TWINSET
SIMONA BARBIERI

TWIN SET – SIMONA BARBIERI S.p.A.

Interim Report as of and for the six months ended June 30, 2016

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Management's discussion and analysis of financial conditions and results of operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the financial conditions and results of operations of Twin Set – Simona Barbieri Group (Group) as of and for the six months ended June 30, 2016. This discussion should be read together with the Twin Set – Simona Barbieri Group Interim Consolidated Financial Statements as of and for the six months ended June 30, 2016 prepared in accordance with Italian GAAP and the related notes. We have condensed and renamed certain Italian GAAP line items in these statements in a manner that makes them more easily comparable to the financial information of other businesses who do not use Italian GAAP.

The following section includes a discussion of our results of operations and performance according to non-GAAP financial measures. Such non-GAAP measures are used by different companies for differing purposes and are often calculated according to the circumstances of such companies. Caution should be exercised in comparing non-GAAP measures with those of other companies. The information presented under non-GAAP measures discussed herein is unaudited and has not been prepared in accordance with Italian GAAP or any other accounting standards. The non-GAAP financial measures discussed herein have limitations as analytical tools, and should not be considered in isolation.

Unless the context indicates otherwise, in this "Management's discussion and analysis of financial condition and results of operations," references to "we," "us" or the "Group" refer to: Twin Set – Simona Barbieri S.p.A. and its subsidiaries.

OVERVIEW

We are a fast growing women's clothing brand, focused on the affordable luxury segment of the women's apparel market. We sell a comprehensive range of quality products to customers through our retail and wholesale distribution channels. Our product range is comprised of high-quality, contemporary womenswear with on-trend designs that reflect a classic, romantic and contemporary attitude, typically offered at affordable prices compared to traditional luxury brands. As a cornerstone of our business philosophy, we aim to offer women a "total look" of affordable luxury wardrobe options, so that sophisticated, fashion-conscious women can wear Twin Set from head to toe, for any occasion and at any time of the day. We offer our customers the features associated with a luxury brand, such as high-quality products, stylish stores and a personalized shopping experience with strong customer service, but at more affordable prices. We believe our value proposition appeals to both high-income customers seeking luxury products, as well as mass-market customers who can "trade up" at affordable prices.

Our primary target customers are women between 35 and 45 years old, but we also offer product lines for girls and young women. Our product lines include apparel and related categories such as shoes and handbags, creating a cohesive, contemporary look, with a focus on maintaining our brand identity as a style choice characterized by classic looks with timeless appeal. We believe that our strong Italian heritage gives us a competitive advantage in the pursuit of this classical aesthetic because it legitimizes Twin Set as a luxury brand that, unlike fast-fashion retailers, produces fashion-forward, contemporary products.

We have different product lines. Twin Set Main is our traditional product line. It has been in production since 2000 and features our iconic knitwear products and a comprehensive offering of traditional fashion staples. TWINSET Jeans is the young line of Twin Set, it has a casual-chic feel and it downplays the brand's romantic imprint by making a more feisty immediate contribution. SCEE (pronounced "shee") is a line of traditional apparel products aimed at young adults. In addition, we offer the Girl product line for girls aged 4-16 and Twin Set Baby aimed at children aged 2-6. Starting from SS15 we have launched the Newborn collection, a complete selection for newborn girls from 3 to 24 months. The remaining product lines are complementary to our main apparel lines and provide our customers with the Twin Set "total look": Bags/Accessories, Shoes, Le Coeur and Beachwear/Lingerie. These additional product lines were added to our portfolio as awareness of our brand increased and customers began to look to Twin Set to satisfy all of their fashion needs.

RECENT DEVELOPMENT

On June 30, 2016, Tessitura Sidoti S.r.l. sold its single n.1 stake held in Twin Set – Simona Barbieri Belgium to Twin Set – Simona Barbieri France SASU and MO.DA Gioielli S.r.l. purchased from Twin Set- Simona Barbieri S.p.A. the 100% stakes held in Tessitura Sidoti S.r.l. As a result, Tessitura Sidoti S.r.l. is now wholly owned by MO.DA Gioielli S.r.l. and is no longer a company of the Twin Set Group.

KEY PERFORMANCE INDICATORS

In assessing the performance of our business, we consider a variety of performance and financial measures. The key measures for determining how our business is performing are:

- **Twin Set Revenue:** includes only revenues relating to apparel and shoes and accessories sales, net of returns estimates and "Other revenues" concerning sales to third parties of samples, yarns, textiles and other production materials not utilized for internal production.

- **Revenue:** correspond to the line Revenue of the consolidated income statement.

- **Like for like**: the Retail Like-for-Like performance concerns the percentage change between the reported sales for the period and the corresponding period of the previous year. All sales points open for more than one month in both periods are included. Sales points closed down or closed for restructuring (only for the closure period) are excluded from the comparison. Sales are analyzed net of returns and discounts.

