring activity consists mainly of a preliminary stage, in which we gather data and information about new clients, and a subsequent activation stage in which a credit is recognized and the development of the credit position is supervised.

The preliminary stage consists of collecting the administrative and fiscal data necessary to make a complete and correct assessment of the risks connected with the new client. Activation of the client is subject to the completeness of the data and approval, after any further clarification by the Customer Office.

Every new customer has a credit line: its concession is linked to further information (years in business, payment terms, customer's reputation) all of which are essential to make an evaluation of the level of solvency. After gathering this information, the documentation on the potential customer is submitted for approval by the company organizations.

Management of overdue receivable is differentiated depending on the seniority of the client (overdue payment group).

For overdue payments up to 60 days, reminders are sent through the branch or directly by the Customer Office; clearly, if an overdue payment exceeds 15 days or the amount of the credit granted, all further supplied to the client are suspended. For overdue credits "exceeding 90 days", where necessary, legal steps are taken.

As regards foreign receivables, the Group proceeds as follows:

a) Part of the foreign credits are guaranteed by primary credit insurance companies;
b) The residual uninsured part of the receivable is managed:
    a. Most of it by request of letter of credit and 30% advances within two weeks of the order confirmation;
    b. The residual receivables not covered by insurance, by letter of credit or by advances, are specifically authorized and managed as settled by the Italian receivable procedure.

The unexpired receivables, amounting to a total of EUR 24,857 thousand as of 31 December 2015, represent 65% of the receivables entered in the financial statements. This percentage increases compared to the 61% of of the previous year.

This procedure serves to define the rules and operating mechanisms that guarantee a flow of payments sufficient to ensure the solvency of the client and guarantee the company an income from the relationship.

As of the reference date of the financial statement, the maximum credit risk exposure is equal to the value of each category of receivable indicated here below:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Trade receivables	38,256	36,885	1,371	3.7%
Other current receivables	26,254	24,881	1,373	5.5%
Other fixed assets	4,265	4,701	(436)	(9.3%)
Total	**68,775**	**66,467**	**2,308**	**3.5%**

See note 5 for the comment and breakdown of the item “other fixed assets” note 8 “trade receivables” and note 12 for “other current receivables”.

The fair value of the above categories has not been indicated, as the book value is a reasonable approximation.

As of 31 December 2015, overdue but not written-down trade receivables amount to EUR 13,399 thousand (EUR 14,443 thousand in 2014). The breakdown by due date is as follows:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
By 30 days	4,665	4,757	(92)	(1.9%)
31 - 60 days	1,034	1,811	(777)	(42.9%)
61 - 90 days	1,124	1,053	71	6.7%
Exceeding 90 days	6,576	6,822	(246)	(3.6%)
Total	**13,399**	**14,443**	**(1,044)**	**(7.2%)**

No significant risk of default with respect to such overdue receivables.

Cash flow statement

The cash flow statement presented by the Group in accordance with IAS 7 has been prepared using the indirect method. The cash and cash equivalents included in the cash flow statement represent the amounts reported in the balance sheet at the accounting reference date. Cash equivalents comprise short term and highly liquid applications of funds that can be readily converted into cash; the risk of changes in their value is minimal. Accordingly, a financial investment is usually classified as a cash equivalent if it matures rapidly, i.e. within three months or less of the acquisition date.

Bank overdrafts are generally part of financing activities, except when they are repayable on demand and are an integral part of the management of a company's cash and cash equivalents, in which case they are classified as a reduction of its cash equivalents.

Foreign currency cash flows have been translated using the average exchange rate for the year. Income and expenses deriving from interest, dividends received and income taxes are included in the cash flows from operating activities.

Under IAS 7, the cash flow statement must identify separately the cash flow deriving from operating, investing and financing activities:

- cash flow from operating activities: the cash flow deriving from operating activities mainly relates to income-generating activities and is presented by the Group using the indirect method; on this basis, net profit is adjusted for the effects of items that did not give rise to payments or cash inflows during the year (non-monetary transactions);
- cash flow from investing activities: investing activities are presented separately since, among other factors, they reflect the investment/disposals made in order to obtain future revenues and cash inflows;

- cash flow from financing activities: financing activities comprise the cash flows that modify the size and composition of shareholders' equity and financial payables.

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

NON-CURRENT ASSETS

1. *Intangible fixed assets*

The table below illustrates the breakdown and the changes of this item:

(Values in thousands of EUR)	Brands	Key money	Other	Total
Net book value as of 01.01.14	**95,949**	**36,274**	**565**	**132,788**
Increases	-	4,507	320	4,827
- increases externally acquired	-	*4,507*	*320*	*4,827*
- increases from business aggregations	-	-	-	-
Disposals	-	(2,698)	-	(2,698)
Translation differences and other variations	-	-	-	-
Amortisation	(3,493)	(3,166)	*(331)*	(6,990)
Net book value as of 31.12.14	**92,456**	**34,917**	**554**	**127,927**
Increases	-	1,588	485	2,073
- increases externally acquired	-	*1,588*	*485*	*2,073*
- increases from business aggregations	-	-	-	-
Disposals	-	-	(56)	(56)
Translation differences and other variations	-	-	30	30
Amortisation	(3,494)	(3,296)	*(363)*	(7,153)
Net book value as of 31.12.15	**88,962**	**33,209**	**650**	**122,821**

The intangible fixed assets highlight the following variations:

- increases, equal to EUR 2,073 thousand, mainly related to key money and software;
- decreases, equal to EUR 56 thousand;
- translation differences and other variations, equal to EUR 30 thousand;
- amortisation of the period is EUR 7,153 thousand.

Brands

This item includes the Group's own-label brands ("Alberta Ferretti", "Philosophy", "Moschino", "Boutique Moschino", "Love Moschino", "Pollini", "Studio Pollini"). A breakdown of brands is given below:

(Values in thousands of EUR)	Brand residual life	31 December 2015	31 December 2014
Alberta Ferretti	27	3,400	3,526
Moschino	29	49,551	51,478
Pollini	25	36,011	37,452
Total		**88,962**	**92,456**

The decrease between the two periods refers exclusively to the amortisation of the period.

Key money

Key money refers to the amounts paid by the Group to take over leases relating to directly managed stores or, in the case of business combinations, the fair value of these assets at the time of acquisition.

The Group, until financial year 2008, even on the stock of valuations drawn up by independent experts, pointed out the scarce significance of the deadline attributable to the term of the leases. Indeed, to this regard the safeguards given to the lessee by the market routine and by specific legal provisions, which are combined with a strategy of progressive further expansion of the network carried forward by the companies of the Group that usually renews the leases before their natural expiration and regardless of the intention to continue using the locations as Group boutiques, in view of the value attributable to the commercial positions concerned.

Following the change of the key money market, the Group deemed it proper to introduce a change of estimate on their useful life, switching from an indefinite useful life to a finite useful life.

A reversed trend has been noted starting in 2009. Although not generalised, it has led several of the lessors of the market to ask that the contract be terminated as the expiration date draws near. Even if the most recent transactions carried out by the Group are reassuring with regard to the entire recoverability of the original value of the key money, by virtue of the new market definition, the directors prudentially deemed it correct to change the estimate of useful life. Based on the experience of the renewals obtained from the lessors in past financial years, the directors deemed it fitting to estimate a useful life corresponding to the residual term of the contract, and generally plan a renewal for another 6 years, considering a final end value equal to the amounts due by way of indemnity for taking over the lease if provided for by the national regulations.

Other

The item other mainly includes software licences.

2. *Tangible fixed assets*

The table below illustrates the breakdown and the changes of this item:

(Values in thousands of EUR)	Lands	Buildings	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total
Net book value as of 01.01.14	**16,176**	**24,163**	**16,025**	**3,648**	**339**	**4,204**	**64,555**
Increases	731	76	2,458	275	94	667	4,301
Disposals	(79)	-	(111)	(41)	(4)	(14)	(249)
Translation differences and other variations	-	-	459	80	(7)	(36)	496
Depreciation	-	(551)	(2,653)	(1,009)	(113)	(1,006)	(5,332)
Net book value as of 31.12.14	**16,828**	**23,688**	**16,178**	**2,953**	**309**	**3,815**	**63,771**
Increases	130	8	2,478	531	133	1,487	4,767
Disposals	-	-	(79)	(16)	(1)	(100)	(196)
Translation differences and other variations	-	-	197	(6)	44	186	421
Depreciation	-	(561)	(2,795)	(878)	(127)	(1,141)	(5,502)
Net book value as of 31.12.15	**16,958**	**23,135**	**15,979**	**2,584**	**358**	**4,247**	**63,261**

Tangible fixed assets have changed as follows:

- Increases for new investments of EUR 4,767 thousand. These mainly refer to new investments in the renovation and modernisation of shops, the purchase of plant and equipment and the purchase of electronic machines.
- Disposals, net of the accumulated depreciation, of EUR 196 thousand;
- Increase for differences arising on translation and other variation of EUR 421 thousand which mainly relates to the translation differences of the foreign subsidiaries.
- Depreciation of EUR 5,502 thousand charged in relation to all tangible fixed assets, except for land, using the rates applicable to each category (see the accounting policies relating to tangible fixed assets for further details).

Other non-current assets

3. *Equity Investments*

This item includes shareholdings measured at the cost.

4. *Long term financial receivables*

The value at 31 December 2015 is related to the long term portion of the financial receivable in foreign currency generated by the sale of the real estate properties owned by Aeffe USA to the company Ferrim USA, a 100% subsidiary of the company Ferrim Srl. The variation compared to the previous year is determined by the effect of the exchange rate between US and Euro. On that credit accrues interest.

5. *Other fixed assets*

This item mainly includes a long-term receivable related to the income recognized by Woollen Co., Ltd. to Aeffe Group as a result of the reorganization of the Japanese Distribution Network and receivables for security deposits related to commercial leases.

6. *Deferred tax assets and liabilities*

The table below illustrates the breakdown of this item at 31 December 2015 and at 31 December 2014:

(Values in thousands of EUR)	Receivables		Liabilities	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Tangible fixed assets	-	-	(32)	(88)
Intangible fixed assets	3	3	(163)	(169)
Provisions	1,625	1,720	-	-
Costs deductible in future periods	4,849	5,046	-	-
Income taxable in future periods	443	579	(1,658)	(1,292)
Tax losses carried forward	3,557	4,090	-	-
Other	5	6	(59)	(63)
Tax assets (liabilities) from transition to IAS	607	1,924	(30,296)	(35,217)
Total	**11,089**	**13,368**	**(32,208)**	**(36,829)**

Changes in temporary differences during the period are illustrated in the following table:

(Values in thousands of EUR)	Opening balance	Differences arising on translation	Recorded in the income statement	Other	Closing balance
Tangible fixed assets	(88)	(7)	63	-	(32)
Intangible fixed assets	(166)	-	6	-	(160)
Provisions	1,720	23	(122)	4	1,625
Costs deductible in future periods	5,046	3	(200)	-	4,849
Income taxable in future periods	(713)	-	(502)	-	(1,215)
Tax losses carried forward	4,090	152	527	(1,212)	3,557
Other	(57)	(13)	93	(77)	(54)
Tax assets (liabilities) from transition to IAS	(33,293)	123	3,779	(298)	(29,689)
Total	**(23,461)**	**281**	**3,644**	**(1,583)**	**(21,119)**

The change in the income statement of EUR 3,644 thousand is mainly attributable to the fact that, pursuant to art. 1, paragraphs 61-62, of the Stability Law for 2016, with effect from 1 January 2017, effective for tax periods following the one in progress at 31 December 2016, the corporate income tax rate is reduced from 27,5% to 24%. It then proceeded to adapt to the new lower corporate income tax rate, the deferred tax assets and the deferred tax liabilities that will have reabsorption subsequent to 31/12/2016. The effect of the change in the tax rate that has transited through the income statement amounts to approximately Euro 2.5 million.

The negative variation of EUR 1,583 thousand in the column "Other" refers mainly to the compensation of the tax payable for IRES of the period matured in some of the Group's subsidiaries with the receivable for deferred tax generated in Aeffe Spa as a consequence of the adhesion of the subsidiaries to the fiscal consolidation.

Deferred tax assets have been determined estimating the future recoverability of such activities.

CURRENT ASSETS

7. Stocks and inventories

This item comprises:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Raw, ancillary and consumable materials	15,649	14,556	1,093	7.5%
Work in progress	6,752	8,339	(1,587)	(19.0%)
Finished products and goods for resale	67,506	60,969	6,537	10.7%
Advance payments	81	3	78	2,600.0%
Total	**89,988**	**83,867**	**6,121**	**7.3%**

The increase of inventories, equal to EUR 6,121 thousand, is linked to the orders' backlog for the Spring/Summer 2016 collections increased by 14.3%.

Inventories of raw materials and work in progress mainly relate to the production of the Spring/Summer 2016 collections, while finished products mainly concern the Autumn/Winter 2015 and the Spring/Summer 2016 collections and the Autumn/Winter 2016 sample collections.

8. Trade receivables

This item is illustrated in the following table:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Trade receivables	40,215	38,487	1,728	4.5%
(Allowance for doubtful account)	(1,959)	(1,602)	(357)	22.3%
Total	**38,256**	**36,885**	**1,371**	**3.7%**

Trade receivables amount to EUR 40,215 thousand at 31 December 2015, up 4.5% since 31 December 2014.

Management considers that the fair value of amounts due from customers approximates their book value.

The allowance for doubtful accounts is determined by reference to a detailed analysis of the available information and, in general, is based on historical trends.

9. Tax receivables

This item is illustrated in details in the following table:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
VAT	3,636	4,274	(638)	(14.9%)
Corporate income tax (IRES)	1,234	1,660	(426)	(25.7%)
Local business tax (IRAP)	975	288	687	238.5%
Amounts due to tax authority for withheld taxes	33	985	(952)	(96.6%)
Other tax receivables	1,352	1,324	28	2.1%
Total	**7,230**	**8,531**	**(1,301)**	**(15.3%)**

As of 31 December 2015, the Group's tax receivables amount to EUR 7,230 thousand. The variation of EUR 1,301 thousand compared with the value at 31 December 2014 is mainly due to the use of tax receivables in compensation of the tax payable for IRES of the period matured in some of the Group’s subsidiaries as a consequence of the adhesion of the subsidiaries to the fiscal consolidation.

10. Cash

This item includes:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Bank and post office deposits	9,200	6,087	3,113	51.1%
Cheques	25	31	(6)	(19.4%)
Cash in hand	768	574	194	33.8%
Total	**9,993**	**6,692**	**3,301**	**49.3%**

Bank and postal deposits represent the nominal value of the current account balances with credit institutions, including interest accrued on the balance sheet date. Cash in hand represents the nominal value of the cash held on the balance sheet date.

The increase in cash and cash equivalents, recorded at 31 December 2015 compared with the amount recorded at 31 December 2014, is EUR 3,301 thousand. About the reason of this variation see the Cash Flow Statement.

11. Short term financial receivables

This item includes:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Financial receivables	1,816	1,000	816	81.6%
Total	**1,816**	**1,000**	**816**	**81.6%**

The value at 31 December 2015 is mainly related to the short term portion of the financial receivable generated by the sale of the real estate properties owned by Aeffe USA to the company Ferrim USA, a 100% subsidiary of the company Ferrim Srl. On that credit accrues interest.

12. *Other receivables*

This caption comprises:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Credits for prepaid costs	19,068	17,749	1,319	7.4%
Advances for royalties and commissions	741	761	(20)	(2.6%)
Advances to suppliers	203	618	(415)	(67.2%)
Accrued income and prepaid expenses	3,167	2,421	746	30.8%
Other	3,075	3,332	(257)	(7.7%)
Total	**26,254**	**24,881**	**1,373**	**5.5%**

Other short term receivables increase of EUR 1,373 thousand mainly for the growth of credits for prepaid costs.

Credits for prepaid costs relate to the costs incurred to design and make samples for the Spring/Summer 2016 and Autumn/Winter 2016 collections for which the corresponding revenues from sales have not been realised yet.

13. Assets and liabilities available for sale

This item is not changed during the period.

(Values in thousands of EUR)	31 December 2015	31 December 2014
Other fixed assets	437	437
Total Assets	**437**	**437**

14. Shareholders' equity

Described below are main categories of shareholders' equity at 31 December 2015, while the corresponding variations are described in the prospect of shareholders' equity.

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change
Share capital	25,371	25,371	-
Share premium reserve	71,240	71,240	-
Other reserves	26,516	26,481	35
Fair value reserve	7,901	7,901	-
IAS reserve	11,459	11,459	-
Profits / (losses) carried-forward	(9,486)	(12,112)	2,626
Remeasurement of defined benefit plans reserve	(1,017)	(1,229)	212
Net profit / (loss) for the Group	1,522	2,742	(1,220)
Translation reserve	(1,762)	(1,796)	34
Minority interests	17,884	17,915	(31)
Total	**149,628**	**147,972**	**1,656**

Share capital

Share capital as of 31 December 2015, totally subscribed and paid, (gross of treasury shares) totals EUR 26,841 thousand, and is represented by 107,362,504 shares, par value EUR 0.25 each. At 31 December 2015 the Parent Company holds 5,876,878 treasury shares, representing the 5.5% of its share capital.

There are no shares with restricted voting rights, without voting rights or with preferential rights. The number of outstanding shares is not changed during the period.

Share premium reserve

The share premium reserve amounts to EUR 71,240 thousand and it remains unchanged since 31 December 2014.

Other reserves

The changes in these reserves reflect the allocation of prior-year profit of the Parent Company.

Fair value reserve

The fair value reserve derives from the application of IAS 16 in order to measure the land and buildings owned by the Company at their fair value, as determined with reference to an independent appraisal.

IAS reserve

The IAS reserve, formed on the first-time adoption of IFRS, reflects the differences in value that emerged on the transition from ITA GAAP to IFRS. The differences reflected in this equity reserve are stated net of tax effect, as required by IFRS 1. Each difference is allocated on a pro rata basis to minority interests.

Profits/(losses) carried-forward

The caption profits/(losses) carried forward records a positive variation as a consequence of the consolidated result at 31 December 2014.

Remeasurement of defined benefit plans reserve

The remeasurement of defined benefit plans reserve, formed as a result of the application, from 1st January 2013 (retrospectively), of the amendment to IAS 19, changes of EUR 212 thousand compared to the value at 31 December 2014.

Translation reserve

The increase of EUR 34 thousand related to such reserve is due to the conversion of companies' financial statements in other currency than EUR.

Minority interests

The variation in minority interests is due to the portion of profit/loss attributable to the minority shareholders.

Minority interests represent the shareholders' equity of consolidated companies owned by other shareholders and include the corresponding IAS reserve.

NON-CURRENT LIABILITIES

15. Provisions

Provisions are illustrated in the following statement:

(Values in thousands of EUR)	31 December 2014	Increases	Decreases	31 December 2015
Pensions and similar obligations	1,010	93	(285)	818
Other	1,037	104	(890)	251
Total	**2,047**	**197**	**(1,175)**	**1,069**

The additional client expenses reserve is determined based on an estimate of the liability relating to the severance of agency contracts, taking account of statutory provisions and any other relevant factor, such as statistical data, average duration of agency contracts and their rate of turnover. The item is calculated based on the actual value of the outflow necessary to extinguish the obligation.

The decrease of the entry Other is mainly related to the use of the provision for early retirement incentives.

Potential tax liabilities for which no reserves have been established, since it is not considered probable that they will give rise to a liability for the Group, are described in the paragraph "Potential liabilities".

16. Post employment benefits

The severance indemnities payable on a deferred basis to all employees of the Group are deemed to represent a defined benefits plan (IAS 19), since the employer's obligation does not cease on payment of the contributions due on the remuneration paid, but continue until termination of the employment relationship.

For plans of this type, the standard requires the amount accrued to be projected forward in order to determine the amount that will be paid on the termination of employment, based on an actuarial valuation that takes account of employee turnover, likely future pay increases and any other applicable factors. This methodology does not apply to those employees whose severance indemnities are paid into approved supplementary pension funds, which, in the circumstances, are deemed to represent defined contributions plans.

Starting from 1 January 2007, the Finance Law and related enabling decrees introduced significant changes to the regulations governing severance indemnities, including the ability of employees to choose how their individual severance indemnities will be allocated. In particular, employees can now allocate the new amounts accrued to approve pension plans or decide to retain them with the employer (which must pay the related severance contributions into a treasury account managed by INPS).

Changes in the provision are illustrated in the following statement:

(Values in thousands of EUR)	31 December 2014	Increases	Decreases / Other changes	31 December 2015
Post employment benefits	7,458	161	(1,067)	6,552
Total	**7,458**	**161**	**(1,067)**	**6,552**

Increases include the share of post employment benefits matured in the year and the related revaluation, while the entry decreases/other changes includes the decrease for the liquidation of the post employment benefits for EUR 800 thousand and the actuarial loss of EUR 267 thousand.

17. Long-term financial liabilities

The following table contains details of long-term borrowings:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Loans from financial institutions	18,322	12,680	5,642	44.5%
Amounts due to other creditors	72	72	-	n.a.
Total	**18,394**	**12,752**	**5,642**	**44.2%**

The entry "Loans from financial institutions" relates to the portion of bank loans due beyond 12 months. This entry is mainly due to a ten-year mortgage loan to the Parent company Aeffe Spa for an amount of EUR 11.5 million on a real estate based in Gatteo, headquarter of the subsidiary Pollini Spa. It should be noted that such real estate from 2002 to 2012 was object of a lease-back operation.

All other operations are unsecured loans and bank finance not assisted by any form of security and they are not subject to special clauses, except for the early repayment clauses normally envisaged in commercial practice. Furthermore, there are no covenants to comply with specific financial terms or negative pledges.

The following table contains details of bank loans as of 31 December 2015, including the current portion and the long term portion:

(Values in thousands of EUR)	Total amount	Current portion	Long term portion
Bank borrowings	23,164	4,843	18,321
Total	**23,164**	**4,843**	**18,321**

The total due beyond five years amount to EUR 3,825 thousand.

18. Long-term not financial liabilities

This caption, in the amount of EUR 14,330 thousand, mainly refers to the debt due by the subsidiary Moschino S.p.A. in relation to an interest-free shareholder loan from Sinv S.p.A.. This liability is treated to a payment on capital account and arose on the purchase of Moschino S.p.A. by the Parent Company and Sinv S.p.A. in 1999, divided into proportional shares according to the equity interest held by Aeffe S.p.A. and Sinv S.p.A. in Moschino S.p.A..

CURRENT LIABILITIES

19. Trade payables

Tax payables are analysed in comparison with the related balances as of 31 December 2014:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Trade payables	61,429	55,052	6,377	11.6%
Total	**61,429**	**55,052**	**6,377**	**11.6%**

Trade payables are due within 12 months and concern the debts for supplying goods and services.

The increase of Euro 6,377 thousand is mainly attributable to higher purchases linked to orders' backlog for the Spring/Summer 2016 collections increased by 14.3%.

20. Tax payables

Tax payables are analysed in comparison with the related balances as of 31 December 2014 in the following table:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Local business tax (IRAP)	-	222	(222)	(100.0%)
Amounts due to tax authority for withheld taxes	2,549	2,364	185	7.8%
VAT due to tax authority	453	399	54	13.5%
Other	13	140	(127)	(90.7%)
Total	**3,015**	**3,125**	**(110)**	**(3.5%)**

21. Short term financial liabilities

A breakdown of this item is given below:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Due to banks	75,985	80,224	(4,239)	(5.3%)
Total	**75,985**	**80,224**	**(4,239)**	**(5.3%)**

Current bank debts include advances granted by credit institutions, current loans and the current portion of long-term financing commitments. Advances mainly consist of withdrawals from short-term credit facilities to finance the working capital requirement. Current loans (due within 12 months) are loans granted by banks to the Parent Company and to other Group companies.

22. Other liabilities

Other current liabilities are analysed on a comparative basis in the following table:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Due to total security organization	3,715	3,015	700	23.2%
Due to employees	4,662	5,011	(349)	(7.0%)
Trade debtors - credit balances	1,693	1,529	164	10.7%
Accrued expenses and deferred income	2,194	2,163	31	1.4%
Other	2,699	2,601	98	3.8%
Total	**14,963**	**14,319**	**644**	**4.5%**

The other short term liabilities amount to EUR 14,963 thousand at 31 December 2015 increasing of EUR 644 thousand compared with the previous year, mainly for the increase in payables to social security institutions following the conclusion of the solidarity contract.

SEGMENT INFORMATION REGARDING PROFIT OR LOSS, ASSETS AND LIABILITIES

In order to apply the IFRS 8 the Group has considered to delineate as operative sectors the same used by IAS 14 Segment reporting: *Prêt-à porter* Division and footwear and leather goods Division. Such decision has been taken because they represent business activities from which the entity may earn revenues and incur expenses, whose operating result are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Prêt-à porter Division is mainly represented by the companies Aeffe, Moschino and Velmar, operating in the design, production and distribution of luxury prêt-à porter and lingerie, beachwear and loungewear collections. The distribution of the collections takes place both via the retail channel and via the wholesale channel.

In terms of prêt-à porter collections, the activity is carried out by Aeffe, both for the production of the Group's own-label brands ("Alberta Ferretti", "Philosophy", "Moschino", "Boutique Moschino" and "Love Moschino") and brands licensed from other companies (such as "Blugirl", "Cedric Charlier" and "Jeremy Scott").

Velmar manufactures and distributes lingerie and swimwear collections, and specifically men's/women's lingerie, underwear, beachwear and loungewear. Collections are produced and distributes under the Group's own-label brands such as "Moschino" and under third-party licensed brands such as "Blugirl".

The Prêt-a-porter Division also manages licensing agreements granted to other companies to manufacture Aeffe and Moschino branded product lines such as the "Moschino" brand licensing agreement relating to the *love* line, "Moschino" branded perfumes and "Moschino" branded sunglasses.

The footwear and leather goods Division, which is composed of Pollini and its subsidiaries, mainly handles the design, production and distribution of footwear, small leather goods, bags and matching accessories made from exclusive materials. The operating activity is mainly carried out by Pollini, which directly handles the design, production and distribution of own-label products, as well as the production and distribution of brands licensed by Group companies.

The footwear and leather goods division also manages licensing agreements granted to other companies to manufacture "Pollini" products such as umbrellas, foulards and ties.

The following table indicates the main economic data for the full year 2015 and 2014 of the *Prêt-à porter* and Footwear and leather goods Divisions:

(Values in thousands of EUR) 2015	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR REVENUES	**207,221**	**95,751**	**(34,147)**	**268,825**
Intercompany revenues	(7,668)	(26,479)	34,147	-
Revenues with third parties	**199,553**	**69,272**	-	**268,825**
Gross operating margin (EBITDA)	**12,187**	**7,156**	-	**19,343**
Amortisation	(9,815)	(2,840)	-	(12,655)
Other non monetary items:				
Write-downs	(530)	(274)	-	(804)
Net operating profit / loss (EBIT)	**1,842**	**4,042**	-	**5,884**
Financial income	1,288	228	(539)	977
Financial expenses	(3,313)	(1,234)	539	(4,008)
Profit / loss before taxes	**(183)**	**3,036**	**-**	**2,853**
Income taxes	(1,224)	80	-	(1,144)
Net profit / loss	**(1,407)**	**3,116**	**-**	**1,709**

(Values in thousands of EUR) 2014	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR REVENUES	**192,151**	**85,960**	**(26,573)**	**251,538**
Intercompany revenues	(6,261)	(20,312)	26,573	-
Revenues with third parties	**185,890**	**65,648**	-	**251,538**
Gross operating margin (EBITDA)	**18,597**	**7,089**	-	**25,686**
Amortisation	(9,469)	(2,853)	-	(12,322)
Other non monetary items:				
Write-downs	(1,140)	(195)	-	(1,335)
Net operating profit / loss (EBIT)	**7,988**	**4,041**	-	**12,029**
Financial income	1,435	35	(919)	551
Financial expenses	(5,523)	(1,863)	919	(6,467)
Profit / loss before taxes	**3,900**	**2,213**	**-**	**6,113**
Income taxes	(1,008)	(1,099)	-	(2,107)
Net profit / loss	**2,892**	**1,114**	**-**	**4,006**

The following tables indicate the main patrimonial and financial data at 31 December 2015 and 2014 of the *Prêt-à porter* and Footwear and leather goods Divisions:

(Values in thousands of EUR) 31 December 2015	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR ASSETS	*301,369*	*114,482*	*(56,598)*	359,253
of which non-current assets (*)				
Intangible fixed assets	*80,812*	*42,009*	-	*122,821*
Tangible fixed assets	*60,115*	*3,146*	-	*63,261*
Other non-current assets	*10,207*	*663*	*(4,442)*	*6,428*
OTHER ASSETS	*15,902*	*2,417*	-	18,319
CONSOLIDATED ASSETS	**317,271**	**116,899**	**(56,598)**	**377,572**

(*) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts

(Values in thousands of EUR) 31 December 2015	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR LIABILITIES	*174,107*	*75,212*	*(56,598)*	192,721
OTHER LIABILITIES	23,973	11,250	-	35,223
CONSOLIDATED LIABILITIES	**198,080**	**86,462**	**(56,598)**	**227,944**

(Values in thousands of EUR) 31 December 2014	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR ASSETS	*295,549*	*109,518*	*(53,108)*	351,959
of which non-current assets (*)				
Intangible fixed assets	*84,097*	*43,830*	-	*127,927*
Tangible fixed assets	*60,553*	*3,218*	-	*63,771*
Other non-current assets	*10,338*	*604*	*(4,442)*	*6,500*
OTHER ASSETS	*18,819*	*3,080*	-	21,899
CONSOLIDATED ASSETS	**314,368**	**112,598**	**(53,108)**	**373,858**

(*) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts

(Values in thousands of EUR) 31 December 2014	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR LIABILITIES	167,711	71,330	*(53,108)*	185,933
OTHER LIABILITIES	26,040	13,914	-	39,954
CONSOLIDATED LIABILITIES	**193,751**	**85,244**	**(53,108)**	**225,887**

Segment information by geographical area

The following table indicates the revenues for the full year 2015 and 2014 divided by geographical area:

(Values in thousands of EUR)	Full Year		Full Year		Change	
	2015	%	2014	%	Δ	%
Italy	119,754	44.5%	113,591	45.2%	6,163	5.4%
Europe (Italy and Russia excluded)	56,842	21.1%	55,858	22.2%	984	1.8%
Russia	9,172	3.4%	16,614	6.6%	(7,442)	(44.8%)
United States	22,248	8.3%	16,109	6.4%	6,139	38.1%
Japan	6,842	2.5%	7,038	2.8%	(196)	(2.8%)
Rest of the World	53,967	20.2%	42,328	16.8%	11,639	27.5%
Total	**268,825**	**100.0%**	**251,538**	**100.0%**	**17,287**	**6.9%**

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

23. Revenues from sales and services

In 2015 consolidated revenues amount to EUR 268,825 thousand compared to EUR 251,538 thousand of the year 2014, showing an increase of 6.9% (+5.1% at constant exchange rates).

Revenues of the prêt-à-porter division amount to EUR 207,221 thousand with an increase of 7.8% at current exchange rates (+5.5% at constant exchange rates) compared to 2014. The revenues of the footwear and leather goods division increase by 11.4% to EUR 95,751 thousand.

24. Other revenues and income

This item comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Extraordinary income	1,253	1,052	201	19.1%
Other income	3,960	3,290	670	20.4%
Total	**5,213**	**4,342**	**871**	**20.1%**

The caption extraordinary income, composed mainly by recovery of receivables from bankrupt customers, time expiry of receivables and payables that arose in prior years, increases of EUR 201 thousand compared to the previous year.

The caption other income, that amounts to EUR 3,960 thousand in 2015, mainly includes exchange gains on commercial transaction, rental income sales of raw materials and packaging. The change of EUR 670 thousand compared to the previous year is mainly due to the increase of exchange gains on commercial transactions, in particular those generated by the change in dollars and pounds.

25. Costs of raw materials

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Raw, ancillary and consumable materials and goods for resale	91,297	88,729	2,568	2.9%
Total	**91,297**	**88,729**	**2,568**	**2.9%**

The increase of inventories, equal to EUR 2,568 thousand, is linked to the orders' backlog for the Spring/Summer 2016 collections increased by 14.3%.

This item mainly includes costs for the acquisition of raw materials such as fabrics, threads, skins and accessories, purchases of finished products for resale (products sold) and packaging.

26. Costs of services

This item comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Subcontracted work	26,336	22,414	3,922	17.5%
Consultancy fees	14,951	13,290	1,661	12.5%
Advertising	11,514	9,321	2,193	23.5%
Commission	5,232	4,740	492	10.4%
Transport	5,494	4,452	1,042	23.4%
Utilities	2,170	2,098	72	3.4%
Directors' and auditors' fees	2,675	2,888	(213)	(7.4%)
Insurance	560	586	(26)	(4.4%)
Bank charges	1,720	1,541	179	11.6%
Travelling expenses	2,244	2,016	228	11.3%
Other services	6,282	5,299	983	18.6%
Total	**79,178**	**68,645**	**10,533**	**15.3%**

Costs of services increase from EUR 68,645 thousand in the year 2014 to EUR 79,178 thousand in the year 2015, by 15.3%. The increase is mainly due to:

- the increase of costs for subcontracted work linked to the growth of sales;
- the increase in "consultancy fees" and "adverting" related to both the increase of marketing and advertising activities aimed at further enhancing Moschino and Alberta Ferretti brands, along with Philosophy di Lorenzo Serafini brand's relaunch, and the events dedicated to Moschino brand to promote the new men's collection, which has been produced in house since the launch of Autumn/Winter 2015 season;
- the increase of costs for "transport" linked to the growth of sales;
- the increase of costs for "other services" mainly for the increase of maintenance costs equal to EUR 366 thousand.

27. Costs for use of third parties assets

This item comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Rental expenses	20,806	18,409	2,397	13.0%
Royalties	1,939	2,040	(101)	(5.0%)
Hire charges and similar	793	796	(3)	(0.4%)
Total	**23,538**	**21,245**	**2,293**	**10.8%**

The costs for use of third parties assets increases by EUR 2,293 thousand from EUR 21,245 thousand in 2014 to EUR 23,538 thousand in 2015. Such increase is mainly determined by new openings realized in 2015.

28. Labour costs

Labour costs increase by EUR 2,525 thousand from EUR 58,563 thousand in 2014 to EUR 61,088 thousand in 2015, recording an incidence on revenues which changes from 23.3% in 2014 to 22.7% in 2015.

The increase in this entry is mainly determined by new openings realized in 2015, the conclusion of the solidarity contract and increases under national textile agreement.

This item comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Labour costs	61,088	58,563	2,525	4.3%
Total	**61,088**	**58,563**	**2,525**	**4.3%**

In 2015 the average number of employees of the Group is:

Average number of employees by category	Full Year 2015	Full Year 2014	Change Δ	%
Workers	226	248	(22)	(8.9%)
Office staff-supervisors	1,027	987	40	4.1%
Executive and senior managers	23	23	-	0.0%
Total	**1,276**	**1,258**	**18**	**1.4%**

29. Other operating expenses

This item includes:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Taxes	700	644	56	8.7%
Gifts	162	268	(106)	(39.6%)
Contingent liabilities	633	491	142	28.9%
Write-down of current receivables	344	295	49	16.6%
Foreign exchange losses	2,128	1,462	666	45.6%
Other operating expenses	713	688	25	3.6%
Total	**4,680**	**3,848**	**832**	**21.6%**

The caption other operating expenses amounts to EUR 4,680 thousand and increases in absolute value of EUR 832 thousand compared to the previous year, in particular for the foreign exchange losses generated by the change in dollars and pounds.

30. Amortisation, write-downs and provisons

This item includes:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Amortisation of intangible fixed assets	7,153	6,990	163	2.3%
Depreciation of tangible fixed assets	5,502	5,332	170	3.2%
Write-downs and provisions	804	1,335	(531)	(39.8%)
Total	**13,459**	**13,657**	**(198)**	**(1.4%)**

The decrease of this caption from EUR 13,657 thousand in 2014 to EUR 13,459 thousand in 2015 is substantially generated by lower provisions recorded in 2015 compared to that recorded in the previous period.

31. *Financial income/expenses*

This item include:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Interest income	225	203	22	10.8%
Foreign exchange gains	731	324	407	125.6%
Financial discounts	20	24	(4)	(16.7%)
Financial income	**976**	**551**	**425**	**77.1%**
Bank interest expenses	3,186	5,044	(1,858)	(36.8%)
Other interest expenses	310	306	4	1.3%
Foreign exchange losses	145	726	(581)	(80.0%)
Other expenses	366	391	(25)	(6.4%)
Financial expenses	**4,007**	**6,467**	**(2,460)**	**(38.0%)**
Total	**3,031**	**5,916**	**(2,885)**	**(48.8%)**

The decrease in financial income/expenses amounts to EUR 2,885 thousand. Such effect is substantially linked to lower financial expenses as a result of the better banking conditions applied by banks and of the lower foreign exchange losses.

During 2015, the company Pollini Spa has signed contracts with forward currency purchase obligation for an equivalent amount in USD equal to EUR 8,595 thousand. The contracts do not have the coverage characteristics and therefore it has been decided to measure them at fair value. The evaluation of the contracts that have not yet expired on 31 December 2015 shows a positive effect of Euro 130 thousand, the notional underlying the contracts still outstanding at year end amounts to USD 9,500 thousand.

32. *Income taxes*

This item includes:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Current income taxes	4,719	6,309	(1,590)	(25.2%)
Deferred income (expenses) taxes	(3,644)	(4,190)	546	(13.0%)
Taxes related to previous years	69	(12)	81	n.a.
Total taxes	**1,144**	**2,107**	**(963)**	**(45.6%)**

Details of deferred tax assets and liabilities and changes in this item are described in the paragraph on deferred tax assets and liabilities. The reconciliation between actual and theoretical taxation for 2015 and 2014 is illustrated in the following table:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014
Profit / loss before taxes	2,853	6,113
Theoretical tax rate	27.5%	27.5%
Theoretical income taxes (IRES)	**785**	**1,681**
Fiscal effect	(3,037)	(1,589)
Effect of foreign tax rates	2,210	1,384
Total income taxes excluding IRAP (current and deferred)	**(42)**	**1,476**
IRAP (current and deferred)	**1,186**	**631**
Total income taxes (current and deferred)	**1,144**	**2,107**

This reconciliation of the theoretical and effective tax rates does not take account of IRAP, given that it does not use profit before taxes to calculate the taxable amount. Accordingly, the inclusion of IRAP in the reconciliation would generate distorting effects between years.

COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow generated during 2015 is EUR 3,301 thousand.

(Values in thousands of EUR)	Full Year 2015	Full Year 2014
OPENING BALANCE (A)	**6,692**	**7,524**
Cash flow (absorbed)/ generated by operating activity (B)	12,765	16,958
Cash flow (absorbed)/ generated by investing activity (C)	(7,090)	(6,647)
Cash flow (absorbed)/ generated by financing activity (D)	(2,374)	(11,143)
Increase (decrease) in cash flow (E)=(B)+(C)+(D)	**3,301**	**(832)**
CLOSING BALANCE (F)=(A)+(E)	**9,993**	**6,692**

33. Cash flow (absorbed)/ generated by operating activity

The cash flow generated by operating activity during 2015 amounts to EUR 12,765 thousand.

The cash flow from operating activity is analysed below:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014
Profit before taxes	2,853	6,113
Amortisation / write-downs	13,459	13,657
Accrual (+)/availment (-) of long term provisions and post employment benefits	(1,885)	507
Paid income taxes	(3,596)	(3,584)
Financial income (-) and financial charges (+)	3,031	5,916
Change in operating assets and liabilities	(1,097)	(5,651)
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**12,765**	**16,958**

34. Cash flow (absorbed)/ generated by investing activity

The cash flow absorbed by investing activity during 2015 amounts to EUR 7,090 thousand.

The factors comprising this use of funds are analysed below:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014
Increase (-)/ decrease (+) in intangible fixed assets	(2,047)	(2,129)
Increase (-)/ decrease (+) in tangible fixed assets	(4,992)	(4,468)
Investments ans write-downs (-)/ Disinvestments and revaluations (+)	(51)	(50)
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(7,090)**	**(6,647)**

35. Cash flow (absorbed)/ generated by financing activity

The cash flow absorbed by financing activity during 2015 amounts to EUR 2,374 thousand.

The factors comprising this use of funds are analysed below:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014
Other variations in reserves and profits carried-forward of shareholders' equity	(52)	547
Dividends paid	-	-
Proceeds (+)/ repayments (-) of financial payments	1,402	(5,723)
Increase (-)/ decrease (+) in long term financial receivables	(693)	(51)
Financial income (+) and financial charges (-)	(3,031)	(5,916)
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(2,374)**	**(11,143)**

OTHER INFORMATION

36. *Incentive plans*

Regarding the long term incentive plans reserved to executive directors of Aeffe S.p.A., please refer to the indicated in the Report on remuneration available from the governance section of the following *website:* www.aeffe.com.

37. *Net financial position*

As required by Consob communication DEM/6264293 dated 28th July 2006 and in compliance with the CESR's "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses" dated 10th February 2005, the Group's net financial position as of 31 December 2015 is analysed below:

(Values in thousands of EUR)	31 December 2015	31 December 2014
A - Cash in hand	793	604
B - Other available funds	9,200	6,087
C - Securities held for trading	-	-
D - Cash and cash equivalents (A) + (B) + (C)	*9,993*	*6,691*
E - Short term financial receivables	1,816	1,000
F - Current bank loans	(71,142)	(77,416)
G - Current portion of long-term bank borrowings	(4,843)	(2,808)
H - Current portion of loans from other financial istitutions	-	-
I - Current financial indebtedness (F) + (G) + (H)	*(75,985)*	*(80,224)*
J - Net current financial indebtedness (I) + (E) + (D)	*(64,176)*	*(72,533)*
K - Non current bank loans	(18,322)	(12,680)
L - Issued obbligations	2,031	1,718
M - Other non current loans	(72)	(72)
N - Non current financial indebtedness (K) + (L) + (M)	*(16,363)*	*(11,034)*
O - Net financial indebtedness (J) + (N)	**(80,539)**	**(83,567)**

The net financial position of the Group amounts to EUR 80,539 thousand as of 31 December 2015 compared with EUR 83,567 thousand as of 31 December 2014.

38. *Earnings per share*

Basic earnings per share:

(Values in thousands of EUR)	31 December 2015	31 December 2014
Consolidated earnings for the period for shareholders of the parent company	1,522	2,742
Medium number of shares for the period	101,486	101,486
Basic earnings per share	**0.015**	**0.027**

Following the issue on 24 July 2007 of 19 million new shares, taken up in full, the number of shares currently outstanding is 107,362,504.

39. Related party transactions

Reciprocal transactions and balances between Group companies included within the scope of consolidation are eliminated from the consolidated financial statements and as such will not be described here. Operations carried out with related parties mainly concern the exchange of goods, the performance of services and the provision of financial resources. All transactions arise in the ordinary course of business and are settled on market terms i.e. on the terms that are or would be applied between two independent parties.

The Group's business dealing with other related parties are summarised below:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Nature of the transactions
Shareholder Alberta Ferretti with Aeffe S.p.a.			
Contract for the sale of artistic assets and design	300	300	Cost
Commerciale Valconca with Aeffe S.p.a.			
Commercial	733	494	Revenue
Property rental	50	50	Cost
Cost of services	72	74	Cost
Commercial	893	986	Receivable
Montegridolfo S.p.a. with Aeffe S.p.a.			
Commercial	-	888	Payable
Land purchase	-	727	Lands
Ferrim with Aeffe S.p.a.			
Property rental	1,783	1,771	Cost
Rent advance	-	412	Other receivable
Land purchase	130	-	Lands
Ferrim with Moschino S.p.a.			
Property rental	734	864	Cost
Aeffe France with Solide Real Estate France			
Property rental	225	311	Cost
Commercial	284	163	Payable
Moschino France with Solide Real Estate France			
Property rental	274	384	Cost
Commercial	7	51	Payable
Aeffe USA with Ferrim USA			
Property rental	721	602	Cost
Financial income	125	105	Financial income
Commercial	325	-	Receivable
Commercial	184	-	Payable
Non current financial	2,031	1,718	Receivable
Current financial	1,000	1,000	Receivable

The following table indicates the data related on the incidence of related party transactions on the income statement, balance sheet, cash flow and indebtedness as of 31 December 2015 and 31 December 2014.

(Values in thousands of EUR)	Balance Full Year	Value rel. party 2015	%	Balance Full Year	Value rel. party 2014	%
Incidence of related party transactions on the income statement						
Revenues from sales and services	268,825	733	0.3%	251,538	494	0.2%
Costs of services	79,178	372	0.5%	68,645	374	0.5%
Costs for use of third party assets	23,538	3,787	16.1%	21,245	3,982	18.7%
Financial Income / expenses	3,031	125	4.1%	5,916	105	1.8%
Incidence of related party transactions on the balance sheet						
Non current financial receivables	16,958	130	0.8%	16,828	727	4.3%
Non current financial receivables	2,031	2,031	100.0%	1,718	1,718	100.0%
Trade receivables	38,256	1,218	3.2%	36,885	986	2.7%
Current financial receivables	1,816	1,000	55.1%	1,000	1,000	100.0%
Other receivables	26,254	-	0.0%	24,881	412	1.7%
Trade payables	61,429	475	0.8%	55,052	1,102	2.0%
Incidence of related party transactions on the cash flow						
Cash flow (absorbed) / generated by operating activities	12,765	(3,999)	n.a.	16,958	(3,460)	n.a.
Cash flow (absorbed) / generated by investing activities	(7,090)	(130)	1.8%	(6,647)	(727)	10.9%
Cash flow (absorbed) / generated by financing activities	(2,374)	(313)	13.2%	(11,143)	(144)	1.3%
Incidence of related party transactions on the indebtedness						
Net financial indebtedness	(80,539)	(4,442)	5.5%	(83,567)	(4,331)	5.2%

40. *Atypical and/or unusual transactions*

Pursuant to Consob communication DEM/6064293 dated 28th July 2006, it is confirmed that in 2015 the Group did not enter into any atypical and/or unusual transactions, as defined in that communication.

41. *Significant non-recurring events and transactions pursuant to Consob regulation of 28th July 2006*

No significant non-recurring events, occurred during the year, have to be reported.

42. *Guarantees and commitments*

As of 31 December 2015, the Group has given performance guarantees to third parties totaling EUR 2,736 thousand (EUR 2,253 thousand as of 31 December 2014) and has received no guarantees (EUR 150 thousand as of 31 December 2014).

43. *Contingent liabilities*

Fiscal disputes

The Group's fiscal disputes refer to the following companies:

Aeffe S.p.A.: the Rimini Provincial Tax Commission with ruling no. 101/2/06 filed on 16 December 2006 cancelled notices of assessment 81203T100562 (RG no. 43/05) and 81203T100570 (RG no. 69/05) issued by the Rimini Tax Authorities in November 2004. The issues raised related to the 1999 and 2000 tax years concern costs deemed not allowable and the write-down of the investment in Moschino. The Rimini tax office has appealed against the sentence handed down by the Rimini Provincial Tax Commissioners. The Company presented its counter analysis within the legally-prescribed time period. The Bologna Regional Tax Commission, as set during the hearing of 27 September 2010, has rejected the appeal, confirming the first level ruling.

On 12 January 2012, the State Legal Bar disputed the validity of the judgment of the Bologna regional tax commission, by bringing an appeal before the Court of Cassation. The company, presented its counter-submission within the time limit established by the law.

The positive outcome at the first two levels of judgment means that the further development of this dispute can be considered in a positive light.

The Rimini Provincial Tax Commission with ruling no. 37/02/08 of 28 January 2008, filed on 9 April 2008, cancelled notices of assessment no. 81203T300390/06 and no. 81203T300393/06 issued by the Rimini Tax Authorities in June 2006. The assessments concern tax years 2001 and 2002, and are connected with non-recognition of utilisation of the tax loss achieved during tax period 2000. The Rimini Tax Office has appealed against the sentence handed down by the Rimini Provincial Tax Commissioners with notification sent to the company on 29 May 2009. The appeal presented its counter analysis to the Regional Tax Commission of Bologna within the legally-prescribed time period. The Bologna Regional Tax Commission ordered on 14 April 2011 the suspension of this judgment pending resolution of the dispute ruling related to the notice of assessment 81203T100570/20042 (tax year 2000) with sentence become final.

On 1 October 2008 the Rimini Tax Office notified the company of inspection minutes in relation to direct taxes and IRAP for FY 2005. The audits also concerned VAT and were mainly focused on relations with group companies and costs for services. Specifically, the Tax Office raised issues on non-pertinent costs totaling EUR 130 thousand and non-pertinent advertising costs amounting to roughly EUR 580 thousand tied to the disbursement of contributions to subsidiary companies. On 30 August 2010, the Major Taxpayers Office of the Emilia Romagna Regional Tax Department notified assessments TGB03B500172/2010 (IRAP), TGB08B500181/2010 (theoretical IRES) and TGB09B500185/2010 (actual IRES), containing the matters indicated above. The company challenged these assessments before the Bologna Provincial Tax Commissioners ahead of the legal deadline, trusting that the valid defensive reasoning will be accepted. On 13 July 2011, with tax return n. 137 2011 00031537 15 the company has been ordered to pay the amount registered in the roll by the Tax Office, provisionally awaiting trial, equal to half of the taxes in dispute, besides interests, for a total amount of EUR 161 thousand. This tax dispute has been disputed in December 2012 before the Bologna Provincial Tax Commission, who, with sentence no. 40/13/13, filed on 14 March 2013, has accepted the request of the company, annulling the contested measures with reference to the matter relating to intra-group costs for advertising contributions and confirming the contested measures related to the reliefs for costs to be incurred and intra-group costs for lease payments. The Office, with act of appeal notified to the company on 28 October 2013, appealed against the sentence of the Bologna Provincial Tax Commission requesting the reform in relation to the matter relating to intra-group costs for advertising contributions. The Company, on 23 December 2013, filed a timely notice of cross-appeal counterclaims and contextual interlocutory appeal.

On 30 May 2014, following a general tax audit for IRES, IRAP and VAT for the tax years 2009, 2010 and 2011, by the Emilia Romagna Regional Management, Large Taxpayers Office, was issued a formal notice of assessment, with which the Tax Office has formulated remarks with recoveries of total taxes (IRES and IRAP) of EUR 210 thousand for 2009, EUR 350 thousand for 2010 and EUR 299 thousand for 2011. The complaints mainly concern the recovery of costs for commissions and advertising contributions granted to certain foreign subsidiaries and the failure to account for interest income on loans to foreign subsidiaries.

The company, on 29 July 2014, submitted comments pursuant to Article 12, paragraph 7, of Law 212 of 2000.

On 3 December 2014 the Large Taxpayers Office of Emilia Romagna Regional Management has notified, for 2009, the assessment notices n. TGB0EC700238/2014 (IRES) and n. TGB03C700239/2014 (IRAP), with a total recovery of taxes of EUR 210 thousand.

Both assessment notices were challenged before the competent Provincial Tax Commission of Bologna.

On 25 September 2015 the Large Taxpayers Office of Emilia Romagna Regional Management has notified, for 2010, the assessment notices n. TGB0EC700149 / 2015 (IRES) and n. TGB03C700150 / 2015 (IRAP), with a total recovery of taxes of EUR 350 thousand.

The IRAP tax assessment has been challenged before the competent Provincial Tax Commission of Bologna. For the notice of IRES, the deadline for appeal has not expired yet; It will be the company intends to present its appeal.

About it is noted that regarding the deductibility of advertising contributions to foreign subsidiaries (which constitute the bulk of disputes) the company has already received feedback from the Provincial Tax Commission of Bologna that, with judgment 40/13/13 filed on 14th March 2013 on the litigation referred to in paragraph above, has already rejected this type of dispute.

Velmar SpA: on 30 November 2015, following a general tax audit for IRES, IRAP and VAT for the tax year 2011 by the Rimini local office of Agenzia delle Entrate, was issued a process report on findings in which was contested, IRES, IRAP and VAT, the deduction of costs relating to certain license agreements following a judgment of non appropriateness of the same.

The company has submitted comments pursuant to Article 12, paragraph 7, of Law 212 of 2000.

No provisions have been recorded in relation to the above disputes, since the defensive arguments put forward by the companies and its professional advisors are fully sustainable.

The directors, in receipt of the opinion of their fiscal and legal consultants, do not deem it likely that any liabilities will derive from the above-mentioned.

44. Information requested by art. 149-duodecies of the "Regolamento Emittenti" issued by Consob

The following table, prepared in accordance with art. 149-duodecies of the "Regolamento Emittenti" issued by Consob, reports the amount of fees charged in 2015 for the audit and audit related services provided by the Audit Firm.

(Values in thousand of EUR)	Service provider	2015 fees
Audit	BDO ITALIA	198
Certification of R&D costs	BDO ITALIA	9
Stamp of approval of VAT declaration	BDO ITALIA	6
Audit	WARD DIVECHA	15
Audit	ARI AUDIT	3
Total		**231**

ATTACHMENTS TO THE EXPLANATORY NOTES

ATTACHMENT I	Consolidated Assets Balance Sheet with related parties.
ATTACHMENT II	Consolidated Liabilities Balance Sheet with related parties.
ATTACHMENT III	Consolidated Income Statement with related parties.
ATTACHMENT IV	Consolidated Cash Flow Statement with related parties.
ATTACHMENT V	Remuneration paid to directors, statutory auditors, general managers and executives with strategic responsibilities.
ATTACHMENT VI	Stock options granted to directors, statutory, general managers and executives with strategic responsibilities.
ATTACHMENT VII	Prospect of crucial data from the statutory financial statements of Fratelli Ferretti Holding at 31 December 2014.

ATTACHMENT I

Consolidated Assets Balance Sheet with related parties

Pursuant to Consob Resolution n. 15519 of 27 July 2006

(Values in units of EUR)	Notes	31 December 2015	of which Related parties	31 December 2014	of which Related parties
NON-CURRENT ASSETS					
Intangible fixed assets					
Key money		33,208,388		34,916,804	
Trademarks		88,962,178		92,455,759	
Other intangible fixed assets		650,184		554,197	
Total intangible fixed assets	(1)	122,820,750		127,926,760	
Tangible fixed assets					
Lands		16,958,413	130,000	16,828,413	727,000
Buildings		23,134,692		23,688,050	
Leasehold improvements		15,979,003		16,177,831	
Plant and machinary		2,583,550		2,953,095	
Equipment		358,278		308,741	
Other tangible fixed assets		4,246,676		3,814,460	
Total tangible fixed assets	(2)	63,260,612		63,770,590	
Other fixed assets					
Equity investments	(3)	131,558		80,268	
Long term financial receivables	(4)	2,031,138	2,031,138	1,718,063	1,718,063
Other fixed assets	(5)	4,265,083		4,701,444	
Deferred tax assets	(6)	11,089,214		13,368,052	
Total other fixed assets		17,516,993		19,867,827	
TOTAL NON-CURRENT ASSETS		**203,598,355**		**211,565,177**	
CURRENT ASSETS					
Stocks and inventories	(7)	89,988,199		83,867,256	
Trade receivables	(8)	38,256,285	1,217,814	36,884,748	986,072
Tax receivables	(9)	7,229,775		8,531,445	
Cash	(10)	9,992,726		6,691,668	
Short term financial receivables	(11)	1,815,854	1,000,000	1,000,000	1,000,000
Other receivables	(12)	26,254,111		24,881,205	412,408
TOTAL CURRENT ASSETS		**173,536,950**		**161,856,322**	
Assets available for sale	(13)	436,885		436,885	
TOTAL ASSETS		**377,572,190**		**373,858,384**	

ATTACHMENT II

Consolidated Liabilities Balance Sheet with related parties

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in units of EUR)	Notes	31 December 2015	of which Related parties	31 December 2014	of which Related parties
SHAREHOLDERS' EQUITY	**(14)**				
Group interest					
Share capital		25,371,407		25,371,407	
Other reserves		114,336,595		115,285,814	
Profits / (losses) carried-forward		(9,486,229)		(13,341,832)	
Net profit / (loss) for the Group		1,522,096		2,741,670	
Group interest in shareholders' equity		131,743,869		130,057,059	
Minority interest					
Minority interests in share capital and reserves		17,697,516		16,650,473	
Net profit / (loss) for the minority interests		186,632		1,264,249	
Minority interests in shareholders' equity		17,884,148		17,914,722	
TOTAL SHAREHOLDERS' EQUITY		**149,628,017**		**147,971,781**	
NON-CURRENT LIABILITIES					
Provisions	(15)	1,068,715		2,047,384	
Deferred tax liabilities	(6)	32,207,692		36,828,733	
Post employment benefits	(16)	6,551,605		7,457,710	
Long term financial liabilities	(17)	18,393,626		12,752,273	
Long term not financial liabilities	(18)	14,330,132		14,080,132	
TOTAL NON-CURRENT LIABILITIES		**72,551,770**		**73,166,232**	
CURRENT LIABILITIES					
Trade payables	(19)	61,428,950	474,823	55,052,139	1,102,806
Tax payables	(20)	3,015,292		3,124,892	
Short term financial liabilities	(21)	75,984,725		80,224,019	
Other liabilities	(22)	14,963,436		14,319,321	
TOTAL CURRENT LIABILITIES		**155,392,403**		**152,720,371**	
Liabilities available for sale		-			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**377,572,190**		**373,858,384**	

ATTACHMENT III

Consolidated Income Statement with related parties

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in units of EUR)	Notes	Full Year 2015	of which Related parties	Full Year 2014	of which Related parties
REVENUES FROM SALES AND SERVICES	**(23)**	**268,824,621**	**733,499**	**251,537,973**	**494,240**
Other revenues and income	(24)	5,213,423		4,341,829	
TOTAL REVENUES		**274,038,044**		**255,879,802**	
Changes in inventory		5,085,669		10,835,783	
Costs of raw materials, cons. and goods for resale	(25)	(91,297,185)		(88,728,702)	
Costs of services	(26)	(79,178,229)	(372,393)	(68,644,632)	(373,780)
Costs for use of third parties assets	(27)	(23,537,688)	(3,786,815)	(21,245,319)	(3,982,376)
Labour costs	(28)	(61,088,027)		(58,563,102)	
Other operating expenses	(29)	(4,679,511)		(3,847,835)	
Amortisation, write-downs and provisions	(30)	(13,459,274)		(13,657,251)	
Financial Income / (expenses)	(31)	(3,031,210)	124,921	(5,915,558)	105,294
PROFIT / LOSS BEFORE TAXES		**2,852,589**		**6,113,186**	
Taxes	(32)	(1,143,861)		(2,107,267)	
NET PROFIT / LOSS		**1,708,728**		**4,005,919**	
(Profit) / loss attributable to minority shareholders		(186,632)		(1,264,249)	
NET PROFIT / LOSS FOR THE GROUP		**1,522,096**		**2,741,670**	

ATTACHMENT IV

Consolidated Cash Flow Statement with related parties

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in thousands of EUR)	Notes	Full Year 2015	of which Related parties	Full Year 2014	of which Related parties
OPENING BALANCE		**6,692**		**7,524**	
Profit before taxes		2,853	(3,551)	6,113	(3,968)
Amortisation / write-downs		13,459		13,657	
Accrual (+)/availment (-) of long term provisions and post employment benefits		(1,885)		507	
Paid income taxes		(3,596)		(3,584)	
Financial income (-) and financial charges (+)		3,031		5,916	
Change in operating assets and liabilities		(1,097)	(447)	(5,651)	508
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**(33)**	**12,765**		**16,958**	
Increase (-)/ decrease (+) in intangible fixed assets		(2,047)		(2,129)	
Increase (-)/ decrease (+) in tangible fixed assets		(4,992)	(130)	(4,468)	(727)
Investments and write-downs (-)/ Disinvestments and revaluations (+)		(51)		(50)	
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(34)**	**(7,090)**		**(6,647)**	
Other variations in reserves and profits carried-forward of shareholders' equity		(52)		547	
Dividends paid		-		-	
Proceeds (+)/ repayments (-) of financial payments		1,402		(5,723)	
Increase (-)/ decrease (+) in long term financial receivables		(693)	(313)	(51)	(144)
Financial income (+) and financial charges (-)		(3,031)		(5,916)	
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(35)**	**(2,374)**		**(11,143)**	
CLOSING BALANCE		**9,993**		**6,692**	

ATTACHMENT V

Remuneration paid to directors, statutory auditors, general managers and executives with strategic responsibilities (art.78 Consob regulation n. 11971/99)

Name	Office held in 2015	Period in office	Expiration *	Compensa-tion for office held ***	Bonuses and other incentives	Other fees	Total
DIRECTORS							
Massimo Ferretti	Chairman	01/01-31/12/2015	2017	606		261	867
Alberta Ferretti	Deputy Chairman and Executive Director	01/01-31/12/2015	2017	452		110	562
Simone Badioli	Chief Executive Officer and Executive Director	01/01-31/12/2015	2017	254	16	147	417
Marcello Tassinari	Managing Director and Executive Director	01/01-31/12/2015	2017	335 **	16	87	438
Roberto Lugano	Indipendent, non executive Director	01/01-31/12/2015	2017	27		3	30
Pierfrancesco Giustiniani	Indipendent, non executive Director	01/01-31/12/2015	2017	30			30
Marco Salomoni	Indipendent, non executive Director	01/01-31/12/2015	2017	30			30
Sabrina Borocci	Indipendent, non executive Director	01/01-31/12/2015	2017	30			30
STATUTORY AUDITORS							
Pierfrancesco Sportoletti	President of the Board of Statutory Auditors	01/01-31/12/2015	2017	10		5	15
Fernando Ciotti	Statutory auditor	01/01-31/12/2015	2017	10		19	29
Daniela Saitta	Statutory auditor	01/01-31/12/2015	2017	10			10
Total				**1,794**	**32**	**632**	**2,458**
						(1)	**(2)**

(*) year in which the shareholders' meeting is held to approve the financial statements and at which the mandate expires

(**) only executive of which 30 thousand as director's emoluments and the balance as executive of the Parent Company

(***) in compliance with the provisions of art 21 of the Bylaws andart.2389 of the Civil Code, the remuneration paid to executive directors shown in the table have been approved by the Board of Directors of the Issuer on July 28, 2014

(1) includes remuneration for work as employee and on behalf of subsidiary companies and fees for Inspection committee

(2) excludes employer's social security contributions

ATTACHMENT VI

Stock options granted to directors, general managers and executives with strategic responsibilities

Name and Surname	Appointments held in 2015	Options held at 31/12/14			Options granted in 2015			Options exercised in 2015			Expired options	Options held at the end of 2015		
(A)	(B)	N. of options (1)	Average exercise price (2)	Average expiry (3)	N. of options (4)	Average exercise price (5)	Average expiry (6)	N. of options (7)	Average exercise price (8)	Average expiry (9)	N. of options (10)	N. of options (11) = 1+4-7-10	Average exercise price (12)	Average expiry (13)
Massimo Ferretti	Chairman	198,244	4.1	2015							198,244	0		
Alberta Ferretti	Deputy Chairman and Executive Director	198,244	4.1	2015							198,244	0		
Simone Badioli	Chif Executive Officer and Executive Director	188,804	4.1	2015							188,804	0		
Marcello Tassinari	Managing Director and Executive Director	188,804	4.1	2015							188,804	0		
Other employees of the Group		66,081	4.1	2015							66,081	0		
Total		**840,177**									**840,177**	**0**		

ATTACHMENT VII

Prospect of crucial data from the statutory financial statements of Fratelli Ferretti Holding at 31 December 2014

(Values in units of EUR)	STATUTORY FINANCIAL STATEMENTS 2014	STATUTORY FINANCIAL STATEMENTS 2013
BALANCE SHEET		
ASSETS		
Intangible fixed assets	131,596	150,017
Tangible fixed assets	1,623,765	1,665,110
Equity investments	66,639,155	68,614,657
Non current assets	**68,394,516**	**70,429,784**
Trade receivables	1,416,374	1,309,541
Tax receivables	1,905,720	1,975,239
Cash	91,924	41,736
Other receivables	188,356	297,961
Current assets	**3,602,374**	**3,624,477**
Total assets	**71,996,890**	**74,054,261**
LIABILITIES		
Share capital	100,000	100,000
Share premium reserve	63,627,616	63,720,595
Other reserves	15,038	15,038
Profits / (losses) carried-forward		
Net profit / loss	(432,169)	(92,980)
Shareholders' equity	**63,310,485**	**63,742,653**
Provisions	230,526	230,526
Long term financial liabilities		
Non-current liabilities	**230,526**	**230,526**
Trade payables	8,455,879	10,081,082
Current liabilities	**8,455,879**	**10,081,082**
Total shareholders' equity and liabilities	**71,996,890**	**74,054,261**

INCOME STATEMENT		
Revenues from sales and services		
Other revenues and income	373,892	396,867
Total revenues	**373,892**	**396,867**
Operating expenses	(727,332)	(451,927)
Costs for use of third parties assets	(478,179)	(460,558)
Amortisation and write-downs	(59,766)	(59,766)
Provisions	(14,873)	(19,250)
Financial income / (expenses)	310,615	463,449
Extraordinary income /(expenses)	232	(1)
Profit / (loss) before taxes	**(595,411)**	**(131,186)**
Income taxes	163,242	38,206
Net profit / (loss)	**(432,169)**	**(92,980)**

Certification of the Consolidated Financial Statements pursuant to art.81-ter of Consob Regulation N. 11971 of 14 May 1999, as amended

The undersigned Massimo Ferretti as President of the Board of Directors, and Marcello Tassinari as manager responsible for preparing Aeffe S.p.A.'s financial reports, pursuant to the provisions of art. 154 bis, clauses 3 and 4, of Legislative Decree n. 58 of 1998, hereby attest:

- the adequacy with respect to the Company structure and
- the effective application;

of the administrative and accounting procedures applied in the preparation of the consolidated financial statements at 31 December 2015.

The undersigned moreover attest that the consolidated financial statements:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated 19 July 2002;

b) correspond to the amounts shown in Company's accounts, books and records;

c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

The report on operations includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

10 March 2016

President of the board of directors

Massimo Ferretti

Manager responsible for preparing Aeffe S.p.A. financial reports

Marcello Tassinari

STATUTORY FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Report on operations

1. ECONOMIC BACKGROUND

Shareholders,

We find it necessary to focus on the main macroeconomic variables in the sphere of which our Group has found itself operating.

INTERNATIONAL MACROECONOMIC SITUATION

The outlook in the advanced countries is improving, but the weakness of the emerging economies is curbing the growth of global trade, which continues to disappoint, and is contributing to the squeeze on raw material prices. Oil prices have fallen below the minimum levels recorded at the height of the 2008-09 crisis. The projections for the global economy this year and the next envisage a moderate acceleration compared with 2015; at the start of the year, however, significant new tensions emerged in China's financial markets, accompanied by concerns about its domestic growth.

There is a continued though fragile upturn in the euro area. The Eurosystem's asset purchase programme is proving effective in sup-porting economic activity as a whole and its effects so far are in line with initial assessments. However, weakening foreign demand and falling oil prices have contributed to the emergence of new downside risks to inflation and growth, which in recent months have become more apparent.

In Italy the recovery is proceeding gradually. The boost from exports which, after supporting economic activity in the last four years, are suffering from the weakness of non-European markets, is gradually being replaced by that of domestic demand, especially consumption and inventory restocking. The upturn in manufacturing is being flanked by signs of an expansion in services and, following a protracted slump, of stabilization in the construction sector. The outlook for investment, however, continues to be clouded by uncertainty about foreign demand. In the fourth quarter GDP is estimated to have expanded at a comparable pace to the previous one, when it grew by 0.2 per cent.

In December inflation declined to 0.1 per cent on an annual basis; households and firms expect it to pick up somewhat in the coming months but to stay at low levels. Inflation is being weighed down by the fresh fall in energy prices but also by persistently ample spare production capacity, which together are keeping core inflation at minimum levels.

Output is estimated to have risen by 0.8 per cent overall in 2015 or by 0.7 per cent based on the quarterly accounts, which are adjusted for calendar effects; it could increase by around 1.5 per cent in 2016 and in 2017. Inflation should climb gradually, reaching 0.3 per cent this year and 1.2 per cent in 2017. Despite sluggish growth to date, investment could benefit from the more favourable outlook for demand and funding conditions and from the effects of the stimulus measures contained in the Stability Law. The recovery in disposable income, in part associated with the stronger labour market, is expected to boost consumption.

These projections of Banca D'Italia are largely aligned with those of July but the relative weight of the contributing factors has changed: the weaker stimulus from foreign trade, owing to the slowdown in the emerging economies, is expected to be replaced by a greater contribution from demand both in Italy and in the euro area, supported by economic policies such as the Eurosystem's asset purchase programme and Government measures, and by the improvement in credit conditions.

Significant risks remain, however, most notably those associated with international developments, as highlighted again in recent weeks. In particular, there is the possibility that the slowdown of the emerging economies could turn out to be more severe and lengthier than assumed to date, with heavy repercussions on financial and foreign exchange markets. At the same time monetary policymakers must take decisive action to combat the downside risks to inflation, which could stem either from lower-than-expected growth in demand, should there continue to be ample spare production capacity for an extended period, or from further drops in commodity prices, were they to trigger second-round effects on wage growth. In order for our forecasting scenario to come about, the confidence of households, firms and financial operators must remain unshaken in Italy and in the euro area, and economic policies to support the economy must be pursued with determination.

MACROECONOMIC BACKGROUND TO THE CLOTHING SECTOR

At current exchange rates, demand for Personal Luxury goods increased by about 13%, reaching a total value of €253 billion. This strong growth will be reflected in the end of year results of European companies. In real terms, consumption is expected to grow by 2% in 2015.

With the exception of Russia, there is good news coming from the main geographic markets, with Europe growing by 5% at a constant rate and Japan confirmed as the biggest growing market (+9%) thanks to renewed Japanese consumer confidence and tourism from China. The US is stable (0%).

The Mainland China market shrunk slightly (-2%), but China remains the dominant nation when it comes to the consumption of luxury goods with a 31% share of the world total, to the benefit mostly of Japan, Korea and Europe. With regard to sales channels, retail continued to increase its share amounting to 34% of the overall market in 2015 (+20%). Strong growth also for the online (+40%) and outlet (+35%) channels.

Confirming the fact that tourism flows are increasingly important to the geography of consumption, Italy boasts a substantial increase in Tax-Free Shopping (+19% with respect to 2014), but double-digit growth rates were also recorded by the main European markets, with the exception of the UK, which paid for the currency effect.

The forecasts of Altagamma Consensus 2016 suggest moderate growth for all sectors, in line with the trend towards the normalisation of the industry. The geographic markets are also expected to grow, at constant exchange rates, with Europe (+4%) and Japan (+5%) still the best performing. North America is expected to grow around 3% with more modest the growth in Latin America (+1%). The contraction of tourism from Russia will hold back the Middle East, which was nevertheless up by 3%.

2. TREND OF THE COMPANY MANAGEMENT

INCOME STATEMENT

	Esercizio 2015	% on revenues	Full year 2014	% on revenues	Change 2015/14	%
REVENUES FROM SALES AND SERVICES	**137,380,089**	**100.0%**	**123,261,454**	**100.0%**	**14,118,635**	**11.5%**
Other revenues and income	6,689,275	4.9%	5,452,827	4.4%	1,236,448	22.7%
TOTAL REVENUES	**144,069,364**	**104.9%**	**128,714,281**	**104.4%**	**15,355,083**	**11.9%**
Changes in inventory	1,860,217	1.4%	3,892,338	3.2%	(2,032,121)	(52.2%)
Costs of raw materials, cons. and goods for resale	(53,739,047)	(39.1%)	(47,095,929)	(38.2%)	(6,643,118)	14.1%
Costs of services	(42,477,050)	(30.9%)	(37,877,416)	(30.7%)	(4,599,634)	12.1%
Costs for use of third parties assets	(15,619,367)	(11.4%)	(14,667,480)	(11.9%)	(951,887)	6.5%
Labour costs	(25,491,649)	(18.6%)	(24,541,169)	(19.9%)	(950,480)	3.9%
Other operating expenses	(2,092,760)	(1.5%)	(1,837,865)	(1.5%)	(254,895)	13.9%
Total Operating Costs	(137,559,656)	(100.1%)	(122,127,521)	(99.1%)	(15,432,135)	12.6%
GROSS OPERATING MARGIN (EBITDA)	**6,509,708**	**4.7%**	**6,586,760**	**5.3%**	**(77,052)**	**(1.2%)**
Amortisation of intangible fixed assets	(439,765)	(0.3%)	(434,430)	(0.4%)	(5,335)	1.2%
Depreciation of tangible fixed assets	(1,866,583)	(1.4%)	(2,087,083)	(1.7%)	220,500	(10.6%)
Revaluations (write-downs)	(300,000)	(0.2%)	(150,000)	(0.1%)	(150,000)	100.0%
Total Amortisation and write-downs	(2,606,348)	(1.9%)	(2,671,513)	(2.2%)	65,165	(2.4%)
NET OPERATING PROFIT / LOSS (EBIT)	**3,903,360**	**2.8%**	**3,915,247**	**3.2%**	**(11,887)**	**(0.3%)**
Financial income	510,990	0.4%	866,694	0.7%	(355,704)	(41.0%)
Financial expenses	(2,971,544)	(2.2%)	(4,559,695)	(3.7%)	1,588,151	(34.8%)
Total Financial Income / (expenses)	(2,460,554)	(1.8%)	(3,693,001)	(3.0%)	1,232,447	(33.4%)
PROFIT / LOSS BEFORE TAXES	**1,442,806**	**1.1%**	**222,246**	**0.2%**	**1,220,560**	**549.2%**
Current income taxes	(799,662)	(0.6%)	(881,519)	(0.7%)	81,857	(9.3%)
Deferred income / (expenses) taxes	275,728	0.2%	694,011	0.6%	(418,283)	(60.3%)
Total Income Taxes	(523,934)	(0.4%)	(187,508)	(0.2%)	(336,426)	179.4%
NET PROFIT / LOSS	**918,872**	**0.7%**	**34,738**	**0.0%**	**884,134**	**2,545.1%**

Revenues from sales and services

In 2015 revenues amount to EUR 137,380 thousand compared to EUR 123,261 thousand of the year 2014, showing an increase of 11.5%. Such increase has mainly interested the brands Alberta Ferretti and Moschino.

39% of revenues are earned in Italy while 61% come from foreign markets.

Labour costs

Labour costs move from EUR 24,541 thousand in 2014 to EUR 25,492 thousand in 2015, increasing by 3.9%.

The increase is mainly determined by the termination of the contract of solidarity and the increases under national textile agreement.

Gross Operating Margin (EBITDA)

EBITDA moves from 6,587 thousand in 2014 to 6,510 thousand in 2015.

In percentage terms MOL changes from 5.3% in 2014 to 4.7% in 2015.

Net operating profit (EBIT)

Net operating profit decreases of 12 thousand, moving from 3,915 thousand in 2014 to 3,903 thousand in 2015.

Profit / loss before taxes

Result before taxes rises from EUR 222 thousand in 2014 to EUR 1,443 thousand in 2015, showing a growth of EUR 1,221 thousand.

Such result is mainly due to lower financial expenses.

Net profit / loss

Net result increases from EUR 35 thousand in 2014 to EUR 919 thousand in 2015, improving for EUR 884 thousand, mainly due to lower financial expenses, as described above.

BALANCE SHEET

(Values in units of EUR)	31 December 2015	31 December 2014	Change 2015/2014	%
Trade receivables	59,353,105	57,742,693	1,610,412	2.8%
Stock and inventories	30,919,627	28,143,686	2,775,941	9.9%
Trade payables	(70,443,766)	(73,066,753)	2,622,987	(3.6%)
Operating net working capital	**19,828,966**	**12,819,626**	**7,009,340**	**54.7%**
Other short term receivables	12,603,459	13,419,182	(815,723)	(6.1%)
Tax receivables	4,466,667	6,187,591	(1,720,924)	(27.8%)
Other short term liabilities	(5,879,318)	(5,480,011)	(399,307)	7.3%
Tax payables	(1,363,372)	(1,232,621)	(130,751)	10.6%
Net working capital	**29,656,402**	**25,713,767**	**3,942,635**	**15.3%**
Tangible fixed assets	43,290,666	43,850,295	(559,629)	(1.3%)
Intangible fixed assets	3,886,799	4,046,346	(159,547)	(3.9%)
Equity investments	105,936,877	105,098,457	838,420	0.8%
Other fixed assets	40,928,739	41,649,516	(720,777)	(1.7%)
Fixed assets	**194,043,081**	**194,644,614**	**(601,533)**	**(0.3%)**
Post employment benefits	(4,292,867)	(4,696,709)	403,842	(8.6%)
Provisions	(310,722)	(366,878)	56,156	(15.3%)
Long term not financial liabilities	(1,316,021)	(2,452,441)	1,136,420	(46.3%)
Deferred tax assets	1,686,821	2,195,179	(508,358)	(23.2%)
Deferred tax liabilities	(7,350,043)	(7,680,195)	330,152	(4.3%)
NET CAPITAL INVESTED	**212,116,651**	**207,357,337**	**4,759,314**	**2.3%**
Share capital	25,371,407	25,371,407	-	0.0%
Other reserves	106,402,179	105,868,341	533,838	0.5%
Profits/(Losses) carried-forward	2,347,959	2,174,878	173,081	8.0%
Profits/(Loss) for the period	918,872	34,738	884,134	2,545.1%
Shareholders' equity	**135,040,417**	**133,449,364**	**1,591,053**	**1.2%**
Cash	(1,339,797)	(578,803)	(760,994)	131.5%
Long term financial liabilities	17,917,927	12,679,940	5,237,987	41.3%
Short term financial liabilities	60,498,104	61,806,836	(1,308,732)	(2.1%)
NET FINANCIAL POSITION	**77,076,234**	**73,907,973**	**3,168,261**	**4.3%**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**212,116,651**	**207,357,337**	**4,759,314**	**2.3%**

NET CAPITAL INVESTED

Net capital invested decreases by 2.3% since 31 December 2014.

Net working capital

Net working capital amounts to EUR 29,656 thousand at 31 December 2015 compared with EUR 25,714 thousand at 31 December 2014.

Changes in the main items included in the net working capital are described below:

- the operating net working capital increases by 54.7%, 7,009 thousand in absolute terms. Such change is mainly due to the growth of the trade receivables and of the inventories. Both changes follow the revenues increase occurred in 2015;

- the sum of other short term receivables and payables changes in all of EUR 1,215 thousand is mainly due to lower advances paid to suppliers and higher payables to social security institutions following the conclusion of the solidarity contract.
- the sum of tax receivables and tax payables changes in all of EUR 1,852 thousand is mainly due to the use of tax receivables in compensation of the tax payable for IRES of the period matured in some of the Group's subsidiaries as a consequence of the adhesion of the subsidiaries to the fiscal consolidation and to the decrease of VAT receivable.

Fixed assets

Fixed assets decrease by EUR 602 thousand since 31 December 2014. The changes in the main items are described below:

- tangible fixed assets decrease of EUR 560 thousand as a consequence of:
    - depreciations for EUR 1,867 thousand;
    - disposals for EUR 38 thousand;
    - investments for EUR 551 thousand for lands, setting up new corners and shop in shops, information tools and general and specific plant and machinery;
    - Increase for 794 thousand as effect of the incorporation of the company Nuova Stireria Tavoleto S.r.l., owner of a building with its photovoltaic system and of the corresponding land in Tavoleto (PU).
- intangible fixed assets decrease of EUR 160 thousand as a consequence of:
    - investments for EUR 336 thousand in software;
    - disposals for 56 thousand in software;
    - amortisations for EUR 440 thousand;
- equity investments increase of EUR 838 thousand after:
    - clearance of equity investment in Nuova Stireria Tavoleto S.r.l., following the incorporation for EUR 773 thousand;
    - increase of share capital, through waiver of financial receivables, towards the subsidiary Aeffe France S.a.r.l., for EUR 450 thousand;
    - increase of share capital, through capital contributions payments and waiver of commercial receivables, towards the subsidiary Velmar S.p.A., for EUR 1,161 thousand.

NET FINANCIAL POSITION

The Company's net financial position moves from EUR 73,908 thousand as of 31 December 2014 to EUR 77,076 thousand as of 31 December 2015. The increase of net financial position is mainly attributable to the worsening in operating cash flow resulting from the dynamics of trade takings and payments with the group companies in the last quarter of the year.

SHAREHOLDERS' EQUITY

Total shareholders' equity increases by EUR 1,591 thousand. The reasons of this increase are widely illustrated in the Explanatory notes.

3. RESEARCH & DEVELOPMENT

Considering the particular nature of our products, research & development activities consist in the continual technical/stylistic renewal of our models and the constant improvement of the materials employed in production.

These costs, totalling EUR 17,679 thousand, have been charged to the 2015 Income Statement.

4. INFORMATION PURSUANT TO POINT 6-BIS OF ART. 2428.3 OF THE ITALIAN CIVIL CODE

Pursuant to point 6-bis of art. 2428.3 of the Italian Civil Code, it is confirmed that the Company does not use financial instruments.

Financing requirements and the related risks are managed by the central treasury.

The principal objective is to ensure that the composition of liabilities and assets remains balanced, so that a high degree of financial strength is maintained.

The average cost of borrowing is essentially linked to 3/6-month EURIBOR plus a spread that principally depends on the type of financial instrument used.

The exchange risk associated with commercial transactions not denominated in the functional currency is hedged by the opening of loans in foreign currency.

Regarding the Company's objectives and policies on financial risks refer to the information reported in the Notes.

5. INFORMATION ABOUT SHARE CAPITAL

Information about the share capital is provided in the Report on Corporate Governance prepared pursuant to arts. 124 bis of the Consolidated Finance Law and 89 bis of the Consob's Issuers' Regulations, and art. IA2.6 of the related Market Instructions. This report was approved by the Board of Directors on 10 March 2016 and is available in the Governance section of the Company's website: www.aeffe.com.

The following parties hold each more than 2% of the Company's shares as of 31 December 2015:

Main shareholders	%
Fratelli Ferretti Holding S.r.l.	37.387%
I.M. Fashion S.r.l.	24.410%
Tullio Badioli	5.000%
Highclere International Investors Llp	2.060%
Other shareholders(*)	31.143%

(*) 5.5% of own shares held by Aeffe S.p.A.

6. TREASURY SHARES

As of 31 December 2015, the Company holds 5,876,878 treasury shares, par value EUR 0.25 each, totalling 5.5% of its share capital. During the year no transactions on treasury shares have been carried out by the Company. As of 31 December 2015 the Company does not hold shares of any controlling company either directly or indirectly.

7. TRANSACTIONS BETWEEN GROUP COMPANIES AND WITH RELATED PARTIES

During the period, there were no transactions with related parties, including intragroup transactions, which qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered.

Information on transactions with related parties, including specific disclosures required by the Consob Communication of 28 July 2006, is provided in Notes 37 and 38 of the Financial Statements at 31 December 2015.

8. INFORMATION RELATIVE TO PERSONNEL AND THE ENVIRONMENT

With regard to the activities performed by our Company, that do not involve particular levels of risk for the employees, we have no serious accidents to report, or the emergence of any pathologies linked to professional diseases. Our Company has not been charged with any actions of mobbing.

As regards the environment, once again, the business of our Company does not have any particular impact on the environment, other than energy consumption, significantly reduced thanks to the installation of a renewable energy system (photovoltaic), and in opposition a further contraction in CO_2 emission. We can therefore report that, during the year, the Company was not declared guilty of causing any damage to the environment, and did not receive any sanctions or penalties for environmental crimes or damage.

9. SIGNIFICANT EVENTS OF THE PERIOD

On 18th November 2015, but with legal and economic effect starting on 1st January 2015, it was formalized the incorporation of the 100% controlled subsidiary Nuova Stireria Tavoleto S.r.l., owner of a building with its photovoltaic system and of the corresponding land in Tavoleto (PU). For more information see the annex IX.

10. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the balance sheet date no significant events regarding the Company's activities have to be reported.

11. OUTLOOK

During 2015 the Group has been strongly committed to outlining growth strategies for the long-term profitability, through investments in key areas, such as brand portfolio, marketing, advertising and retail channel. We positively evaluate objectives achieved so far, both in the prêt-à-porter and accessories segments, which already reflect a greater vitality and the strengthening of our brands positioning in high-potential markets, including Greater China and United States. Despite macroeconomic uncertainty, we are therefore optimistic for the future, in the light of both the positive trend of the Spring/Summer 2016 collections, that have recorded a 14.3% increase compared to the corresponding season of 2015, and the good feedbacks by the latest Autumn/Winter 2016 collections whose orders' backlog is not currently closed.

12. PROPOSALS TO APPROVE THE FINANCIAL STATEMENTS AND ALLOCATE THE RESULT FOR THE YEAR 2015

Shareholders,

In presenting the financial statements as of 31 December 2015 for your approval, we propose to allocate the profit of the year of EUR 918,872 as follows:

- legal reserve EUR 45,944
- extraordinary reserve EUR 872,928

10 March 2016

For the Borad of Directors

Chairman Massimo Ferretti

Financial Statements

BALANCE SHEET ASSETS (*)

(Values in units of EUR)	Notes	31 December 2015	31 December 2014	Change 2015/14
NON-CURRENT ASSETS				
Intangible fixed assets				
Trademarks		3.400.195	3.525.957	(125.762)
Other intangible fixed assets		486.604	520.389	(33.785)
Total intangible fixed assets	(1)	3.886.799	4.046.346	(159.547)
Tangible fixed assets				
Lands		16.944.871	16.534.871	410.000
Buildings		22.846.130	23.009.314	(163.184)
Leasehold improvements		1.386.230	1.807.852	(421.622)
Plant and machinary		1.550.611	1.981.839	(431.228)
Equipment		25.572	24.593	979
Other tangible fixed assets		537.252	491.826	45.426
Total tangible fixed assets	(2)	43.290.666	43.850.295	(559.629)
Other fixed assets				
Equity investments	(3)	105.936.877	105.098.457	838.420
Other fixed assets	(4)	40.928.739	41.649.516	(720.777)
Deferred tax assets	(5)	1.686.821	2.195.179	(508.358)
Total other fixed assets		148.552.437	148.943.152	(390.715)
TOTAL NON-CURRENT ASSETS		**195.729.902**	**196.839.793**	**(1.109.891)**
CURRENT ASSETS				
Stocks and inventories	(6)	30.919.627	28.143.686	2.775.941
Trade receivables	(7)	59.353.105	57.742.693	1.610.412
Tax receivables	(8)	4.466.667	6.187.591	(1.720.924)
Cash	(9)	1.339.797	578.803	760.994
Other receivables	(10)	12.603.459	13.419.182	(815.723)
TOTAL CURRENT ASSETS		**108.682.655**	**106.071.955**	**2.610.700**
TOTAL ASSETS		**304.412.557**	**302.911.748**	**1.500.809**

(*) Pursuant to Consob Resolution no. 15519 dated 27 July 2006, the effects of transactions with related parties on the balance sheet of Aeffe S.p.A. are shown in Attachment IV and described in Notes 37 and 38.

BALANCE SHEET LIABILITIES (*)

(Values in units of EUR)	Notes	31 December 2015	31 December 2014	Change 2015/14
SHAREHOLDERS' EQUITY				
Share capital		25.371.407	25.371.407	-
Share premium reserve		71.240.251	71.240.251	-
Other reserves		24.056.333	23.619.499	436.834
Fair Value reserve		7.742.006	7.742.006	-
IAS reserve		1.085.602	1.085.602	-
Legal reserve		2.863.130	2.861.393	1.737
Remeasurement of defined benefit plans reserve		(585.143)	(680.410)	95.267
Profits / (Losses) carried-forward		2.347.959	2.174.878	173.081
Net profit / loss		918.872	34.738	884.134
TOTAL SHAREHOLDERS' EQUITY	**(11)**	**135.040.417**	**133.449.364**	**1.591.053**
NON-CURRENT LIABILITIES				
Provisions	(12)	310.722	366.878	(56.156)
Deferred tax liabilities	(5)	7.350.043	7.680.195	(330.152)
Post employment benefits	(13)	4.292.867	4.696.709	(403.842)
Long term financial liabilities	(14)	17.917.927	12.679.940	5.237.987
Long term not financial liabilities	(15)	1.316.021	2.452.441	(1.136.420)
TOTAL NON-CURRENT LIABILITIES		**31.187.580**	**27.876.163**	**3.311.417**
CURRENT LIABILITIES				
Trade payables	(16)	70.443.766	73.066.753	(2.622.987)
Tax payables	(17)	1.363.372	1.232.621	130.751
Short term financial liabilities	(18)	60.498.104	61.806.836	(1.308.732)
Other liabilities	(19)	5.879.318	5.480.011	399.307
TOTAL CURRENT LIABILITIES		**138.184.560**	**141.586.221**	**(3.401.661)**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**304.412.557**	**302.911.748**	**1.500.809**

(*) Pursuant to Consob Resolution no. 15519 dated 27 July 2006, the effects of transactions with related parties on the balance sheet of Aeffe S.p.A. are shown in Attachment V and described in Note 37 and 38.

INCOME STATEMENT (*)

(Values in units of EUR)	Notes	Full year 2015	Full year 2014
REVENUES FROM SALES AND SERVICES	**(20)**	**137,380,089**	**123,261,454**
Other revenues and income	(21)	6,689,275	5,452,827
TOTAL REVENUES		**144,069,364**	**128,714,281**
Changes in inventory		1,860,217	3,892,338
Costs of raw materials, cons. and goods for resale	(22)	(53,739,047)	(47,095,929)
Costs of services	(23)	(42,477,050)	(37,877,416)
Costs for use of third parties assets	(24)	(15,619,367)	(14,667,480)
Labour costs	(25)	(25,491,649)	(24,541,169)
Other operating expenses	(26)	(2,092,760)	(1,837,865)
Amortisation and write-downs	(27)	(2,606,348)	(2,671,513)
Financial Income / (expenses)	(28)	(2,460,554)	(3,693,001)
PROFIT / LOSS BEFORE TAXES		**1,442,806**	**222,246**
Income Taxes	(29)	(523,934)	(187,508)
NET PROFIT / LOSS		**918,872**	**34,738**

(*) Pursuant to Consob Resolution no. 15519 dated 27 July 2006, the effects of transactions with related parties on the income statement of Aeffe S.p.A. are shown in the income statement presented in Attachment VI and described in Notes 37 and 38.

COMPREHENSIVE INCOME STATEMENT

(Values in units of EUR)	Notes	Full Year 2015	Full Year 2014
Profit/(loss) for the period (A)		**918.872**	**34.738**
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans		95.294	(260.505)
Income tax relating to components of Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
Total other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1)		**95.294**	**(260.505)**
Other comprehensive income that will be reclassified subsequently to profit or loss:			
Gains/(losses) on cash flow hedges		-	-
Gains/(losses) on exchange differences on translating foreign operations		-	-
Income tax relating to components of Other Comprehensive income / (loss)		-	-
Total other comprehensive income that will be reclassified subsequently to profit or loss, net of tax (B2)		**-**	**-**
Totale Other comprehensive income, net of tax(B1)+(B2)=(B)		**95.294**	**(260.505)**
Total Comprehensive income / (loss) (A) + (B)		**1.014.166**	**(225.767)**

CASH FLOW STATEMENT (*)

(Values in thousands of EUR)	Notes	Full Year 2015	Full Year 2014
OPENING BALANCE		**578**	**309**
Profit before taxes		1,443	222
Amortisation		2,606	2,672
Accrual (+)/availment (-) of long term provisions and post employment benefits		(460)	284
Paid income taxes		(669)	(880)
Financial income (-) and financial charges (+)		2,461	3,693
Change in operating assets and liabilities		(5,056)	6,571
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**(30)**	**325**	**12,561**
Increase (-)/ decrease (+) in intangible fixed assets		(280)	(308)
Increase (-)/ decrease (+) in tangible fixed assets		(1,307)	(1,308)
Investments (-)/ Disinvestments (+)		(838)	(2,080)
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(31)**	**(2,426)**	**(3,696)**
Other variations in reserves and profits carried-forward of shareholders' equity		672	(261)
Dividends paid		-	-
Proceeds (+)/repayments (-) of financial payments		3,929	(4,774)
Increase (-)/ decrease (+) in long term financial receivables		721	130
Financial income (+) and financial charges (-)		(2,461)	(3,693)
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(32)**	**2,862**	**(8,596)**
CLOSING BALANCE		**1,339**	**578**

(*) Pursuant to Consob Resolution no. 15519 dated 27 July 2006, the effects of transactions with related parties on the cash flows of Aeffe S.p.A. are shown in the cash flow statement presented in Attachment VII and described in Notes 37 and 38.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Values in thousands of EUR)	**Share capital**	**Share premium reserve**	**Other reserves**	**Fair Value reserve**	**IAS reserve**	**Legal reserve**	**Remeasurement of defined benefit plans reserve**	**Profits / (Losses) carried-forward**	**Net profit / loss**	**Total shareholders' equity**
BALANCES AT 1 January 2014	**25,371**	**71,240**	**28,904**	**7,742**	**1,086**	**2,861**	**(420)**	**2,175**	**(5,284)**	**133,675**
Cover of 2013 loss			(5,284)						5,284	-
Total comprehensive income/(loss) of 2014							(261)			(261)
Profit/(loss) of 2014									35	35
BALANCES AT 31 December 2014	**25,371**	**71,240**	**23,620**	**7,742**	**1,086**	**2,861**	**(681)**	**2,175**	**35**	**133,449**

(Values in thousands of EUR)	**Share capital**	**Share premium reserve**	**Other reserves**	**Fair Value reserve**	**IAS reserve**	**Legal reserve**	**Remeasurement of defined benefit plans reserve**	**Profits / (Losses) carried-forward**	**Net profit / loss**	**Total shareholders' equity**
BALANCES AT 1 January 2015	**25.371**	**71.240**	**23.620**	**7.742**	**1.086**	**2.861**	**(681)**	**2.175**	**35**	**133.449**
Allocation of 2014 profit			33			2			(35)	-
Other changes: incorporation of Nuova Stireria Tavoleto S.r.l.			404					173		577
Total comprehensive income/(loss) of 2015							95			95
Profit/(loss) of 2015									919	919
BALANCES AT 31 December 2015	**25.371**	**71.240**	**24.057**	**7.742**	**1.086**	**2.863**	**(586)**	**2.348**	**919**	**135.040**

Report of the Board of Statutory Auditors to the shareholders' meeting of AEFFE S.p.A. on the 2014 financial statements, issued pursuant to article 153 of Italian Legislative Decree 58/98 and art. 2429, paragraph 3 of the Italian Civil Code.

Shareholders,

Pursuant to art. 153 of Decree No. 58 dated 24th February 1988, this report describes the work performed by the Board of Statutory Auditors.

During the year ended 31st December 2015, the Board of Statutory Auditors of AEFFE S.p.A. (the "Company") performed the monitoring activities required by law, taking account of the Code of Conduct for the Boards of Statutory Auditors of companies listed on regulated markets recommended by the Italian Accounting Profession, by resolution adopted on 15th April 2015, as well as CONSOB's communications regarding company audit work performed by Boards of Statutory Auditors.

* * *

The mandate of the Board of Statutory Auditors, which was appointed at the shareholders' meeting held on 16th April 2014, will expire at the shareholders' meeting held to approve the financial statements of the Company as of 31st December 2016.

The members of the Board of Statutory Auditors have complied with the limit on the number of appointments they may hold, pursuant to art. 23.2 of the Company's articles of association, art. 148 bis of Decree No. 58/98 and the Issuers' Regulation, as amended by CONSOB Resolution No. 18671 dated 8th December 2013, and made the related required disclosures during the year.

The shareholders' meeting held on 26th March 2007 appointed BDO Italia S.p.A. (formerly MAZARS S.p.A.) to perform the legal audit of the accounts, pursuant to Decree No. 58/1998 "Consolidated Finance Law" and Decree No. 39/2010. Reference is made to the auditors' reports issued by that firm. As envisaged by current regulations, the mandate of the auditing firm has a duration of 9 years (2007 – 2015) and, accordingly, will expire without renewal upon approval of these financial statements. In this regard, following a careful examination and preliminary selection of the proposals requested and received, the Board of Statutory Auditors focused its attention on four legal auditing firms, being: Ernst & Young S.p.A.; RIA Grant Thornton S.p.A.; PricewaterhouseCoopers S.p.A.; Deloitte S.p.A.

The Board of Statutory Auditors selected one of the above legal auditing firms after comparing the various proposals and analyzing them in terms of the auditing methodology adopted, the auditing standards used, the mix of hours and number of persons employed by professional category, the curricula vitae of the audit team and other personnel involved in the audit, and the references provided.

The above activity resulted in the preparation of a reasoned proposed resolution that will be presented to the shareholders' meeting for adoption.

This report was prepared in conformity with the current regulations applying to Listed Companies, in compliance with CONSOB Communication No. DEM/1025564 dated 6th April 2001, given that the shares of AEFFE S.p.A. are traded in the STAR segment of the market managed by Borsa Italiana.

The accounting policies adopted for the preparation of the 2015 financial statements reflect the established international standards (I.A.S./I.F.R.S.), pursuant to art. 2 of Decree No. 38/2005.

* * *

With regard to the performance of the supervisory activities required of the Board of Statutory Auditors, we confirm that, among other work, we:

- ✓ attended the shareholders' meetings and Board meetings held during the year and obtained timely and appropriate information from the Directors, pursuant to art. 150, para. 1, of Decree No. 58 dated 24th February 1998 and art. 19.2 of the articles of association, about the general results of operations and the outlook for the future, as well as about the principal transactions, in terms of their scale and characteristics, carried out by the Company and its subsidiaries;

- ✓ obtained the information needed to perform our work regarding compliance with the law and the articles of association, compliance with the principles of proper administration and the adequacy of the Company's organizational structure, by direct investigation, by gathering information from the managers of the functions concerned, by periodic exchanges of information both with the firm appointed to perform the annual legal audit of the separate and consolidated financial statements, and with the Supervisory Body, and by attending the meetings of the Audit Committee;
- ✓ checked the functioning and effectiveness of the systems of internal control, holding regular meetings with the internal audit manager and focusing attention on the adequacy of the administrative and accounting system with regard, in particular, to the reliability with which it presents the results of operations;
- ✓ performed the functions attributed to the Board of Statutory Auditors by art. 19 of Decree No. 39/2010. In this context, we: i) noted the information provided to us regarding the quarterly checks on the proper keeping of the accounting records carried out by the firm appointed to perform the legal audit of the accounts; ii) received from that auditing firm the Report envisaged in arts. 14 and 16 of Decree No. 39/2010; iii) received from that auditing firm the "Annual confirmation of independence" required pursuant to art. 17, para. 9.a) of Decree No. 39/2010; vi) analyzed, again pursuant to art. 17, para. 9.a) of Decree No. 39/2010, the risks relating to the independence of the firm appointed to perform the legal audit of the accounts and the measures adopted by such firm to limit these risks, examining in this regard the transparency report issued on 31st August 2015 and published on the institutional website;
- ✓ monitored the functioning of the system of control over Group companies and the adequacy of the instructions given to them, not least pursuant to art. 114, para. 2, of Decree No. 58/1998;
- ✓ noted the preparation of the Compensation Report required by art. 123 ter of Decree No. 58 dated 24th February 1998 and art. 84 quarter of CONSOB Regulation No. 11971/1999 ("Issuers' Regulation"), without having any particular observations to make;
- ✓ determined the consistency of the amendments made to the articles of association with the related legal and regulatory requirements, including Law No. 120 dated 12th July 2011, which amended Decree No. 58 dated 24th February 1998 by introducing, in arts. 147 ter and 148, rules governing gender balance on the administrative and control bodies of listed companies;
- ✓ monitored the effective implementation of the corporate governance rules envisaged in the Code of Self-Regulation for listed companies issued by Borsa Italiana SpA, which has adopted Council Recommendation (EU) No. 208/2014, as well as CONSOB Communication No. DCG/DSR/0051400 dated 19th June 2014;
- ✓ monitored compliance by the internal procedure regarding transactions with related parties with the principles indicated in the Regulation approved by CONSOB in decision no. 17221 dated 12th March 2010 and subsequent amendments, as well as compliance with such procedure pursuant to art. 4, para. 6 of the above Regulation;
- ✓ checked compliance with the laws and regulations concerning the format and preparation of the Company's separate and consolidated financial statements, as well as the related accompanying documentation.
- ✓ checked that the separate and consolidated financial statements are accompanied by the required attestations of conformity signed by the Executive Director who is also the executive responsible for preparing the Company's accounting documentation pursuant to Law No. 262 dated 28th December 2005;
- ✓ checked that the Directors' Report on operations during 2015 complies with current laws and regulations, and is consistent with the resolutions adopted by the Board of Directors and the facts reported in the

separate and consolidated financial statements, noting that the consolidated half-year report did not require any particular comments from the Board of Statutory Auditors and confirming that the Quarterly Reports and the Half-year Report were published in accordance with current laws and regulations.

* * *

The specific information to be presented in this Report, pursuant to the Consob Communication No. DEM/1025564 dated 6th April 2001 and subsequent amendments, is provided below.

1. The Company resolved to absorb "Nuova Stireria Tavoleto S.r.l." during 2015. The reasons for this transaction, which was also completed during the year, were communicated to the market by publishing the draft merger document. In compliance with the "Code of Conduct for Boards of Statutory Auditors or listed companies", approved by the Italian Accounting Profession, the Board of Statutory Auditors acknowledges that this transaction was carried out in compliance with the applicable laws and articles of association.

Based on the information received and the analysis performed by the Board of Statutory Auditors, the Board of Directors did not examine and approve any other economic, financial or equity transactions of particular significance carried out by the Company or subsidiaries; reference is made to the Report on Operations prepared by the Directors for matters unrelated to the general economic, financial and equity context in which the Company operates.

2. The characteristics of the intercompany and related-party transactions carried out during 2015, the parties involved and the related economic effects are appropriately described in the section on "Intercompany and related-party transactions" contained in the 2015 consolidated financial statements, to which reference is made.

The routine intercompany and related-party transactions carried out were mostly commercial transactions arranged on market terms, in compliance with the transfer pricing rules;

In general, the related-party transactions examined by the Board of Statutory Auditors were deemed to be reasonable and in the interests of the Company.

Pursuant to art. 4, para. 6, of the CONSOB regulation approved by decision No. 17221/2010, we confirm that the Board of Statutory Auditors has monitored the consistency of the procedure adopted by the Company with the principles indicated in the "Settlement of transactions with related parties" document, and its effective application.

3. The Directors' Report highlights that the Company has not arranged any atypical and/or unusual transactions with third parties, group companies or related parties.

4. Following completion of the verification and audit work performed, BDO Italia S.p.A. has today released its auditors' reports on the financial statements pursuant to arts. 14 and 16 of Decree No. 39 dated 27th January 2010, certifying that: i) the separate and consolidated financial statements of the Company at 31st December 2015 have been prepared clearly and present a true and fair view of the financial position, the results of operations and the other components of comprehensive income, the changes in shareholders' equity and the cash flows of the Company and the Group; ii) the Report on operations and the information required by art. 123 bis, para. 4, of Decree No. 58/1998, contained in the Report on Corporate Governance and the Ownership Structure, is consistent with the separate financial statements of the Company and the consolidated financial statements of the Group. The report issued by the auditing firm on the 2015 financial statements does not contain any observations and/or exceptions or, indeed, any emphasis of matter.

5. During 2015, the Board of Statutory Auditors did not receive any complaints pursuant to art. 2408 of the Italian Civil Code.

6. The Board of Statutory Auditors has not received any statements from third parties.

7. During 2015, additional activities have been given to the auditing firm BDO Italia S.p.A. by the Company. Other than the appointment to perform the legal audit of the accounts of group companies, it has been assigned the following activities:

- certification of the expenses incurred for research and development activities performed by the company in question and one of its subsidiaries. For such task it was paid a fee of EUR 9,000.00.

- release of stamp of approval of the VAT declaration. For such task it was paid a fee of EUR 6,000.00.

8. The Board of Statutory Auditors has monitored the independence of the auditing firm, pursuant to art. 19 of Decree no. 39/2010 and otherwise, checking compliance with the related regulations and compatibility with the legal restrictions placed on the provision of non-audit services to the Company and its subsidiaries, identifying that no work was given during the year to parties belonging to the same network as that of the auditing firm.

9. During 2015, the Board of Statutory Auditors did not release any opinions required by law.

10. In the performance of its functions and in order to obtain the information needed to carry out its supervisory duties, the Board of Statutory Auditors:

- ✓ met regularly and prepared 6 reports on the work performed;
- ✓ attended all 7 meetings of the Board of Directors, obtaining from the Directors a continuous flow of information about the activities performed and the principal economic, financial and equity transactions carried out by the Company and its subsidiaries;
- ✓ attended, in the person of the Chairman of the Board of Statutory Auditors or another authorized Serving Auditor, all the meetings of the Audit Committee;
- ✓ attended the annual shareholders' meeting held on 16th April 2015;
- ✓ maintained relations with the supervisory bodies of the subsidiary companies, pursuant to art. 151 of Decree No. 58/1998, via both periodic consultations and joint meetings with them;
- ✓ attended, represented by one of the Serving Auditors as a permanent member, the meetings of the Supervisory Body established to monitor the Organizational Model envisaged by Law No. 231/2001.

11. The Board of Statutory Auditors has obtained information about and monitored compliance with the law and the articles of association, ensuring that the transactions decided and implemented by the Directors were in compliance with the law and the articles of association, were founded on the principles of economic rationality and were not obviously imprudent or risky, in conflict with the interests of the Company, in contrast with the resolutions adopted at the shareholders' meeting, or likely to jeopardize the net assets of the Company, concluding that the governance tools and procedures adopted by the Company represent a valid approach to ensuring operational compliance with the principles of proper administration.

12. With regard to the adequacy of the organizational structure of the Company and the Group, the monitoring work performed by the Board of Statutory Auditors involved obtaining a knowledge of the organizational structure and gathering information from the various responsibility centers concerned, as well as meeting with the managers of the various business functions, the internal audit manager and the auditing firm for a mutual exchange of information.

In this regard, with reference to the powers and mandates granted, the Board of Statutory Auditors has determined that:

- ✓ the Board of Directors is responsible for managing the Company, directly and via the mandates granted to other bodies;
- ✓ pursuant to the articles of association, the Chairman and the Chief Executive Officer represent the Company legally in dealings with third parties and in judgment;
- ✓ the Chairman holds operational powers and performs institutional, directive and control duties;
- ✓ the Chief Executive Officer exercises wide powers for the management of the Company.

13. In terms of supervising the adequacy and effectiveness of the system of internal control, pursuant to art. 19 of Decree No. 39/2010 and otherwise, the Board of Statutory Auditors held periodic meetings with the

internal audit manager and the managers of other business functions and attended, via the presence of Serving Auditors, the meetings of the Audit Committee and the Supervisory Body for the Organizational Model envisaged by Decree 231/2001.

The Company's system of internal control comprises a structured and organic set of rules, procedures and organizational structures that encompass the entire Company. Their purpose is to prevent or limit the consequences of unexpected results and allow the strategic and operational objectives to be achieved (by ensuring the consistency of the activities with the objectives, the efficiency and effectiveness of the activities, and the safeguarding of the Company's net assets), and ensure compliance with the applicable laws and regulations, as well as proper and transparent reporting, both internally and to the market.

The Board of Directors is responsible, with support from the Audit Committee for: i) establishing guidelines for the system of internal control; ii) examining periodically the principal business risks identified by the Chief Executive Officer, who is also responsible for implementing the guidelines for the system of internal control, and iii) assessing the adequacy, effectiveness and practical functioning of the system of internal control.

The system of internal control includes an internal audit function whose role is to assist the Board of Directors and the Audit Committee, as well as the management of the Company. The Board of Directors has given the internal audit manager the task of assessing the adequacy and effectiveness of the overall system of internal controls. The activities of this function principally include implementing an annual audit and compliance-testing plan, as well as monitoring the actual adoption of the recommendations made by performing follow-up work. The Group also uses other tools to monitor its operational and compliance objectives. These include a structured and periodic system of planning, management control and reporting, as well as a structure for the governance of financial risks.

The Company has approved the organizational model envisaged by Decree No. 231/2001 ("Model 231"), the purpose of which is to impede the commission of significant offenses, as defined in that Decree, and, consequently, to mitigate, if not eliminate, the administrative responsibility of the Company for such offenses. Commencing from an analysis of business activities designed to identify those potentially at risk, the Model 231 adopted comprises a set of general principles, rules of conduct, control tools, organizational procedures, training and information-providing activities, and disciplinary systems intended to ensure, to the extent possible, that the commission of criminally-significant offenses is prevented. The Board of Directors has appointed a Supervisory Body tasked with monitoring the proper functioning of the Model 231 and keeping it updated. As mentioned earlier, the Board of Statutory Auditors has attended, via the Serving Auditors, the meetings of the Audit Committee and the Supervisory Body, and has analyzed the related periodic reports addressed to the Board of Directors. There are no matters to be raised.

14. The Board of Statutory Auditors has also monitored the adequacy and reliability of the administrative-accounting system in terms of properly representing the results of operations, via direct observation, obtaining information from the managers of the relevant functions, examining company documents and analyzing the results of the work carried out by the auditing firm. Here too, no dysfunctions and/or breakdowns of communications between the various bodies were identified.

As required by law and after obtaining the opinion from the Board of Statutory Auditors, the Board of Directors has appointed an Executive responsible for preparing the company's accounting documentation, who was granted the powers and functions envisaged by law and appropriate powers and resources to performed the related tasks.

The Company has adopted the "Accounting control model" envisaged by Law No. 262/2005, with a view to defining guidelines for application throughout Group concerning the obligations, arising under art. 154-bis of Decree No. 58/1998, to prepare corporate accounting documents and give the related attestations.

The Board of Statutory Auditors has taken note of the attestations given by the Chairman of the Board of Directors and the Executive responsible for preparing the company's accounting documentation regarding the adequacy in relation to the characteristics of the business and the effective application of the administrative and accounting procedures for preparing the separate and consolidated financial statements.

15. The Board of Statutory Auditors has monitored without identifying any exceptions the adequacy of the instructions given by the Company to its subsidiaries pursuant to art. 114, para. 2, of Decree No. 58/98, so that they provide the information needed to satisfy the disclosure requirements envisaged by law.

16. The periodic meetings between the Board of Statutory Auditors and the firm appointed to perform the legal audit of the accounts, pursuant to art. 150, para. 3, of Decree No. 58/1998, did not identify any matters that are considered necessary to highlight in this Report.

17. In terms of checking the way the corporate governance rules are actually implemented, as envisaged by the current Code of Self-Regulation issued by Borsa Italiana, the Board of Statutory Auditors performed this work with assistance from the manager of the Corporate Governance Office.

The Board of Directors in office from 16th April 2014 comprises 8 members, including 3 non-executive directors, of whom 3 were qualified as independent by the Board with reference to the declarations made by them. When co-opting directors, the requirement to maintain the "gender balance" of corporate bodies was met. The Board of Statutory Auditors has made the assessments required of it, identifying proper application of the criteria and procedures adopted by the Board of Directors to verify the independence status of the individual directors and compliance with the requirements for the composition of the Board taken as a whole.

In addition, the Board of Statutory Auditors has checked that the Serving Auditors meet the same independence requirements expected of the directors and has adopted the recommendations of the Code, which require a declaration to be made and sent to the Board about any personal interest or interest on behalf of third parties in specific transactions presented to the Board of Directors. In this regard, it is confirmed that no situations arose in 2015 for which the members of the Board of Statutory Auditors had to make such declarations. Reference is made to the Report on Corporate Governance and the Ownership Structure for further information about the corporate governance of the Company. The Board of Statutory Auditors has no observations to make to the shareholders' meeting in this regard. The Company has adopted the Code of self-regulation issued by the Committee for the corporate governance of companies listed in the STAR segment.

18. Lastly, the Board of Statutory Auditors has performed checks on compliance with the laws governing the preparation of the draft separate financial statements and the consolidated financial statements at 31st December 2015, the respective explanatory notes and the accompanying Directors' Report, both directly and with assistance from function managers, as well as with reference to the information obtained from the auditing firm. No omissions, censurable facts or irregularities perpetrated by the corporate bodies were identified during the supervisory activities carried out by the Board of Statutory Auditors.

19. It is confirmed that the accounting policies adopted for the preparation of the separate and consolidated financial statements at 31st December 2015 reflect the IFRS (International Financial Reporting Standards) issued by the International Accounting Standards Board.

Pursuant to art. 153, para. 2, of Decree No. 58/98, the Board of Statutory Auditors has no particular proposals to make to the shareholders' meeting. As described above, the supervision and control activities carried out by the Board of Statutory Auditors did not identify any significant matters worth mentioning in the Report to the Meeting, or reporting to the supervisory and control bodies.

Based on all of the above, in conclusion to the supervisory activities performed during the year, the Board of Statutory Auditors has no observations to make pursuant to art. 153 of Decree No. 58/1998 concerning the matters for which it is responsible regarding the financial statements, the related explanatory notes and the report on operations, and concurs with the recommendation made by the Board of Directors to the shareholders' meeting concerning the allocation of the results for the year.

San Giovanni in Marignano, 22 March 2016

For the Board of Statutory Auditors
The President
Pierfrancesco Sportoletti

"Free translation from the original in Italian".

List of directorships and audit appointments held by the members of the Board of Statutory Auditors as of 25 March 2015, date of issue of that Board's Report to the Stockholders' Meeting

Attachment pursuant to art. 144 quinquesdecies of the Issuers' Regulation, prepared in accordance with the instructions contained in Attachment 5-bis, Template 4 of the above Regulation

Pier Francesco SPORTOLETTI
Appointments in other issuer: 1

Aeffe S.p.A	Chairman of the Board of Statutory	31/12/16
Aeffe Retail S.p.A	Member of the Board of Statutory	31/12/17
Velmar S.p.A	Member of the Board of Statutory	31/12/17
SAES GETTERS S.p.A	Chairman of the Board of Statutory	31/12/17
Equilybra Capital Partners S.p.A.	Member of the Board of Directors	31/12/17
Equilybra S.p.A.	Member of the Board of Directors	31/12/18
MSC S.r.l.	Sole Director	Resignation/termination
Telse S.r.l.	Sole Director	Resignation/termination
Numeralia S.r.l.	Sole Director	Resignation/termination
DMT System S.r.l. in winding up	Liquidator	Resignation/termination

Daniela SAITTA
Appointments in other issuer: 1

Aeffe S.p.A	Member of the Board of Statutory	31/12/16
Atac S.p.A	Member of the Board of Statutory	31/12/15
Banca di Cascina Credito Cooperativo	Member of the Board of Statutory	31/12/18
Impresa S.p.A.	Special Commissioner	Resignation/termination
Dirpa S.C. a r.l.	Special Commissioner	Resignation/termination
Impresa P.I. Giuseppe Rabbiosi S.p.A.	Special Commissioner	Resignation/termination
S.a.f. S.r.l.	Special Commissioner	Resignation/termination
Equiter S.r.l.	Special Commissioner	Resignation/termination
Consorzio Stabile T&T	Special Commissioner	Resignation/termination
Eutelia S.p.A.	Special Commissioner	Resignation/termination
Di Pietro Real estate S.p.A.	Judicial Administrator	July 2015

Fernando CIOTTI
Appointments in other issuer: 0

Aeffe S.p.A	Member of the Board of Statutory	31/12/16
Pollini Retail S.r.l.	Chairman of the Board of Statutory	31/12/16
Velmar S.p.A.	Chairman of the Board of Statutory	31/12/17
Fratelli Ferretti Holding S.r.l.	Chairman of the Board of Statutory	31/12/15
Aeffe Retail S.r.l	Member of the Board of Statutory	31/12/17
Moschino S.p.A.	Member of the Board of Statutory	31/12/17

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INDEPENDENT AUDITORS'REPORT IN ACCORDANCE WITH ART. 14 AND 16 OF LEGISLATIVE DECREE N0.39 OF JANUARY 27th,2010

To the shareholders of
Aeffe S.p.A.

Report of the financial statements

We have audited the accompanying financial statements of Aeffe S.p.A., which comprise the statement of financial position as of December 31st, 2015, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors'responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree N0. 38/05.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to art. 11, paragraph 3 of Legislative Decree N0. 39/2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Aeffe S.p.A. as of December 31st 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree N0. 38/05.

Report on compliance with other laws and regulation

Opinion on the consistency of the financial statements with the report on operations and of certain information set out on corporate governance and ownership structure

We have performed the procedures required by auditing standard (SA Italia) N0. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in art. 123-bis, paragraph 4 of Legislative Decree N0. 58/98, which are the responsibility of the directors of Aeffe S.p.A., with the financial statements of Aeffe S.p.A.. in our opinion, the report on operations and of the information set out in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Aeffe S.p.A. as of December 31st 2015.

Other matters

The financial statements for the year ended December 31st, 2014 were audited by the auditor in charge at the time who expressed an unmodified opinion on those statements on March 25, 2015.

Bologna, March 22 2016

BDO Italia S.p.A.

Signed by Alessandro Gallo
Partner

This report has been translated into english from the italian original solely for the convenience of international readers

EXPLANATORY NOTES

GENERAL INFORMATION

Aeffe S.p.A. (the "Company") is an Italian legal entity and a Parent Company that holds, directly or indirectly, equity investments in the companies that lead the business sectors in which the Aeffe Group is active.

The Company is based in San Giovanni in Marignano (Rimini) and is currently listed in the – STAR Segment – of the MTA, the Italian Stock Exchange operated by Borsa Italiana.

The Company has the following branch offices and local units:

1) Office and showroom in Donizetti street n.48 – Milan (MI);
2) Storage in Olmi street – San Giovanni in Marignano (RN);
3) Office and showroom in Donizetti street n.47 – Milan (MI);
4) Storage in Chitarrara n. 910 – Monte Colombo (RN);
5) Storage in Tavollo snc street – San Giovanni in Marignano (RN);
6) Storage in Erbosa I street n. 92 – Gatteo (FC);
7) Storage in Raibano n. 55/A street – Coriano (RN).

These financial statements have been prepared in EUR, which is the functional currency of the economy in which the Company operates.

The financial statements are accompanied by notes that explain the Company's economic and financial position as of and for the year ended 31 December 2015. This information is presented on a comparative basis, after adjusting the prior year's financial statements for consistency.

Unless stated otherwise, all amounts have been rounded to thousands of EUR.

The financial statements comprise the balance sheet, the income statement, comprehensive income statement the statement of changes in shareholders' equity, the cash flow statement and these explanatory notes.

Unless stated otherwise in the accounting policies described below, these financial statements have been prepared on an historical cost basis.

The financial statements have been audited by BDO Italia S.p.A..

The Company is controlled by the company Fratelli Ferretti Holding S.r.l., of which in the attachment VIII are reported the data of the latest approved statutory financial statements. The company Fratelli Ferretti Holding also draws up the consolidated financial statement in accordance with the international accounting standards.

DECLARATION OF CONFORMITY AND BASIS OF PRESENTATION

Pursuant to art. 3 of Decree 38/2005 dated 28 February 2005, these financial statements have been prepared in accordance with International Accounting Standards (IAS/IFRS). The explanatory notes, also prepared in accordance with IAS/IFRS, have been supplemented by the additional information requested by CONSOB and by its instructions issued in accordance with art. 9 of Decree 38/2005 (resolutions 15519 and 15520 dated 27 July 2006 and communication DEM/6064293 dated 28 July 2006, pursuant to art. 114.5 of the Consolidated Finance Law), by art. 78 of the Issuers' Regulations, by the EC document issued in November 2003 and, where applicable, by the Italian Civil Code. Consistent with last year's annual report, some of the required information is presented in the Directors' Report (Report on operations).

FINANCIAL STATEMENT FORMATS

As part of the options available under IAS 1 for the presentation of its economic and financial position, the Company has elected to adopt a balance sheet format that distinguishes between current and non-current assets and liabilities, and an income statement that classifies costs by type of expenditure, since this is deemed to reflect more closely its business activities. The cash flow statement is presented using the "indirect" format.

With reference to Consob Resolution no. 15519 dated 27th July 2006 regarding the format of the financial statements, additional schedules have also been presented for the income statement, the balance sheet and the cash flow statement in order to identify any significant transactions with related parties. This has been done to avoid compromising the overall legibility of the main financial statements.

ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT YET EARLY ADOPTED BY THE GROUP

On 12 December 2013 the IASB issued the Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2 – Share based payment, the disclosure on judgment used in the aggregation of operating segments in IFRS 8 – Operating Segments, the identification and disclosure of a related party transaction that arise when a management entity provides key management personnel service to a reporting entity in IAS 24 - Related Party disclosures, the extension of the exclusion from the scope of IFRS 3 – Business Combinations to all types of joint arrangements and to clarify the application of certain exceptions in IFRS 13 – Fair value Measurement.

On 6 May 2014, the IASB issued amendments to IFRS 11 – Joint arrangements: Accounting for acquisitions of interests in joint operations, clarifying the accounting for acquisitions of an interest in a joint operation that constitutes a business. The amendments are effective, retrospectively, for annual periods beginning on or after 1 January 2016 with earlier application permitted.

On 12 May 2014, the IASB issued amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets, included in the title "Clarification of Acceptable Methods of Depreciation and Amortisation". The requirements of IAS 16 are amended to clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The requirements of IAS 38 are amended to introduce a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons as in IAS 16. However, the IASB states that there are limited circumstances when the presumption can be overcome. They will apply for annual periods beginning on or after 1 January 2016.

On 24 July 2014 the IASB issued the final version of IFRS 9 - Financial Instruments.

There follows the main aspects of the new international accounting principle:

- Classification and Measurement

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements.

- Impairment

During the financial crisis, the delayed recognition of credit losses on loans (and other financial instruments) was identified as a weakness in existing accounting standards. As part of IFRS 9, the IASB has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The IASB has already announced its intention to create a transition resource group to support stakeholders in the transition to the new impairment requirements.

- Hedge accounting

IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

- Own credit

IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Early application of this improvement to financial reporting, prior to any other changes in the accounting for financial instruments, is permitted by IFRS 9.

The amendments will apply for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

On 12 August 2014 the IASB published Equity Method in Separate Financial Statements (Amendments to IAS 27). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors.

The amendments respond to requests that the IASB had received during its inaugural public agenda consultation. The amendments are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

On 11 September 2014 the IASB published 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)'. The amendments address a conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

On 25 September 2014 the IASB published Annual Improvements to IFRSs 2012 – 2014 Cycle. The document introduces amendments to the following principles: IFRS 5, 'Non-current assets held for sale and discontinued operations'; IFRS 7, 'Financial instruments: Disclosures'; IAS 19, 'Employee benefits'; IAS 34, 'Interim financial reporting'. They will apply for annual periods beginning on or after 1 January 2016.

On 18 December 2014 the IASB published 'Disclosure Initiative (Amendments to IAS 1)'. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

On 18 December 2014 the IASB published "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted

On 11 September 2015 the IASB published the document Effective Date of IFRS 15, in which it has been deferred by one year, from the 1 January 2017 to the 1 January 2018, the effective date of the IFRS 15 "Revenue from Contracts with Customers".

On 13 January 2016 the IASB published the new accounting Standard, IFRS 16 Leases that will replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

It sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15. it is yet to be endorsed for application in the European Union.

ACCOUNTING POLICIES

The accounting policies and valuation criteria adopted for the preparation of the financial statements as of 31 December 2015 are presented below:

Intangible fixed assets

Intangible fixed assets are identifiable non-monetary assets, without physical substance, that are controlled by the company and able to generate future economic benefits for the Company. Intangible fixed assets are initially recorded at purchase cost (being their fair value in the case of business combinations), as represented by the acquisition price paid including any charges directly attributable to the preparatory or production phase, if the conditions are met for the capitalisation of costs incurred on the internal generation of assets. Following initial recognition, intangible fixed assets are carried at cost, net of accumulated amortisation and any impairment recorded in accordance with IAS 36 (*Impairment of Assets*). Subsequent expenditure on intangible fixed assets is capitalised only if it increases the future economic benefits embodied in the specific asset to which it relates. All other costs are charged to the income statement as incurred.

Intangible fixed assets contain those with a finite useful life that are other intangible fixed assets, the accounting policies for which are described in the following paragraphs.

Brands

Brands are recorded at cost and amortised systematically on a straight-line basis over their estimated useful life (40 years), commencing from the time the asset becomes available for use.

The Company has deemed it fair to attribute a finite life of 40 years to its brands, having regard for the prudent approach taken by other operators in the sector that consider the useful lives of their brands to be very long (given the extended utility of such assets), but not eternal or indefinite (duration not identifiable). This approach is consistent with the type of intangibles found in the fashion industry and with the long-established practices of other firms in the sector (market comparables).

Regarding the only brand owned by the Company, the Alberta Ferretti brand, the exclusivity of the business, its historical profitability and its future income allow to consider its value recoverable, even in presence of difficult market conditions.

In order to calculate the recoverable value of brands registered in the balance sheet, we estimated the current value, discounting the hypothetical value of the royalties deriving from the transfer in use to others of these intangible assets, for a period equal to 40 years. To calculate the values on this basis is has been used for the year 2016 the Group budget. For the remaining periods it has been used an increase in turnover with a CAGR variable from 2.2% to 2.5%.. As royalty rates we used the averages for the sector and as discount rate we used the average cost of capital (WACC) which is 4.13%.

Other intangible fixed assets

This caption comprises the costs incurred to acquire software, which is amortised over a period not exceeding 3 years.

The principal amortisation rates applied are summarised below:

Category	%
Royalties from patents and intellectual property	33%
Brands	2.5%

Research costs are charged to the income statement as incurred.

At 31 December 2015 the Company has not recorded intangible fixed assets with an “infinite” useful life in the intangible fixed assets.

Tangible fixed assets

Tangible fixed assets, stated net of accumulated depreciation, are recorded at purchase or production cost except for those assets which have been revalued in accordance with specific laws. Cost includes related charges and directly-attributable expenses.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using economic-technical rates that reflect the residual useful lives of each asset. Tangible fixed assets are written down in the event of permanent impairment, regardless of the depreciation already accumulated.

Ordinary maintenance expenses are charged in full to the income statement. Improvement expenditure is allocated to the fixed assets concerned and depreciated over their residual useful lives.

Construction in progress and advances to suppliers are recorded at the cost incurred, including directly-related charges.

As an exception to the general principle, the carrying amount of land and buildings has been adjusted to reflect the value determined by reference to an independent appraisal. This was performed to identify the separate value of land that was previously included in the "land and buildings" caption and consequently depreciated. The depreciation rates are applied on a straight-line basis over the new estimated useful lives of the buildings: 50 years (2%).

The depreciation rates applied are summarised below:

Category	%
Industrial buildings	2%
Plant and machinery	12,5%
Industrial and commercial equipment	25%
Electronic machines	20%
Furniture and furnishings	12%
Motor vehicles	20%
Cars	25%

Land is not depreciated.

Leasehold improvements, including the costs of fitting and modernising directly-managed shops and all other property used for business purposes but not owned by the Company, are depreciated over the shorter of the duration of the lease, including any renewal periods, or their useful lives.

Improvement expenditure is added to the carrying amount of the assets concerned if the future economic benefits for the Company are likely to exceed those determined originally. Such expenditure is depreciated over the residual useful lives of the assets concerned. All other maintenance costs are charged to the income statement as incurred.

Leasing

Finance leases

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits of ownership, are recognised as part of property, plant and equipment at their fair value or, if lower, at the present value of the minimum lease payments, and stated net of accumulated depreciation. The corresponding liability to the lessor is classified among financial payables in the balance sheet. These assets are depreciated using the rates set out above.

On disposal, or when no further economic benefits are expected from use of the asset, leased assets are eliminated from the balance sheet and any gains or losses (difference between disposal proceeds and carrying amount) are reflected in the income statement for the year.

Operating leases

Leases that do not transfer to the Company substantially all the risks and benefits of ownership are recognised as operating leases. Payments under operating leases are recognised as a cost on a straight-line basis over the duration of the related lease contracts.

Impairment

At 31 December 2015, the Company has not recorded intangible fixed assets with an "infinite" useful life in the intangible fixed assets.

Intangible fixed assets, equity investments, tangible fixed assets and other non-current assets are subjected to impairment testing whenever events or a change of circumstances suggest that their value may be impaired in order to determine if such activities may have been subject to a loss of value. If such evidence exists the activity's carrying amount is reduced to the related recoverable value.

Impairment losses arise and are recognised when the carrying amount of an asset or a cash generating unit exceeds its recoverable value. The carrying amount of such assets is aligned with their recoverable value and the impairment loss is charged to the income statement.

Determination of recoverable value

Under IAS 36, intangible and tangible fixed assets must be subjected to impairment testing if there is evidence (events, change of circumstances) to suggest a possible loss of value. The purpose of this is to ensure that assets are not recorded in the balance sheet at an amount that exceeds their recoverable value. As already mentioned, this test is performed annually, or more frequently, in relation to assets with an indefinite useful life.

The recoverable value of these assets is the higher between their fair value, net of disposal costs and their value in use. In order to determine value in use, the estimated future cash flows - including those deriving from the disposal of the asset at the end of its useful life - are discounted using a post-tax rate that reflects the current market assessment of the value of money and the risks associated with the Company's activities. If separate cash flows cannot be estimated for an individual asset, the separate cash generating unit to which the asset belongs is identified.

Reinstatement of value

The value of financial assets recorded at amortised cost is reinstated when a subsequent increase in their recoverable value can, objectively, be attributed to an event that took place subsequent to recognition of the impairment loss.

The value of other non-financial assets is reinstated if the reasons for impairment no longer apply and the basis for determining their recoverable value has changed.

Write-backs are credited immediately to the income statement and the carrying amount of the asset concerned is adjusted to reflect its recoverable value. Recoverable value cannot exceed the carrying amount that would have been recognised, net of depreciation, had the value of the asset not been written down due to impairment in prior years.

The written down value of goodwill is never reinstated.

Equity investments

Investments in subsidiary, associated companies and joint venture are recorded as historical cost, as written down by any impairment recognised pursuant to IAS 36. Their original value is reinstated in subsequent years if the reasons for write-downs cease to apply.

It is signalled that the situation caused by the international economic and financial crisis, even if in recover, has induced the Company to estimate the recoverable amount of some equity investments in subsidiaries of particular importance in order to verify the consistency of the book value.

For the companies Aeffe Retail S.p.A., Pollini S.p.A., Velmar S.p.A., Aeffe France S.a.r.l., and Aeffe USA Inc., the recoverable amount has been determined using the method called Discounted Cash Flow (DCF). From such analyses no impairment losses have been emerged.

Trade and other receivables

Receivables are stated at their estimated realisable value, being their nominal value less the allowance for collection losses on doubtful accounts. They are review regularly in terms of ageing and seasonality in order to avoid adjustments for unexpected losses. Non-current receivables that include an element of embedded interest are discounted using a suitable market rate. This caption also includes the accrued income and prepaid expenses recorded to match income and costs relating to more than one year in the accounting periods to which they relate.

Inventories

Inventories are recorded at purchase or production cost or, if lower, at their market or estimated realisable value. Net realisable value is the estimated selling price under normal operating conditions, net of completion costs and all other selling-related expenses.

The cost of production of finished products includes the cost of raw materials, outsourced materials and processing, and all other direct and indirect manufacturing costs reasonably attributable to them, with the exclusion of financing costs.

Obsolete and slow-moving inventories are written down to reflect their likely use or realization.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand deposits and all highly liquid investments with an original maturity of three months or less. Securities included in cash and cash equivalents are measured at their fair value.

Provisions

The provisions for risks and charges cover known or likely losses or charges, the timing and extent of which cannot be determined at period end. Provisions are recorded only when there is a legal or implicit obligation that, to be settled, requires the consumption of resources capable of generating economic benefits, and the amount concerned can be estimated reliably. If the effect is significant, provisions are calculated by discounting expected future cash flows using a pre-tax rate that reflects the current market assessment of the present value of money and the specific risks associated with the liability.

Employee benefits

Employee severance indemnities are covered by IAS 19 ("Employee Benefits") since they are deemed to be a form of defined benefit plan. Company contributions to defined benefit plans are charged to the income statement on an accruals basis.

The Company's net liability for defined benefit plans is determined on an actuarial basis, using the projected unit credit method. All actuarial gains and losses determined as of 1st January 2005, the IFRS transition date, have been recognised.

Financial payables

Financial payables, excepting derivates, are recorded at their fair value, after transactions costs directly attributable.

Bank overdrafts and loans

Loans are initially measured at cost, which approximates their fair value, net of any transaction-related expenses. Subsequently, they are measured at amortised cost. Any difference between cost and the redemption value is recorded in the income statement over the duration of the loan, using the effective interest method.

Loans are classified as current liabilities unless the Company has an unconditional right to defer their settlement for at least twelve months subsequent to the accounting reference date.

Trade and other payables

Payables are stated at the nominal value. The financial element embedded in non-current payables is separated using a market rate of interest.

Treasury shares

Treasury shares are presented as a deduction from capital for the part of their nominal value, and from a specific reserve for the part in excess to their nominal value.

Contributions to the capital account and for overheads

Any public contributions are reported when there is a reasonable certainty that the company will meet all the conditions foreseen to receive the contributions and actually receives them. The company has opted to present any contributions to the capital account in the financial statement as items in adjustment of the book value of the property to which they refer, and any contributions to overhead as a direct deduction from the relative cost.

Revenues

Revenues are stated net of returns, discounts, allowances and rebates, as well as the taxes associated with the sale of goods and the provision of services. Revenues from sales are recognised when the seller has transferred the principal risks and benefits of ownership to the purchaser. The principal types of revenue realised by the Company are recognised on the following basis:

(i) retail sales – on delivery of the goods;

(ii) wholesale sales – on shipment of the goods;

(*iii)* royalties and commissions – on an accruals basis.

Costs

Costs and expenses are recorded on an accruals basis.

The costs incurred during the year for the creation and production of samples are matched with revenues from the sales of the related collections; accordingly, they are charged to the income statement in proportion to the revenues earned. The residual costs to be expensed when the related revenues are earned are classified as other current assets.

Financial income and expense

This comprises all the financial items recorded in the income statement for the year, including the interest accrued on financial payables using the effective interest method (mainly bank overdrafts, long-term loans), exchange gains and losses, dividend income, and the lease interest identified using finance lease accounting (IAS 17).

Interest income and expense is recorded in the income statement in the year in which it is earned/incurred.

Dividends are recognised in the year in which the Company's right to collect them is established (when they are declared).

The interest embedded in finance lease payments is charged to the income statement using the effective interest method.

Taxes

Income taxes for the period include all taxes calculated on taxable income. Income taxes for the period are recorded in the income statement.

Taxes other than income taxes, such as property tax, are reported under operating expenses or, if the necessary conditions are fulfilled, are capitalized in the related real estate.

Current taxes on income taxable in the period represent the tax burden calculated using current rates of taxation in force on the balance sheet date.

Deferred taxes are recognised for all temporary differences existing on the balance sheet date between the book value of assets and liabilities and the corresponding values used to determine taxable income for tax purposes.

Payables for deferred taxes relate to:

- positive components of income for the current period but taxable in future periods;
- negative components of income deductible in excess compared to the amount recorded in the income statement as a result of the application of the International Accounting Standards.

Receivables for deferred taxes are recognised:

- for all negative components of income non-deductible in the period under examination but that could be deducted in future periods;
- for the carryover of unused tax losses, if it is probable that taxable income, for which the tax loss may be used, will be generated.

Credits for deferred tax assets and debits for deferred tax liabilities are calculated based on the rates of taxation applicable to tax calculation on income in periods in which temporary differences are reversed, based on the rate of taxation and tax regulations in force on the balance sheet date.

The impact on these taxes of any change in rates of taxation is posted to the income statement in the period in which the change occurs.

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit or loss attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding.

Main estimates used by the Management

Hereafter we report the main estimates and assumptions used by the Management to draft the financial statements, whose variations, not foreseeable at the moment, could affect the economic and equity situation of the Company.

- Estimates used to evaluate value impairment of assets other than financial assets

For the purposes of ascertaining any impairment of value of assets other than current assets entered in the financial statement, the Company applied the method described above in the paragraph entitled "Impairment of value of assets".

In particular, regarding the impairment tests related to equity investments, the main estimations used are the following:

Equity investment in Pollini S.p.A.: the evaluation emerges from the cash flow analysis of the entire Pollini Group. The cash flows have been gathered, for the year 2016, by the Group budget. It has been also estimated cash flow projections for the year 2017, 2018, 2019 and 2020 at a flat growth flat of 9%. The terminal value has been determined using the formula of perpetual annuity and assuming, prudentially, a growth rate G equal to 0. The cash flow useful to determine the terminal value has been gathered by the latest year of the cash flow projections, that is 2020. The rate used for the cash flow discounting back is the weighted average cost of capital (WACC), specifically calculated for the Pollini Group, equal to 6.02%.

Equity investment in Aeffe Retail S.p.A., Velmar S.p.A. Aeffe France S.a.r.l., and Aeffe USA Inc.: the evaluation emerges from the cash flow analysis of each single company. The cash flows have been gathered, for the year 2016, by the Group budget. It has been also estimated cash flow projections for the year 2017, 2018, 2019 and 2020 at a growth rate basically stable compared to the one used in the budget 2016. The terminal value has been determined using the formula of perpetual annuity and assuming, prudentially, a growth rate G equal to 0. The cash flow useful to determine the terminal value has been gathered by the latest year of the cash flow projections, that is 2020. The rate used for the cash flow discounting back is the weighted average cost of capital (WACC) of the Group equal to 4.13%.

- These estimates used for actuarial calculation serve to calculate the benefit plans in the sphere of future benefits of the working relationship:
  - The inflation rate foreseen is 2.0%;
  - The discount rate used is 1.79%;
  - The expected rates of retribution increases (inclusive of inflation) are divided as follows: (i) Management 1.50%; (ii) Office staff/department heads 0.50%; (iii) laborers 0.50%
  - The annual rate in increase of the severance indemnity fund foreseen is 3.0%;
  - The expected turn-over of employees is 6% for Aeffe S.p.A.

- Estimates used in the actuarial calculations to determine the supplementary clientele severance indemnity fund:
  - The voluntary turnover rate foreseen is 0.00%;
  - The corporate turnover rate foreseen is 5.00%;
  - The discount rate used is 1.79%;

OTHER INFORMATION

Management of financial risk

The financial risks to which the Company is exposed in the performance of its business are as follows:

- risk of liquidity
- market risk (inclusive the exchange risk, rate risk, price risk);
- credit risk;

Liquidity and market risk

Management of the financial needs and relative risks (mainly rate and exchange risks) is handled at the level of the central treasury.

The main goal of these guidelines consists of:

(v) **Liquidity risk**

The Company manages the liquidity risk with a view to guarantee the presence of a liability structure in balance with the asset composition of the financial statement, in order to maintain an elevated solid equity.

(vi) **Exchange risk:**

The Company operates internationally and is therefore exposed to the exchange risk. The exchange risk arises when assets and liabilities are reported in a currency other than that in which the Company operates.

The mode of management of this risk consists of minimizing the risk connected with exchange rates by using operating coverage. Alternatively, the Company, if exposed to the exchange risk, covers itself by loans in foreign currency.

(vii) **Rate risk:**

The interest rate risk to which the Company is exposed originates mainly from the medium and long-term financial payables in existence, that are almost all at variable rates and expose the Company to the risk of variation in cash flows as the interest rates vary.

The average cost of indebtedness tends to be parametrized with the status of the EURIBOR rate at 3/6 months, plus a spread that depends mainly on the type of financial instrument used. In general, the margins applied are in line with the best market standards.

As of 31 December 2015 a hypothetical upward variation of 10% in the interest rate, all other variables being equal, would have produced a higher cost before taxes (and thus a corresponding reduction in the shareholders' equity) of about EUR 270 thousand annually (EUR 441 thousand as of 31 December 2014).

The *cash flow risk* on interest rates has never been managed in the past with recourse to derivative contracts - *interest rate swaps* - that would transform the variable rate into a fixed rate. As of 31 December 2015 there are no instruments that hedge interest-rate risk.

(viii) **Price risk**

The Company makes its purchases and sales worldwide and is therefore exposed to the normal risk of variations in price, typical of the sector.

Credit risk

With reference to receivables in Italy, the Company deals only with known and reliable clients. It is a policy of the Company that clients requesting extended payment terms are subject to procedures of audit of the class of merit. Moreover, the balance of receivables is monitored during the year to ensure that the doubtful positions are not significant.

The credit quality of unexpired financial assets and those that have not undergone value impairment can be valued with reference to the internal credit management procedure.

Customer monitoring activity consists mainly of a preliminary stage, in which we gather data and information about new clients, and a subsequent activation stage in which a credit is recognized and the development of the credit position is supervised.

The preliminary stage consists of collecting the administrative and fiscal data necessary to make a complete and correct assessment of the risks connected with the new client. Activation of the client is subject to the completeness of the data and approval, after any further clarification by the Customer Office.

Every new customer has a credit line: its concession is linked to further information (years in business, payment terms, and customer's reputation) all of which are essential to make an evaluation of the level of solvency. After gathering this information, the documentation on the potential customer is submitted for approval by the company organizations.

Management of overdue receivable is differentiated depending on the seniority of the client (overdue payment group).

For overdue payments up to 60 days, reminders are sent through the branch or directly by the Customer Office; clearly, if an overdue payment exceeds 15 days or the amount of the credit granted, all further supplied to the client are suspended. For overdue credits "exceeding 90 days", where necessary, legal steps are taken.

As regards foreign receivables, the Company proceeds as follows:

a) some of foreign receivables are guaranteed by primary credit insurance companies.
b) the residual uninsured part of receivables is managed:
    a. Most of them by request of letter of credit and 30% advances within two weeks of the order confirmation;
    b. The remaining uninsured receivables not covered by insurance nor by request of letter of credit or by advance, are specifically authorized and managed following the procedure for Italian receivables.

This procedure serves to define the rules and operating mechanisms that guarantee a flow of payments sufficient to ensure the solvency of the client and guarantee the Company an income from the relationship.
As of the reference date of the financial statement, the maximum credit risk exposure was equal to the value of each category of receivable indicated here below:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Trade receivables	59,353	57,743	1,610	2.8%
Other current receivables	12,603	13,419	(816)	(6.1%)
Total	**71,956**	**71,162**	**794**	**1.1%**

See note 7 for the comment and breakdown of the item "trade receivables" and note 10 for "other current receivables".
The fair value of the above categories has not been indicated, as the book value is a reasonable approximation.
As of 31 December 2015, overdue but not written-down trade receivables amount to EUR 39,468 thousand (EUR 37,016 thousand in 2014). The breakdown by due date is as follows:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
By 30 days	2,776	3,763	(987)	(26.2%)
31 - 60 days	2,483	719	1,764	245.3%
61 - 90 days	1,738	2,277	(539)	(23.7%)
Exceeding 90 days	32,471	30,257	2,214	7.3%
Total	**39,468**	**37,016**	**2,452**	**6.6%**

The increase of overdue commercial receivables of EUR 2,452 thousand is related to the receivables towards the Group Companies.

No risks of default with respect to such overdue receivables have to be highlighted.

Cash flow statement

The cash flow statement presented by the Company in accordance with IAS 7 has been prepared using the indirect method. The cash and cash equivalents included in the cash flow statement represent the amounts reported in the balance sheet at the accounting reference date. Cash equivalents comprise short term and highly liquid applications of funds that can be readily converted into cash; the risk of changes in their value is minimal. Accordingly, a financial investment is usually classified as a cash equivalent if it matures rapidly, i.e. within three months or less of the acquisition date.

Bank overdrafts are generally part of financing activities, except when they are repayable on demand and are an integral part of the management of a company's cash and cash equivalents, in which case they are classified as a reduction of its cash equivalents.

Foreign currency cash flows have been translated using the average exchange rate for the year. Income and expenses deriving from interest, dividends received and income taxes are included in the cash flows from operating activities.

Under IAS 7, the cash flow statement must identify separately the cash flow deriving from operating, investing and financing activities:

(i) cash flow from operating activities: the cash flow deriving from operating activities mainly relates to income-generating activities and is presented by the Company using the indirect method; on this basis, net profit is adjusted for the effects of items that did not give rise to payments or cash inflows during the year (non-monetary transactions);

(ii) cash flow from investing activities: investing activities are presented separately since, among other factors, they reflect the investment/disposals made in order to obtain future revenues and cash inflows;

(iii) cash flow from financing activities: financing activities comprise the cash flows that modify the size and composition of shareholders' equity and financial payables.

COMMENTS ON THE BALANCE SHEET

NON-CURRENT ASSETS

1. Intangible fixed assets

The composition of intangible fixed assets is analysed in the following table, together with the changes that took place during the year:

(Values in thousands of EUR)	**Brands**	**Other**	**Total**
Net book value as of 01.01.14	**3,651**	**521**	**4,172**
Increases externally acquired		308	308
Disposals			-
Other changes			-
Amortisation	(125)	(309)	(434)
Net book value as of 01.01.15	**3,526**	**520**	**4,046**
Increases externally acquired		336	336
Disposals		(56)	(56)
Amortisation	(126)	(314)	(440)
Net book value as of 31.12.15	**3,400**	**486**	**3,886**

Brands

This caption comprises the value of the brand names owned by the Company: "Alberta Ferretti" and "Philosophy".

The residual amortisation period for this caption is 27 years.

Other

The caption "Other" relates to user licenses for software.

2. Tangible fixed assets

The composition of tangible fixed assets is analysed in the following table, together with the changes that took place during the year:

(Values in thousands of EUR)

	Lands	Buildings	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total
Net book value as of 01.01.14	**15,804**	**23,478**	**2,089**	**2,670**	**21**	**568**	**44,630**
Increases	731	76	328	41	20	118	1,314
Disposals				(5)	(1)		(6)
Depreciation		(545)	(609)	(724)	(15)	(194)	(2,087)
Net book value as of 01.01.15	**16,535**	**23,009**	**1,808**	**1,982**	**25**	**492**	**43,851**
Increases	130	5	89	39	17	271	551
Disposals			(14)		(2)	(22)	(38)
Depreciation		(561)	(497)	(589)	(15)	(205)	(1,867)
Other changes: incorporation of Nuova Stireria Tavoleto S.r.l.	280	393		119	1	1	794
Net book value as of 31.12.15	**16,945**	**22,846**	**1,386**	**1,551**	**26**	**537**	**43,291**

Tangible fixed assets have changed as follows:

- Increases of EUR 551 thousand for new investments. These mainly comprise lands, leasehold improvements, information tools and general and specific plant and machinery.
- Disposals of EUR 38 thousand. These relate to the closure of obsolete plant and machinery.
- Depreciation of EUR 1,867 thousand, charged in relation to all tangible fixed assets, except for land, using the rates applicable to each category (see the accounting policies relating to tangible fixed assets for further details).
- Increases of EUR 794 thousand as effect of the incorporation of Nuova Stireria Tavoleto S.r.l., owner of a building with its photovoltaic system and of the corresponding land in Tavoleto (PU).

Other non-current assets

3. Equity investments

This caption comprises the investments held in subsidiary and associated companies. A complete list, together with the information requested by Consob, is presented in Attachment I.

The investments increase of EUR 838 thousand due to the following aspects:

- clearance of equity investment in Nuova Stireria Tavoleto S.r.l., following the incorporation for EUR 773 thousand;
- increase of share capital, through waiver of financial receivables, towards the subsidiary Aeffe France S.a.r.l., for EUR 450 thousand;
- increase of share capital, through capital contributions payments and waiver of commercial receivables, towards the subsidiary Velmar S.p.A., for EUR 1,161 thousand.

4. *Other fixed assets*

This caption principally includes amounts due by subsidiaries.

5. *Deferred tax assets and liabilities*

This caption is analysed below as of 31 December 2015 and 2014:

(Values in thousands of EUR)	Receivables		Liabilities	
	2015	2014	2015	2014
Tangible fixed assets			(20)	(20)
Intangible fixed assets			(149)	(149)
Provisions	317	415		
Costs deducible in future periods	806	842		
Income taxable in future periods			(82)	(83)
Tax losses carried forward	181	508		
Other tax assets (liabilities) from transition to IAS	383	431	(7,100)	(7,428)
Total	**1,687**	**2,196**	**(7,351)**	**(7,680)**

Changes in temporary differences during the year are shown in the following table:

(Values in thousands of EUR)	Opening balance	Recorded in the income statement	Other	Closing balance
Tangible fixed assets	(20)			(20)
Intangible fixed assets	(149)			(149)
Provisions	415	(103)		312
Costs deducible in future periods	842	(36)	6	812
Income taxable in future periods	(83)	1		(82)
Tax losses carried forward	508		(328)	180
Other tax assets (liabilities) from transition to IAS	(6.997)	477	(196)	(6.716)
Total	**(5.484)**	**339**	**(518)**	**(5.663)**

The change in the income statement of EUR 339 thousand is mainly attributable to the fact that, pursuant to art. 1, paragraphs 61-62, of the Stability Law for 2016, with effect from 1 January 2017, effective for tax periods following the one in progress at 31 December 2016, the corporate income tax rate is reduced from 27,5% to 24%. It then proceeded to adapt to the new lower corporate income tax rate, the deferred tax assets and the deferred tax liabilities that will have reabsorption subsequent to 31/12/2016. The effect of the change in the tax rate that has transited through the income statement amounts to approximately Euro 411 thousand.

The negative variation of EUR 518 thousand in the column "Other" refers mainly to the compensation of the tax payable for IRES of the period matured in some of the Group's subsidiaries with the receivable for deferred tax generated in Aeffe Spa as a consequence of the adhesion of the subsidiaries to the fiscal consolidation.

Deferred tax assets have been determined estimating the future recoverability of such activities.

CURRENT ASSETS

6. Stocks and inventories

This caption comprises:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Raw, ancillary and consumable materials	4,562	3,685	877	23.8%
Work in progress	4,795	5,887	(1,092)	(18.5%)
Finished products and goods for resale	21,509	18,556	2,953	15.9%
Advance payments	54	15	39	260.0%
Total	**30,920**	**28,143**	**2,777**	**9.9%**

The increase by EUR 2,777 thousand in inventories is mainly related to the growth by 10% of orders' backlog for the Spring/Summer 2016 collections.

Raw materials and work in progress products mainly concern the Spring/Summer 2016 collections.

Finished products mainly relate to the Autumn/Winter 2015 and to the Spring/Summer 2016 collections and to the Autumn/Winter 2016 samples collections.

7. Trade receivables

This caption is analysed in the following table:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Customers receivables	8,724	9,664	(940)	(9.7%)
Subsidiaries receivables	50,929	48,229	2,700	5.6%
(Allowance for doubtful receivables)	(300)	(150)	(150)	100.0%
Total	**59,353**	**57,743**	**1,610**	**2.8%**

Trade receivables amount to EUR 59,353 thousand at 31 December 2015, showing an increase by 2.8% compared to the value at 31 December 2014.

The allowance for doubtful receivables was determined by reference to a detailed analysis of the available information and, in general, is based on historical trends.

In particular the allowance existing at 31 December 2014 has been used for the amount of EUR 150 thousand to cover losses related to receivables arisen in previous years.

The adjustment of the receivables nominal value to the estimated realisable value has been obtained through the allocation of EUR 300 thousand to allowance for doubtful receivables.

8. Tax receivables

This caption is analysed in the following table:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
VAT	2,955	3,502	(547)	(15.6%)
Corporate income tax (IRES)	1,190	1,626	(436)	(26.8%)
Amounts due to tax authority for withheld taxes	-	927	(927)	(100.0%)
Other tax receivables	43	60	(17)	(28.3%)
Local business tax (IRAP)	279	73	206	282.2%
Total	**4,467**	**6,188**	**(1,721)**	**(27.8%)**

The variation of tax receivables is mainly due to the use of tax receivables in compensation of the tax payable for IRES of the period matured in the period by the company and by the fiscal consolidation other than the decrease of VAT receivable.

9. Cash

This caption comprises:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Bank and post office deposits	1,317	556	761	136.9%
Cheques	-	1	(1)	(100.0%)
Cash in hand	22	22	-	n.a.
Total	**1,339**	**579**	**760**	**131.3%**

Bank and postal deposits represent the nominal value of the current account balances with banks, including the interest accrued at period end.

Cash and cash equivalents represent the nominal value of the cash held at period end.

As of 31 December 2015, cash and cash equivalents are EUR 760 thousand higher than at the end of the previous year. The reasons for this are analysed in the cash flow statement.

10. Other receivables

This caption comprises:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Credits for prepaid costs (costs of producing collections)	9,666	9,654	12	0.1%
Advances for royalties and commissions	740	873	(133)	(15.2%)
Advances to suppliers	380	1,016	(636)	(62.6%)
Accrued income and prepaid expenses	340	382	(42)	(11.0%)
Other	1,477	1,494	(17)	(1.1%)
Total	**12,603**	**13,419**	**(816)**	**(6.1%)**

Credits for prepaid costs are related to the costs incurred to design and make samples for the Spring/Summer 2016 and Autumn/Winter 2016 collections, for which the corresponding revenues from sales have not been realised yet.

Accrued income and prepaid expenses refer mainly to owed rent, insurance premium, maintenance and subscriptions fees.

11. SHAREHOLDERS' EQUITY

The main elements comprising shareholders' equity as of 31 December 2015 are described below.

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ
Share capital	25,371	25,371	-
Legal reserve	2,863	2,861	2
Share premium reserve	71,240	71,240	-
Other reserves	24,057	23,620	437
Fair value reserve	7,742	7,742	-
IAS reserve	1,086	1,086	-
Reamisurement of defined benefit plans reserve	(586)	(681)	95
Profits/(Losses) carried-forward	2,348	2,175	173
Net profit / (loss)	919	35	884
Total	**135,040**	**133,449**	**1,591**

Share capital

Share capital as of 31 December 2015 (gross of treasury shares) is represented by 107,362,504 issued and fully-paid ordinary shares, par value EUR 0.25 each, totalling EUR 26,841 thousand. As of 31 December 2015 the Company holds 5,876,878 treasury shares, representing the 5.5% of its share capital.

There are no shares with restricted voting rights, without voting rights or with preferential rights. The number of outstanding shares (non-considering treasury shares) is not changed during the period.

Legal reserve

The legal reserve amounts to EUR 2,863 thousand at 31 December 2015. It has increased by 2 thousand as an effect of the 5% allocation of the 2014 profit.

Share premium reserve

The share premium reserve amounts to EUR 71,240 thousand and it remains unchanged since 31 December 2014.

Other reserves

The caption records a positive variation as a consequence of the previous year’s profit allocation for EUR 33 thousand and of the incorporation of Nuova Stireria Tavoleto S.r.l. for 404 thousand.

We specify that reserves haven’t changed for income or expenses recognized directly in equity.

Fair value reserve

The fair value reserve derives from the application of IAS 16 in order to measure the land and buildings owned by the Company at their fair value, as determined with reference to an independent appraisal.

IAS reserve

The IAS reserve, formed on the first-time adoption of IFRS, reflects the differences in value that emerged on the transition from ITA GAAP to IFRS. The differences reflected in this equity reserve are stated net of tax effect, as required by IFRS 1.

Reamisurement of defined benefit plans reserve

The remeasurement of defined benefit plans reserve, formed as a result of the application, from 1st January 2014 (retrospectively), of the amendment to IAS 19, increases of EUR 95 thousand compared to the value at 31 December 2014.

Profits/(Losses) carried-forward

Profits/(losses) carried-forward at 31 December 2015 amount to EUR 2,348 thousand and have grown for EUR 173 thousand compared to 31 December 2014, due to the incorporation of Nuova Stireria Tavoleto S.r.l.

Net Profit /loss

This caption highlights a net profit of EUR 919 thousand.

Information on distributable reserves

The following schedule provides information on the way each equity reserve can be used and/or distributed, together with how they have been used in the past three years.

(Values in thousands of EUR)	Amount	Possible uses	Amount distributable	Uses in prior years		
				To cover losses	For capital increases	For distribution to shareholders
Share capital	25.371					
Legal reserve	2.863	B				
Share premium reserve:						
- including	69.028	A,B,C	69.028			
- including	2.212	B				
Other reserves:						
- inc. extraordinary reserve	23.653	A,B,C	23.653			
IAS reserve (art.6 D.Lgs. 38/2005)	1.086	B				
Fair Value reserve (art. 6 D.Lgs. 38/2005)	7.742	B				
Merger reserve	404	B				
Profit/(losses) carried-forward	2.348	A,B,C	2.348			
Total	**134.707**		**95.029**	-	-	-

KEY: A (for share capital increases); B (to cover losses); C (for distribution to shareholders)

Restricted Reserves

Pursuant to art. 109.4.b) of the Consolidated Income Tax Law approved by Decree 917 dated 22 December 1986, as modified by Decree 344 dated 12 December 2003, restricted reserves as of 31 December 2015 amount to EUR 1,302 thousand.

In the absence of freely-distributable reserves or profits, these reserves would be taxable upon distribution.

NON-CURRENT LIABILITIES

12. Provisions

The changes in the various provisions are analysed below:

(Values in thousands of EUR)	31 December 2014	Increases	Decreases	31 December 2015
Pensions and similar obligations	367		(56)	311
Total	**367**	**-**	**(56)**	**311**

The agents' termination indemnities reflect an estimate of the costs to be incurred on the termination of agency contracts, considering legal requirements and all other useful information, such as historical experience, the average duration of agency contracts and their rate of turnover. The amount stated represents the present value of the payments required to settle the obligation.

The section on "Contingent liabilities" describes the tax contingencies that are not covered by provisions since the Company is unlikely to incur charges in relation to them.

13. Post-employment benefits

The severance indemnities payable on a deferred basis to all employees of the Company are deemed to represent a defined benefits plan (IAS 19), since the employer's obligation does not cease on payment of the contributions due on the remuneration paid, but continue until termination of the employment relationship.

For plans of this type, the standard requires the amount accrued to be projected forward in order to determine the amount that will be paid on the termination of employment, based on an actuarial valuation that takes account of employee turnover, likely future pay increases and any other applicable factors. This methodology does not apply to those employees whose severance indemnities are paid into approved supplementary pension funds which, in the circumstances, are deemed to represent defined contributions plans.

Commencing from 1st January 2007, the Finance Law and related enabling decrees introduced significant changes to the regulations governing severance indemnities, including the ability of employees to choose how their individual severance indemnities will be allocated. In particular, employees can now allocate the new amounts accrued to approve pension plans or decide to retain them with the employer (which must pay the related severance contributions into a treasury account managed by INPS).

The main changes are described below:

(Values in thousands of EUR)	31 December 2014	Increases	Decreases / Other changes	31 December 2015
Post employment benefits	4,697	62	(466)	4,293
Total	**4,697**	**62**	**(466)**	**4,293**

Increases include the share of post employment benefits matured in the year and the related revaluation, while the entry decreases/other changes includes the decrease for the liquidation of the post employment benefits and the actuarial variation.

14. Non-current financial liabilities

Non-current financial payables are analysed in the following table:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Loans from financial institutions	17.883	12.680	5.203	41,0%
Amounts due to other creditors	35		35	n.a.
Total	**17.918**	**12.680**	**5.238**	**41,3%**

The increase in this entry is mainly due to the disbursement of a ten-year mortgage loan for an amount of EUR 11.5 million on a real estate based in Gatteo, headquarter of the subsidiary Pollini Spa. It should be noted that such real estate from 2002 to 2012 was object of a lease-back operation.

All other amounts due to banks relate to the portion of bank loans due beyond 12 months and comprise solely unsecured loans and bank finance. Such loans are not assisted by any form of security and they are not subject to special clauses, except for the early repayment clauses normally envisaged in commercial practice.

Furthermore, there are no covenants to comply with specific financial terms or negative pledges.

The amounts due to other creditors, resulting from the incorporation of the subsidiary Nuova Stireria Tavoleto S.r.l. occurred on 18 November 2015, are related to a loan directed to substain the development of a software for improving production’s planning and control (Quick-Response).

The following table details the bank loans outstanding as of 31 December 2015, including both the current and the non-current portion:

(Values in thousands of EUR)	Total amount	Current portion	Non-current portion
Bank borrowings	22,603	4,720	17,883
Total	**22,603**	**4,720**	**17,883**

The total due beyond five years amount to EUR 3,826 thousand.

15. Non-current not financial liabilities

Non-current not financial liabilities refers to tax payable generated in Aeffe Spa, as a consequence of the adhesion of the subsidiaries to the fiscal consolidation, related to the fiscal losses.

Such caption decreases of EUR 1,136 thousand due to the use of tax losses carried forward by the parent company Aeffe S.p.A., thereby reducing the liability towards the subsidiaries.

CURRENT LIABILITIES

16. Trade payables

This caption is analysed below on a comparative basis:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Payables with subsidiaries	42,886	47,927	(5,041)	(10.5%)
Payables with third parties	27,558	25,140	2,418	9.6%
Total	**70,444**	**73,067**	**(2,623)**	**(3.6%)**

Trade payables are due within 12 months and concern the debts for supplying goods and services.

17. Tax payables

Tax payables are analysed on a comparative basis in the following table:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Amounts due to tax authority for withheld taxes	1,363	1,233	130	10.5%
Total	**1,363**	**1,233**	**130**	**10.5%**

18. Short-term financial liabilities

This caption is analysed in the following table:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Due to banks	60,498	61,807	(1,309)	(2.1%)
Total	**60,498**	**61,807**	**(1,309)**	**(2.1%)**

Bank overdrafts include advances from banks, short-term loans and the current portion of long-term loans. Advances mainly comprise the drawdown against short-term lines of credit arranged to finance working capital.

These captions are analysed in the following table:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Current bank loans	55,778	58,999	(3,221)	(5.5%)
Current portion of long-term bank borrowings	4,720	2,808	1,912	68.1%
Total	**60,498**	**61,807**	**(1,309)**	**(2.1%)**

19. Other liabilities

Other current liabilities are analysed on a comparative basis in the following table:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Due to total security organization	1,808	1,183	625	52.8%
Due to employees	1,833	2,102	(269)	(12.8%)
Trade debtors - credit balances	1,835	1,684	151	9.0%
Other	403	511	(108)	(21.1%)
Total	**5,879**	**5,480**	**399**	**7.3%**

The amounts due to social security institutions, recorded at nominal value, relate to the social security charges on the wages and salaries of the Company's employees. The increase of EUR 625 thousand compared with the previous year is for the conclusion of the solidarity contract.

COMMENTS ON THE INCOME STATEMENT

20. Revenues from sales and services

In 2015 revenues amount to EUR 137,380 thousand compared to EUR 123,261 thousand of the year 2014, showing an increase of 11.5%. Such increase has mainly interested the brands Alberta Ferretti and Moschino.

39% of revenues are earned in Italy while 61% come from foreign markets.

Revenues are analysed by geographical area below:

(Values in thousands of EUR)	Full Year 2015	%	Full Year 2014	%	Change Δ	%
Italy	54,058	39.3%	41,446	33.6%	12,612	30.4%
Europe (Italy and Russia excluded)	26,693	19.4%	28,039	22.7%	(1,346)	(4.8%)
United States	10,967	8.0%	7,255	5.9%	3,712	51.2%
Russia	5,777	4.2%	11,591	9.4%	(5,814)	(50.2%)
Japan	6,057	4.4%	6,283	5.1%	(226)	(3.6%)
Rest of the world	33,828	24.6%	28,647	23.2%	5,181	18.1%
Total	**137,380**	**100.0%**	**123,261**	**100.0%**	**14,119**	**11.5%**

21. Other revenues and income

This caption comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Rental income	3,803	3,332	471	14.1%
Extraordinary income	828	726	102	14.0%
Other income	2,037	1,395	642	46.0%
Total	**6,668**	**5,453**	**1,215**	**22.3%**

In 2015, the caption extraordinary income, mainly composed by recovery of receivables from bankrupt customers and expiry of payables as a result of legal disputes, increases by EUR 102 thousand.

The caption other income, which amounts to EUR 2,037 thousand in 2015, mainly refers to exchange gains on commercial transaction, provision of services and sales of raw materials and packaging.

22. Costs of raw materials

This caption comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Raw, ancillary and consumable materials and goods for resale	53,739	47,096	6,643	14.1%
Total	**53,739**	**47,096**	**6,643**	**14.1%**

This caption mainly reflects the purchase of raw materials, such as fabrics, yarns, hides and accessories, finished products acquired for resale and packaging.

The increase of Costs for raw materials by EUR 6,643 thousand is related to the growth by 10% of the Spring/Summer 2016 collection orders.

23. Costs of services

This caption comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Subcontracted work	16,786	14,497	2,289	15.8%
Consultancy fees	7,838	5,956	1,882	31.6%
Advertising	3,814	3,283	531	16.2%
Commission	6,443	7,123	(680)	(9.5%)
Transport	1,874	1,466	408	27.8%
Utilities	597	582	15	2.6%
Directors' and auditors' fees	1,580	1,762	(182)	(10.3%)
Insurance	142	166	(24)	(14.5%)
Bank charges	376	360	16	4.4%
Travelling expenses	1,057	914	143	15.6%
Sundry industrial services	681	652	29	4.4%
Other services	1,289	1,116	173	15.5%
Total	**42,477**	**37,877**	**4,599**	**12.1%**

The remuneration of directors and statutory auditors is detailed in Attachment II.

Costs of services change from EUR 37,877 thousand of 2014 to EUR 42,477 thousand of 2015, showing an increase of 12.1%, mainly due to:

- the increase of costs for subcontracted work and transport costs linked to the growth of sales;
- the increase in "consultancy fees" and "adverting" related to both the increase of marketing and advertising activities aimed at further enhancing Alberta Ferretti brand, along with Philosophy di Lorenzo Serafini brand's relaunch.

24. Costs of use of third parties assets

This caption comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Rental expenses	2,556	2,499	57	2.3%
Royalties	12,646	11,710	936	8.0%
Hire charges and similar	417	459	(42)	(9.2%)
Total	**15,619**	**14,668**	**951**	**6.5%**

The entry cost of use of third parties assets increase of EUR 951 thousand from EUR 14,668 thousand in 2014 to EUR 15,619 thousand in 2015, mainly due to higher rental expenses and royalties.

25. Labour costs

This caption comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Labour costs	25,492	24,541	951	3.9%
Total	**25,492**	**24,541**	**951**	**3.9%**

Labour costs move from EUR 24,541 thousand in 2014 to EUR 25,492 thousand in 2015.

The increase of labour costs is mainly determined by the termination of the contract of solidarity and the increases under national textile agreement.

The applicable national payroll agreement is the textile and clothing sector contract of December 2013.

The average number of employees as of 31 December 2015 is analysed below:

(Average number of employees by category)	31 December 2015	31 December 2014	Change Δ	%
Workers	133	135	(2)	(1.5%)
Office staff - supervisors	382	378	4	1.1%
Executive and senior managers	13	13	-	n.a.
Total	**528**	**526**	**2**	**0.4%**

26. Other operating expenses

This caption comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Taxes	302	284	18	6.3%
Gifts	119	231	(112)	(48.5%)
Contingent liabilities	114	35	79	225.7%
Other operating expenses	1,558	1,289	269	20.9%
Total	**2,093**	**1,839**	**254**	**13.8%**

The caption other operating expenses decreases from EUR 1,839 thousand in 2014 to EUR 2,093 thousand in 2015, mainly as effect of the foreign exchange losses growth.

27. Amortisation and write-downs

This caption comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Amortisation of intangible fixed assets	440	434	6	1.4%
Depreciation of tangible fixed assets	1,867	2,087	(220)	(10.5%)
Write-downs	300	150	150	100.0%
Total	**2,607**	**2,671**	**(64)**	**(2.4%)**

28. Financial income/ expenses

The caption "Financial income" comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Interest income	509	828	(319)	(38.5%)
Financial discounts	2	7	(5)	(71.4%)
Foreign exchange gains	-	32	(32)	(100.0%)
Total	**511**	**867**	**(356)**	**(41.1%)**

The decrease in financial income amounts to EUR 319 thousand and is mainly linked to lower financial incomes on loans granted to Group's subsidiaries due to the adjustment of interest rates to market's ones.

The caption "Financial expenses" comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Interest expenses	2,744	4,451	(1,707)	(38.4%)
Foreign exchange losses	111	-	111	n.a.
Other expenses	117	109	8	7.3%
Totale	**2,972**	**4,560**	**(1,588)**	**(34.8%)**

The decrease in financial expenses is substantially linked to lower interest expenses as a result of the better banking conditions applied by banks.

Interest expenses are detailed as follow:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Interest expenses to subsidiaries	166	430	(264)	(61.4%)
Interest expenses to banks	2,326	3,743	(1,417)	(37.9%)
Interest expenses to others	252	278	(26)	(9.4%)
Totale	**2,744**	**4,451**	**(1,707)**	**(38.4%)**

29. Income taxes

This caption comprises:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014	Change Δ	%
Current income taxes	800	882	(82)	(9.3%)
Deferred income (expenses) taxes	(339)	(179)	(160)	89.4%
Taxes related to previous years	63	(515)	578	n.a.
Total income taxes	**524**	**188**	**336**	**178.7%**

The changes in deferred income (expenses) taxes are analysed in the note on deferred tax assets and liabilities.

The effective tax rates for 2014 and 2015 are reconciled with the theoretical rate in the following table:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014
Profit before taxes	1,443	222
Theoretical tax rate	27.5%	27.5%
Theoretical income taxes (IRES)	**397**	**61**
Fiscal effect	(239)	(381)
Total income taxes excluding IRAP (current and deferred)	**158**	**(320)**
IRAP (current and deferred)	**366**	**507**
Total income taxes (current and deferred)	**524**	**187**

This reconciliation of the theoretical and effective tax rates does not take account of IRAP, given that it does not use profit before taxes to calculate the taxable amount. Accordingly, the inclusion of IRAP in the reconciliation would generate distorting effects between years.

COMMENTS ON THE CASH FLOW STATEMENT

The cash flow generated in 2015 amounts to EUR 761 thousand.

(Values in thousands of EUR)	Full year 2015	Full year 2014
OPENING BALANCE (A)	**578**	**309**
Cash flow (absorbed)/generated by operating activity (B)	325	12,561
Cash flow (absorbed)/generated by investing activity (C)	(2,426)	(3,696)
Cash flow (absorbed)/generated by financing activity (D)	2,862	(8,596)
Increase (decrease) in cash flow (E)=(B)+(C)+(D)	**761**	**269**
CLOSING BALANCE (F)=(A)+(E)	**1,339**	**578**

30. Net cash flow (absorbed)/generated by operating activity

The cash flow generated by operating activity during 2015 amounts to EUR 325 thousand.

The cash flow from operating activities is analysed below:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014
Profit before taxes	1,443	222
Amortisation	2,606	2,672
Accrual (+)/availment (-) of long term provisions and post employment benefits	(460)	284
Paid income taxes	(669)	(880)
Financial income (-) and financial charges (+)	2,461	3,693
Change in operating assets and liabilities	(5,056)	6,571
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**325**	**12,561**

31. Net cash flow (absorbed)/generated by investing activity

The cash flow generated by investing activity during 2015 amounts to EUR 2,426 thousand.

The factors comprising this use of funds are analysed below:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014
Increase (-)/ decrease (+) in intangible fixed assets	(280)	(308)
Increase (-)/ decrease (+) in tangible fixed assets	(1,307)	(1,308)
Investments (-)/ Disinvestments (+)	(838)	(2,080)
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(2,426)**	**(3,696)**

32. Net cash flow (absorbed)/generated by financing activity

The cash flow absorbed by financing activity during 2015 amounts to EUR 2,862 thousand.

The factors comprising this use of funds are analysed below:

(Values in thousands of EUR)	Full Year 2015	Full Year 2014
Other variations in reserves and profits carried-forward of shareholders' equity	672	(261)
Dividends paid	-	-
Proceeds (+)/repayments (-) of financial payments	3,929	(4,774)
Increase (-)/ decrease (+) in long term financial receivables	721	130
Financial income (+) and financial charges (-)	(2,461)	(3,693)
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**2,862**	**(8,596)**

OTHER INFORMATION

33. Stock option plans

Details about the stock options allocated to directors, general managers and executives with strategic responsibilities are provided in Attachment III.

34. Incentive plans

Regarding the long term incentive plans reserved to executive directors of Aeffe S.p.A., please refer to the indicated in the Report on remuneration available from the governance section of the following website: www.aeffe.com.

35. Net financial position

As required by Consob communication DEM/6264293 dated 28th July 2006 and in compliance with the CESR's "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses" dated 10 February 2005, the Company's net financial position as of 31 December 2015 is analysed below:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change
A - Cash in hand	22	23	(1)
B - Other available funds	1.317	556	761
C - Securities held for trading			
D - Cash and cash equivalents (A) + (B) + (C)	*1.339*	*579*	*760*
E - Short term financial receivables			
F - Current bank loans	(55.778)	(58.999)	3.221
G - Current portion of long-term bank borrowings	(4.720)	(2.808)	(1.912)
H - Current portion of loans from other financial istitutions			
I - Current financial indebtedness (F) + (G) + (H)	*(60.498)*	*(61.807)*	*1.309*
J - Net current financial indebtedness (I) + (E) + (D)	*(59.159)*	*(61.228)*	*2.069*
K - Non current bank loans	(17.918)	(12.680)	(5.238)
L - Issued obbligations			
M - Other non current loans			
N - Non current financial indebtedness (K) + (L) + (M)	*(17.918)*	*(12.680)*	*(5.238)*
O - Net financial indebtedness (J) + (N)	***(77.076)***	***(73.908)***	***(3.168)***

Short-term financial liabilities include advances from banks that mainly comprise the drawdown against short-term lines of credit arranged to finance working capital.

36. Earnings per share

Basic earnings per share

(Values in thousands of EUR)	31 December 2015	31 December 2014
Earnings for the period	919	35
Medium number of shares for the period	101,486	101,486
Basic earnings per share	**0.0091**	**0.000**

37. Intercompany transactions

Aeffe S.p.A. also operates via its own direct or indirect subsidiaries. Operations carried out with them mainly concern the exchange of goods, the performance of services and the provision of financial resources. All transactions arise in the ordinary course of business and are settled on market terms i.e. on the terms that are or would be applied between two independent parties.

The effect of these transactions on the individual captions reported in the 2015 and 2014 financial statements, as shown in the supplementary income statement and balance sheet prepared for this purpose, is summarised in the following tables:

COSTS AND REVENUES

(Values in thousands of EUR) Year 2015	Revenues from sales and services	Other revenues and income	Costs of raw materials, cons. and goods for	Costs of services	Costs for use of third parties assets	Other operating costs	Financial income (expenses)
Moschino Group	14,151	574	287	2,739	11,530		(166)
Pollini Group	1,226	2,898	19,999	26			414
Aeffe Retail Group	8,342	864	103	145			
Velmar S.p.A.	89	330	107	1	3		
Aeffe Usa Inc.	7,237	9		806			
Aeffe UK L.t.d.	1,020	16	56	250			7
Aeffe France S.a.r.l.	696	4	65	1,012			54
Fashoff UK	665	1	28	794			
Total Group companies	**33,426**	**4,698**	**20,645**	**5,772**	**11,533**	**-**	**309**
Total income statement	137,380	6,689	53,739	42,477	15,619	(2,093)	(2,461)
Incidence % on income statement	**24.3%**	**70.2%**	**38.4%**	**13.6%**	**73.8%**	**0.0%**	**(12.6%)**

(Values in thousands of EUR) Year 2014	Revenues from sales and services	Other revenues and income	Costs of raw materials, cons. and goods for	Costs of services	Costs for use of third parties assets	Other operating costs	Financial income (expenses)
Moschino Group	8,933	266	151	3,351	11	2	(431)
Pollini Group	856	2,435	15,217	24			731
Aeffe Retail Group	6,728	871	111	137			
Velmar S.p.A.	82	207	30	1			
Nuova Stireria Tavoleto S.r.l.	3	5		17			
Aeffe Usa Inc.	5,081	7		866			
Aeffe UK L.t.d.	732	13	55	251			15
Aeffe France S.a.r.l.	331	5	86	1,021			68
Fashoff UK	882	1	10	937			
Total Group companies	**23,628**	**3,810**	**15,660**	**6,605**	**11**	**2**	**383**
Total income statement	123,261	5,453	47,096	37,877	14,667	(1,838)	(3,693)
Incidence % on income statement	**19.2%**	**69.9%**	**33.3%**	**17.4%**	**0.1%**	**(0.1%)**	**(10.4%)**

RECEIVABLES AND PAYABLES

(Values in thousands of EUR) Year 2015	Other fixed assets	Trade receivables	Trade payables
Moschino Group	32,772	8,261	29,317
Pollini Group	4,000	29,184	7,351
Aeffe Retail Group		7,228	2,621
Velmar S.p.A.		16	1,589
Aeffe Usa Inc.		319	568
Aeffe UK L.t.d.		3,702	305
Aeffe France S.a.r.l.	3,230	1,835	1,134
Aeffe Japan Inc.		385	
Total Group companies	**40,002**	**50,930**	**42,885**
Total balance sheet	40,929	59,353	70,444
Incidence % on balance sheet	**97.7%**	**85.8%**	**60.9%**

(Values in thousands of EUR) Year 2014	Other fixed assets	Trade receivables	Trade payables
Moschino Group	32,772	9,081	36,299
Pollini Group	4,000	30,251	6,585
Aeffe Retail Group		3,979	1,858
Velmar S.p.A.		10	3,010
Nuova Stireria Tavoleto S.r.l.		44	1,097
Aeffe Usa Inc.		1,079	739
Aeffe UK L.t.d.	481	2,563	90
Aeffe France S.a.r.l.	3,350	1,023	700
Aeffe Japan Inc.		200	
Total Group companies	**40,603**	**48,230**	**50,378**
Total balance sheet	41,650	57,743	73,067
Incidence % on balance sheet	**97.5%**	**83.5%**	**68.9%**

38. Transactions with related parties

Transactions between the Company and related parties mainly concern the exchange of goods, the performance of services and the provision of financial resources. All transactions arise in the ordinary course of business and are settled on market terms i.e. on the terms that are or would be applied between two independent parties.

The following schedule summarises the Company's transactions with other related parties:

(Values in thousands of EUR)	31 December 2015	31 December 2014	Nature of the transactions
Shareholder Alberta Ferretti with Aeffe S.p.A.			
Contract for the sale of artistic assets and design	300	300	Cost
Ferrim with Aeffe S.p.A.			
Property rental	1,783	1,771	Cost
Advance rental payments		412	Other current receivables
Land acquired	130		Lands
Commerciale Valconca with Aeffe S.p.A.			
Revenues	733	494	Revenue
Cost of services	72	124	Cost
Property rental	50		Cost
Commercial	893	986	Receivable
Montegridolfo with Aeffe S.p.A.			
Land acquired		727	Lands
Commercial		888	Payable

The following table indicates the data related on the incidence of related party transactions on the income statement, balance sheet and cash flow as of 31 December 2015 and 31 December 2014:

(Values in thousands of EUR)	Balance 2015	Value rel. party 2015	%	Balance 2014	Value rel. party 2014	%
Incidence of related party transactions on the income statement						
Revenues from sales and services	137,380	733	0.5%	123,261	494	0.4%
Costs of services	42,477	422	1.0%	37,877	424	1.1%
Costs for use of third party assets	15,619	1,783	11.4%	14,667	1,771	12.1%
Incidence of related party transactions on the balance sheet						
Lands	16,945	130	0.8%	16,535	727	4.4%
Other current receivables	12,603	-	0.0%	13,419	412	3.1%
Trade receivables	59,353	893	1.5%	57,743	986	1.7%
Trade payables	70,444	-	0.0%	73,067	888	1.2%
Incidence of related party transactions on the cash flow						
Cash flow (absorbed) / generated by operating activity	325	(1,855)	n.a.	12,561	(995)	n.a.
Cash flow (absorbed) / generated by investing activity	(2,426)	(130)	5.4%	(3,696)	(727)	19.7%
Incidence of related party transactions on the indebtedness						
Net financial indebtedness	(77,076)	(1,985)	2.6%	(78,951)	(1,722)	2.2%

39. Atypical and/or unusual transactions

Pursuant to Consob Communication DEM/6064293 dated 28 July 2006, it is confirmed that the Company did not enter into any atypical and/or unusual transactions (as defined in such Communication) during 2015.

40. Significant non-recurring events and transactions pursuant to the Consob regulation of 28 July 2006

No significant non-recurring events, occurred the year, have to be reported.

41. Guarantees and commitments

(Values in thousands of EUR)	31 December 2015	31 December 2014	Change Δ	%
Guarantees given				
- on behalf of third parties	1,719	1,357	362	26.7%
Total	**1,719**	**1,357**	**362**	**26.7%**

42. Contingent liabilities

Fiscal disputes

Aeffe S.p.A.: the Rimini Provincial Tax Commission with ruling no. 101/2/06 filed on 16 December 2006 cancelled notices of assessment 81203T100562 (RG no. 43/05) and 81203T100570 (RG no. 69/05) issued by the Rimini Tax Authorities in November 2004. The issues raised related to the 1999 and 2000 tax years concern costs deemed not allowable and the write-down of the investment in Moschino. The Rimini tax office has appealed against the sentence handed down by the Rimini Provincial Tax Commissioners. The Company presented its counter analysis within the legally-prescribed time period. The Bologna Regional Tax Commission, as set during the hearing of 27 September 2010, has rejected the appeal, confirming the first level ruling.

On 12 January 2012, the State Legal Bar disputed the validity of the judgment of the Bologna regional tax commission, by bringing an appeal before the Court of Cassation. The company, presented its counter-submission within the time limit established by the law.

The positive outcome at the first two levels of judgment means that the further development of this dispute can be considered in a positive light.

The Rimini Provincial Tax Commission with ruling no. 37/02/08 of 28 January 2008, filed on 9 April 2008, cancelled notices of assessment no. 81203T300390/06 and no. 81203T300393/06 issued by the Rimini Tax Authorities in June 2006. The assessments concern tax years 2001 and 2002, and are connected with non-recognition of utilisation of the tax loss achieved during tax period 2000. The Rimini Tax Office has appealed against the sentence handed down by the Rimini Provincial Tax Commissioners with notification sent to the company on 29 May 2009. The appeal presented its counter analysis to the Regional Tax Commission of Bologna within the legally-prescribed time period. The Bologna Regional Tax Commission ordered on 14 April 2011 the suspension of this judgment pending resolution of the dispute ruling related to the notice of assessment 81203T100570/20042 (tax year 2000) with sentence become final.

On 1 October 2008 the Rimini Tax Office notified the company of inspection minutes in relation to direct taxes and IRAP for FY 2005. The audits also concerned VAT and were mainly focused on relations with group companies and costs for services. Specifically, the Tax Office raised issues on non-pertinent costs totaling EUR 130 thousand and non-pertinent advertising costs amounting to roughly EUR 580 thousand tied to the disbursement of contributions to subsidiary companies. On 30 August 2010, the Major Taxpayers Office of the Emilia Romagna Regional Tax Department notified assessments TGB03B500172/2010 (IRAP), TGB08B500181/2010 (theoretical IRES) and TGB09B500185/2010 (actual IRES), containing the matters indicated above. The company challenged these assessments before the Bologna Provincial Tax

Commissioners ahead of the legal deadline, trusting that the valid defensive reasoning will be accepted. On 13 July 2011, with tax return n. 137 2011 00031537 15 the company has been ordered to pay the amount registered in the roll by the Tax Office, provisionally awaiting trial, equal to half of the taxes in dispute, besides interests, for a total amount of EUR 161 thousand. This tax dispute has been disputed in December 2012 before the Bologna Provincial Tax Commission, who, with sentence no. 40/13/13, filed on 14 March 2013, has accepted the request of the company, annulling the contested measures with reference to the matter relating to intra-group costs for advertising contributions and confirming the contested measures related to the reliefs for costs to be incurred and intra-group costs for lease payments. The Office, with act of appeal notified to the company on 28 October 2013, appealed against the sentence of the Bologna Provincial Tax Commission requesting the reform in relation to the matter relating to intra-group costs for advertising contributions. The Company, on 23 December 2013, filed a timely notice of cross-appeal counterclaims and contextual interlocutory appeal.

On 30 May 2014, following a general tax audit for IRES, IRAP and VAT for the tax years 2009, 2010 and 2011, by the Emilia Romagna Regional Management, Large Taxpayers Office, was issued a formal notice of assessment, with which the Tax Office has formulated remarks with recoveries of total taxes (IRES and IRAP) of EUR 210 thousand for 2009, EUR 350 thousand for 2010 and EUR 299 thousand for 2011. The complaints mainly concern the recovery of costs for commissions and advertising contributions granted to certain foreign subsidiaries and the failure to account for interest income on loans to foreign subsidiaries.

The company, on 29 July 2014, submitted comments pursuant to Article 12, paragraph 7, of Law 212 of 2000.

On 3 December 2014 the Large Taxpayers Office of Emilia Romagna Regional Management has notified, for 2009, the assessment notices n. TGB0EC700238/2014 (IRES) and n. TGB03C700239/2014 (IRAP), with a total recovery of taxes of EUR 210 thousand.

Both assessment notices were challenged before the competent Provincial Tax Commission of Bologna.

On 25 September 2015 the Large Taxpayers Office of Emilia Romagna Regional Management has notified, for 2010, the assessment notices n. TGB0EC700149 / 2015 (IRES) and n. TGB03C700150 / 2015 (IRAP), with a total recovery of taxes of EUR 350 thousand.

The IRAP tax assessment has been challenged before the competent Provincial Tax Commission of Bologna. For the notice of IRES, the deadline for appeal has not expired yet; It will be the company intends to present its appeal.

About it is noted that regarding the deductibility of advertising contributions to foreign subsidiaries (which constitute the bulk of disputes) the company has already received feedback from the Provincial Tax Commission of Bologna that, with judgment 40/13/13 filed on 14 March 2013 on the litigation referred to in paragraph above, has already rejected this type of dispute.

No provisions have been recorded in relation to the above disputes, since the defensive arguments put forward by the company and its professional advisors are fully sustainable.

The directors, in receipt of the opinion of their fiscal and legal consultants, do not deem it likely that any liabilities will derive from the above-mentioned.

43. Information pursuant to art. 149-duodecies of Consob's Issuers' Regulations

The following schedule, prepared pursuant to art. 149-duodecies of Consob's Issuers' Regulation, shows the fees incurred in 2015 for auditing services and non-auditing services provided by the appointed firm for auditors. No services were provided by members of the auditing firm's network.

(Values in thousands of EUR)	Service provider	2015 fees
Audit	BDO Italia S.p.A	82
Certification of R&D costs	BDO Italia S.p.A	6
Stamp of approval of VAT declaration	BDO Italia S.p.A	6
Total		**94**

ATTACHMENTS TO THE EXPLANATORY NOTES

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ATTACHMENT I

List of investments in subsidiary companies

requested by Consob Communication no. DEM/6064293 dated 28 July 2006

Company	Registered office	Currency	Share Capital (EUR)	Net profit for the period (EUR)	Net equity (EUR)	Direct interest	Number of shares	Book value
(Values in units of EUR)								
In subsidiaries companies:								
Italian companies								
Aeffe Retail S.p.A.	**S.G. in Marignano (RN) Italy**							
At 31/12/14			8.585.150	(626.432)	9.216.819	100%	8.585.150	26.293.345
At 31/12/15			8.585.150	(404.473)	8.812.346	100%	8.585.150	26.293.345
Moschino S.p.A.	**S.G. in Marignano (RN) Italy**							
At 31/12/14			20.000.000	1.315.012	31.916.877	70%	14.000.000	14.085.199
At 31/12/15			20.000.000	(8.060.269)	23.856.608	70%	14.000.000	14.085.199
Nuova Stireria Tavoleto S.r.l.	**Tavoleto (PU) Italy**							
At 31/12/14			10.400	183.572	1.104.238	100%	n.d. *	773.215
Incorporated by Aeffe S.p.A. on 18/11/2015								
At 31/12/15								
Pollini S.p.A.	**Gatteo (FC) Italy**							
At 31/12/14			6.000.000	4.439.104	17.029.195	100%	6.000.000	41.945.452
At 31/12/15			6.000.000	3.824.048	20.853.243	100%	6.000.000	41.945.452
Velmar S.p.A.	**S.G. in Marignano (RN) Italy**							
At 31/12/14			120.000	(1.463.824)	260.078	100%	60.000	6.728.427
At 31/12/15			120.000	(1.497.199)	(75.491)	100%	60.000	7.890.057
Foreign companies								
Aeffe France S.a.r.l.	**Paris (FR)**							
At 31/12/14			50.000	881.399	9.495	100%	n.d. *	4.118.720
At 31/12/15			50.000	(317.616)	55.255	100%	n.d. *	4.568.720
Aeffe UK L.t.d.	**London (GB)**							
At 31/12/14		GBP	310.000	(825.248)	(276.444)	100%	n.d. *	
			397.997	(1.059.504)	(354.916)	100%	n.d. *	478.400
At 31/12/15		GBP	310.000	(542.707)	(819.153)	100%	n.d. *	
			422.343	(739.383)	(1.116.012)	100%	n.d. *	478.400
Aeffe USA Inc.	**New York (USA)**							
At 31/12/14		USD	600.000	(91.369)	12.227.580	100%	n.d. *	
			494.193	(75.257)	10.071.312	100%	n.d. *	10.664.812
At 31/12/15		USD	600.000	(195.437)	12.032.143	100%	n.d. *	
			551.116	(179.514)	11.051.844	100%	n.d. *	10.664.812
Aeffe Japan Inc.	**Tokyo (Japan)**							
At 31/12/14		JPY	3.600.000	(27.969.947)	(265.969.925)	100%	n.d. *	-
			24.788	(192.591)	(1.831.370)	100%	n.d. *	-
At 31/12/15		JPY	3.600.000	(3.020.276)	(268.990.201)	100%	n.d. *	-
			27.466	(23.043)	(2.052.264)	100%	n.d. *	-
Total interests in subsidiaries:								**105.925.985**

* quota

List of investments in other companies

requested by Consob Communication no. DEM/6064293 dated 28 July 2006

Company	Registered office	Currency	Share Capital (EUR)	Net profit for the period (EUR)	Net equity (EUR)	Direct interest	Number of shares	Book value
(Values in units of EUR)								
In other companies								
Conai								
At 31/12/14								103
At 31/12/15								109
Caaf Emilia Romagna								
At 31/12/14						0.688%	5,000	2,600
At 31/12/15						0.688%	5,000	2,600
Assoform								
At 31/12/14						1.670%	n.d. *	1,667
At 31/12/15						1.670%	n.d. *	1,667
Consorzio Assoenergia Rimini								
At 31/12/14						2.100%	n.d. *	517
At 31/12/15						2.100%	n.d. *	517
Effegidi								
At 31/12/14								6,000
At 31/12/15								6,000
Total interests in other companies:								**10,893**
* quota								
Total interests:								**105,936,878**

ATTACHMENT II

Remuneration paid to directors, statutory auditors, general managers and executives with strategic responsibilities (art. 78 of Consob Regulation no. 11971/99)

(Values in thousands of EUR)

Name and surname	Appointments held in 2012	Peridod in office	Mandate expiry date *	Emoluments for office ***	Bonuses and other incentives	Other remunera tions	Total
DIRECTORS							
Massimo Ferretti	Chairman	01/01-31/12/2015	2017	606		261	867
Alberta Ferretti	Deputy Chairman and Executive Director	01/01-31/12/2015	2017	452		110	562
Simone Badioli	Chief Executive Officer and Executive Director	01/01-31/12/2015	2017	254	16	147	417
Marcello Tassinari	Managing Director and Executive Director	01/01-31/12/2015	2017	335 **	16	87	438
Roberto Lugano	Independent, non-executive Director	01/01-31/12/2015	2017	27		3	30
Pierfrancesco Giustiniani	Independent, non-executive Director	01/01-31/12/2015	2017	30			30
Marco Salomoni	Independent, non-executive Director	01/01-31/12/2015	2017	30			30
Sabrina Borocci	Independent, non-executive Director	01/01-31/12/2015	2017	30			30
STATUTORY AUDITORS							
Pierfancesco Sportoletti	President of the Board of Statutory Auditors	01/01-31/12/2015	2017	10		5	15
Fernando Ciotti	Statutory Auditor	01/01-31/12/2015	2017	10		19	29
Daniela Saitta	Statutory Auditor	01/01-31/12/2015	2017	10			10
Total				**1.794**	**32**	**632**	**2.458**
						(1)	**(2)**

(*) year in which the shareholders' meeting is held to approve the financial statements and at which the mandate expires

(**) includes 30 thousand as director's emoluments and the balance as executive of the Company

(***) in compliance with the provisions of art 21 of the Bylaws andart.2389 of the Civil Code, the remuneration paid to executive directors shown in the table have been approved by the Board of Directors of the Issuer on July 28, 2014

(1) includes remuneration for work as employee, emoluments for the compensation committee and emolumentson behalf of subsidiary companies

(2) excludes employer's social security contributions

ATTACHMENT III

Stock options granted to directors, general managers and executives with strategic responsibilities (art. 78 of Consob Regulation no. 11971/99)

Name and Surname	Appointments held in 2014	Options held at 31/12/14			Options granted in 2015			Options exercised in 2015			Expired options	Options held at the end of 2015		
(A)	(B)	N. of options (1)	Average exercise price (2)	Average expiry (3)	N. of options (4)	Average exercise price (5)	Average expiry (6)	N. of options (7)	Average exercise price (8)	Average expiry (9)	N. of options (10)	N. of options (11) = 1+4-7-10	Average exercise price (12)	Average expiry (13)
Massimo Ferretti	Chairman	198.244	4,1	2015							198.244	0		
Alberta Ferretti	Deputy Chairman and Executive Director	198.244	4,1	2015							198.244	0		
Simone Badioli	Chief Executive Officer and Executive Director	188.804	4,1	2015							188.804	0		
Marcello Tassinari	Managing Director and Executive Director	188.804	4,1	2015							188.804	0		
Other employees of the Company		66.081	4,1	2015							66.081	0		
Totale		**840.177**									**840.177**	**0**		

ATTACHMENT IV

Balance Sheet Assets, with related parties

Pursuant to Consob Resolution no. 15519 dated 27 July 2006

(Values in thousands of EUR)	Notes	31 December 2015	of which related parties	31 December 2014	of which related parties
NON-CURRENT ASSETS					
Intangible fixed assets					
Trademarks		3.400		3.526	
Other intangible fixed assets		487		520	
Total intangible fixed assets	(1)	3.887		4.046	
Tangible fixed assets					
Lands		16.945	130	16.535	727
Buildings		22.846		23.009	
Leasehold improvements		1.386		1.808	
Plant and machinary		1.551		1.982	
Equipment		26		25	
Other tangible fixed assets		537		492	
Total tangible fixed assets	(2)	43.291		43.850	
Other fixed assets					
Equity investments	(3)	105.937	105.926	105.098	105.088
Other fixed assets	(4)	40.929	40.002	41.650	40.603
Deferred tax assets	(5)	1.687		2.195	
Total other fixed assets		148.552		148.943	
TOTAL NON-CURRENT ASSETS		**195.730**		**196.840**	
CURRENT ASSETS					
Stocks and inventories	(6)	30.920		28.144	
Trade receivables	(7)	59.353	51.823	57.743	49.216
Tax receivables	(8)	4.467		6.188	
Cash	(9)	1.340		579	
Other receivables	(10)	12.603		13.419	412
TOTAL CURRENT ASSETS		**108.683**		**106.072**	
TOTAL ASSETS		**304.413**		**302.912**	

ATTACHMENT V

Balance Sheet Liabilities, with related parties

Pursuant to Consob Resolution no. 15519 dated 27 July 2006

(Values in thousands of EUR)	Notes	31 December 2015	of which related parties	31 December 2014	of which related parties
SHAREHOLDERS' EQUITY					
Share capital		25.371		25.371	
Share premium reserve		71.240		71.240	
Other reserves		24.056		23.619	
Fair Value reserve		7.742		7.742	
IAS reserve		1.086		1.086	
Legal reserve		2.863		2.861	
Remeasurement of defined benefit plans reserve		(585)		(680)	
Profits / (Losses) carried-forward		2.348		2.175	
Net profit / loss		919		35	
TOTAL SHAREHOLDERS' EQUITY	**(11)**	**135.040**		**133.449**	
NON-CURRENT LIABILITIES					
Provisions	(12)	311		367	
Deferred tax liabilities	(5)	7.350		7.680	
Post employment benefits	(13)	4.293		4.697	
Long term financial liabilities	(14)	17.918		12.680	
Long term not financial liabilities	(15)	1.316		2.452	
TOTAL NON-CURRENT LIABILITIES		**31.188**		**27.876**	
CURRENT LIABILITIES					
Trade payables	(16)	70.444	42.885	73.067	51.266
Tax payables	(17)	1.363		1.233	
Short term financial liabilities	(18)	60.498		61.807	
Other liabilities	(19)	5.879		5.480	
TOTAL CURRENT LIABILITIES		**138.185**		**141.586**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**304.413**		**302.912**	

ATTACHMENT VI

Income Statement, with related parties

Pursuant to Consob Resolution no. 15519 dated 27 July 2006

(Values in thousands of EUR)	Notes	Full year 2015	of which related parties	Full year 2014	of which related parties
REVENUES FROM SALES AND SERVICES	**(20)**	**137.380**	**34.159**	**123.261**	**24.122**
Other revenues and income	(21)	6.689	4.698	5.453	3.810
TOTAL REVENUES		**144.069**		**128.714**	
Changes in inventory		1.860		3.892	
Costs of raw materials, cons. and goods for resale	(22)	(53.739)	(20.645)	(47.096)	(15.660)
Costs of services	(23)	(42.477)	(6.194)	(37.877)	(7.029)
Costs for use of third parties assets	(24)	(15.619)	(13.316)	(14.667)	(1.782)
Labour costs	(25)	(25.492)		(24.541)	
Other operating expenses	(26)	(2.093)		(1.838)	(2)
Amortisation and write-downs	(27)	(2.606)		(2.672)	
Financial income/(expenses)	(28)	(2.461)	309	(3.693)	383
PROFIT / LOSS BEFORE TAXES		**1.443**		**222**	
Income taxes	(29)	(524)		(188)	
NET PROFIT / LOSS		**919**		**35**	

ATTACHMENT VII

Cash Flow Statement, with related parties

Pursuant to Consob Resolution no. 15519 dated 27 July 2006

(Values in thousands of EUR)	Notes	Full Year 2015	of which related parties	Full Year 2014	of which related parties
OPENING BALANCE		**578**		**309**	
Profit before taxes		1,443		222	
Amortisation		2,606		2,672	
Accrual (+)/availment (-) of long term provisions and post employment benefits		(460)		284	
Paid income taxes		(669)		(880)	
Financial income (-) and financial charges (+)		2,461		3,693	
Change in operating assets and liabilities		(5,056)	(10,576)	6,571	10,968
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**(30)**	**325**		**12,561**	
Increase (-)/ decrease (+) in intangible fixed assets		(280)	130	(308)	727
Increase (-)/ decrease (+) in tangible fixed assets		(1,307)		(1,308)	
Investments (-)/ Disinvestments (+)		(838)	(838)	(2,080)	(2,081)
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(31)**	**(2,426)**		**(3,696)**	
Other variations in reserves and profits carried-forward of shareholders' equity		672		(261)	
Dividends paid		-		-	
Proceeds (+)/repayment (-) of financial payments		3,929		(4,774)	
Increase (-)/ decrease (+) in long term financial receivables		721	601	130	1,136
Financial income (+) and financial charges (-)		(2,461)		(3,693)	
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(32)**	**2,862**		**(8,596)**	
CLOSING BALANCE		**1,339**		**578**	

ATTACHMENT VIII

Prospect of crucial data from the statutory financial statements of Fratelli Ferretti Holding at 31 December 2014

(Values in units of EUR)	STATUTORY FINANCIAL STATEMENTS 2014	STATUTORY FINANCIAL STATEMENTS 2013
BALANCE SHEET		
ASSETS		
Intangible fixed assets	131,596	150,017
Tangible fixed assets	1,623,765	1,665,110
Equity investments	66,639,155	68,614,657
Non current assets	**68,394,516**	**70,429,784**
Trade receivables	1,416,374	1,309,541
Tax receivables	1,905,720	1,975,239
Cash	91,924	41,736
Other receivables	188,356	297,961
Current assets	**3,602,374**	**3,624,477**
Total assets	**71,996,890**	**74,054,261**
LIABILITIES		
Share capital	100,000	100,000
Share premium reserve	63,627,616	63,720,595
Other reserves	15,038	15,038
Approximations	(1)	
Net profit/(loss)	(432,169)	(92,980)
Shareholders' equity	**63,310,484**	**63,742,653**
Provisions	230,526	230,526
Long term financial liabilities		
Non-current liabilities	**230,526**	**230,526**
Trade payables	8,455,880	10,081,082
Current liabilities	**8,455,880**	**10,081,082**
Total shareholders' equity and liabilities	**71,996,890**	**74,054,261**

INCOME STATEMENT		
Revenues from sales and services		
Other revenues and income	373,892	396,867
Total revenues	**373,892**	**396,867**
Operating costs	(727,332)	(451,927)
Costs for use of third parties assets	(478,179)	(460,558)
Amortisation and write-downs	(59,766)	(59,766)
Provisions	(14,873)	(19,250)
Financial income (expenses)	310,615	460,274
Profit (loss) from affiliates		
Financial assets adjustments		
Extraordinary profit/(loss)	232	3,175
Profit before taxes	**(595,411)**	**(131,185)**
Income taxes	163,242	38,206
Net profit/(loss)	**(432,169)**	**(92,979)**

ATTACHMENT IX:

Prospect of crucial data related to the incorporation of Nuova Stireria Tavoleto S.r.l.

Balance sheet	**AEFFE S.P.A. INCORPORATING**	**NUOVA STIRERIA TAVOLETO S.R.L. INCORPORATED**	**AEFFE S.P.A. INCORPORATING**
(Values in units of EUR)	31 December 2015	1 January 2015	31 December 2014
NON-CURRENT ASSETS			
Intangible fixed assets			
Trademarks	3.400.195		3.525.957
Other intangible fixed assets	486.604	6	520.389
Total intangible fixed assets	3.886.799	6	4.046.346
Tangible fixed assets			
Lands	16.944.871	280.000	16.534.871
Buildings	22.846.130	392.736	23.009.314
Leasehold improvements	1.386.230		1.807.852
Plant and machinary	1.550.611	118.716	1.981.839
Equipment	25.572	1.023	24.593
Other tangible fixed assets	537.252	1.261	491.826
Total tangible fixed assets	43.290.666	793.736	43.850.295
Other fixed assets			
Equity investments	105.936.877	5	105.098.457
Other fixed assets	40.928.739	18	41.649.516
Deferred tax assets	1.686.821	5.990	2.195.179
Total other fixed assets	148.552.437	6.013	148.943.152
TOTAL NON-CURRENT ASSETS	**195.729.902**	**799.755**	**196.839.793**
CURRENT ASSETS			
Stocks and inventories	30.919.627		28.143.686
Trade receivables	59.353.105	7.004	57.742.693
Tax receivables	4.466.667	18.652	6.187.591
Cash	1.339.797	27.232	578.803
Other receivables	12.603.459	1.026	13.419.182
TOTAL CURRENT ASSETS	**108.682.655**	**53.913**	**106.071.955**
TOTAL ASSETS	**304.412.557**	**853.668**	**302.911.748**

Balance sheet	AEFFE S.P.A. INCORPORATING	NUOVA STIRERIA TAVOLETO S.R.L. INCORPORATED	AEFFE S.P.A. INCORPORATING
(Values in units of EUR)	31 December 2015	1 January 2015	31 December 2014
SHAREHOLDERS' EQUITY			
Share capital	25,371,407		25,371,407
Share premium reserve	71,240,251		71,240,251
Other reserves	24,056,333	403,834	23,619,499
Fair Value reserve	7,742,006		7,742,006
IAS reserve	1,085,602		1,085,602
Legal reserve	2,863,130		2,861,393
Remeasurement of defined benefit plans reserve	(585,143)		(680,410)
Profits / (Losses) carried-forward	2,347,959	173,081	2,174,878
Net profit / loss	918,872	(31,129)	34,738
TOTAL SHAREHOLDERS' EQUITY	**135,040,417**	**545,785**	**133,449,364**
NON-CURRENT LIABILITIES			
Provisions	310,722		366,878
Deferred tax liabilities	7,350,043	122,696	7,680,195
Post employment benefits	4,292,867		4,696,709
Long term financial liabilities	17,917,927	35,186	12,679,940
Long term not financial liabilities	1,316,021		2,452,441
TOTAL NON-CURRENT LIABILITIES	**31,187,580**	**157,882**	**27,876,163**
CURRENT LIABILITIES			
Trade payables	70,443,766		73,066,753
Tax payables	1,363,372		1,232,621
Short term financial liabilities	60,498,104		61,806,836
Other liabilities	5,879,318	150,000	5,480,011
TOTAL CURRENT LIABILITIES	**138,184,560**	**150,000**	**141,586,221**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**304,412,557**	**853,668**	**302,911,748**

Income Statement	AEFFE S.P.A. INCORPORATING	NUOVA STIRERIA TAVOLETO S.R.L. INCORPORATED	AEFFE S.P.A. INCORPORATING
(Values in units of EUR)	31 December 2015	1 January 2015	31 December 2014
REVENUES FROM SALES AND SERVICES	**137,380,089**	**-**	**123,261,454**
Other revenues and income	6,689,275	16,338	5,452,827
TOTAL REVENUES	**144,069,364**	**16,338**	**128,714,281**
Changes in inventory	1,860,217	-	3,892,338
Costs of raw materials, cons. and goods for resale	(53,739,047)	2	(47,095,929)
Costs of services	(42,477,050)	(12,525)	(37,877,416)
Costs for use of third parties assets	(15,619,367)	-	(14,667,480)
Labour costs	(25,491,649)	-	(24,541,169)
Other operating expenses	(2,092,760)	(10,347)	(1,837,865)
Amortisation and write-downs	(2,606,348)	-	(2,671,513)
Accantonamenti	-	-	-
Financial Income / (expenses)	(2,460,554)	21	(3,693,001)
Proventi (Oneri) da partecipazioni	-	-	-
PROFIT / LOSS BEFORE TAXES	**1,442,806**	**(6,511)**	**222,246**
Income Taxes	(523,934)	-	(187,508)
NET PROFIT / LOSS	**918,872**	**(6,511)**	**34,738**

Certification of the Financial Statements pursuant to art.81-ter of Consob Regulation N. 11971 of 14 May 1999, as amended

The undersigned Massimo Ferretti as President of the Board of Directors, and Marcello Tassinari as manager responsible for preparing Aeffe S.p.A.'s financial reports, pursuant to the provisions of art. 154 bis, clauses 3 and 4, of Legislative Decree n. 58 of 1998, hereby attest:

- the adequacy with respect to the Company structure and
- the effective application

of the administrative and accounting procedures applied in the preparation of the statutory financial statements at 31 December 2015.

The undersigned moreover attest that the statutory financial statements:

i. have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated 19 July 2002;
ii. correspond to the amounts shown in Company's accounts, books and records;
iii. provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company.

The report on operations includes a reliable operating and financial review of the Company as well as a description of the main risks and uncertainties to which they are exposed.

10 March 2016

President of the board of directors

Massimo Ferretti

Manager responsible for preparing Aeffe S.p.A. financial reports

Marcello Tassinari