- **Reported EBITDA:** includes all profit components, excluding amortization and depreciation, impairment of investments, financial income and charges and income taxes.

- **Adjusted EBITDA:** is calculated taking our Reported EBITDA and adding back non-recurring items, including write-downs, non-recurring provisions and other non-recurring costs and revenues.

- **Adjusted EBITDA margin:** it is the ratio between Adjusted EBITDA and Twin Set Revenue.

- **EBIT:** comprising all profit components, excluding financial income and charges and income taxes.

- **Net Operating Working Capital:** the sum of inventories less obsolescence provisions, trade receivables less doubtful debt provision and client's returns provision, net of trade payables and advances from clients.

- **Net Financial Indebtedness**: includes cash and cash equivalents, net of bank payables for current account overdrafts, bank payables, the Bond Loan, interest on loans for the period and the Fair Value of derivatives undertaken to hedge interest rate and exchange risk.

The criteria for determination applied by us might not be the same as the criteria adopted by other companies and, therefore, the figures presented by us might not be comparable with that determined by other such groups.

Like-for-like revenue performance of our retail Boutiques and Outlets

Many factors influence like-for-like sales, including fashion trends, competition, economic conditions, pricing, the timing of the release of new merchandise and promotional events, changes in our product mix, and weather conditions. Our ability to translate our fashion concepts into viable commercial production throughout the year, footfall at our point of sale locations, seasonality and VAT rates also impact like-for-like sales.

In the last six months our like-for-like performance is slightly negative, mainly due to the negative footfall of some important locations expecially abroad. The performance of our Boutiques is also influenced by economic and political European situations, expecially in countries like France and Belgium. This result is partially offset by good performance of our Outlets.

The table below sets forth our like-for-like revenue performance for the years indicated.

Like-for-like revenue performance	For the year ended December 31,					For the six months ended June 30,
(% increase over prior period)	2011	2012 (1)	2013	2014	2015	2016
Total retail (DOS and outlets)	5.2%	6.5%	7.8%	2.4%	7.1%	(1.1%)

(1) The results of operations of Light Force for the six months ended June 30, 2012 refer to the period ended December 30, 2012. Due to the effects of the Merger, the 2012 fiscal year of Light Force was one business day shorter than usual. Our retail revenue for this extra day not included in the results of operations of Light Force for the period ended December 30, 2012 was Euro 74 thousand.

Reported EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and Adjusted EBITDA Margin vary according to the distribution channel through which we sell our merchandise.
Our retail channel has been growing relative to our wholesale channel since 2011, although our wholesale channel remains the primary driver of our revenue, accounting for 67.1% and 68.9% of Twin Set Revenue for the six months ended June 30, 2016 and 2015, respectively. Our wholesale channel is characterized by lower fixed costs than our retail channel and by variable selling commissions paid to our agents. Reported EBITDA margins are typically higher in our wholesale channel, due to the higher fixed costs necessary to operate retail stores.

The following table reconciles Reported EBITDA to Adjusted EBITDA:

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015 (1)	Change	% Change
Reported EBITDA	**21,774**	**19,264**	**2,510**	**13.0%**
Non-recurring provisions	666	252	414	>100%
Other items	266	208	58	27.9%
Adjusted EBITDA	**22,706**	**19,724**	**2,982**	**15.1%**
Adjusted EBITDA Margin	*18.4%*	*16.7%*		

(1) The amounts as of June 30, 2015 were reclassified to make them comparable with those as of June 30, 2016

Adjusted EBITDA totaled Euro 22.7 million, with an increase of Euro 3.0 million (+15.1%). In the first half of 2016 the Adjusted EBITDA margin is 18.4% of Twin Set Revenue. The EBITDA margin improved on the previous period mainly thanks to better margin from Twin Set Revenue and effective cost control initiative.

The "Non-recurring provisions" include for Euro 0.5 million the effect of the deconsolidation of Tessitura Sidoti as a consequence of the extraordinary operation previously described. The amount also relates to provision for risk and disputes for Euro 0.2 million.

"Other items" mainly includes bank commissions for Euro 0.2 million.

KEY INCOME STATEMENT ITEMS

Below is a summary description of the key elements of the line items of our income statement under Italian GAAP.
Our income statement is prepared using the "nature of expense" rather than the "cost of sales" method. In the nature of expense method, expenses are classified in the income statement according to their nature (for example, cost of materials and personnel expenses) and not among various departments within the entity. As a result, income statements presented in accordance with the nature of expense method do not show gross profit. Income statements presented in accordance with the cost of sales method, by contrast, classify expenses according to their function as part of the cost of sales (for example the costs of distribution or administrative activities). Net profit, however, is unaffected regardless of whether the nature of expense or cost of sales method chosen.

Revenue

Revenue is calculated by adding gross sales from customers minus discounts, rebates and customer returns. Revenue includes Twin Set Revenue and other revenue. Twin Set Revenue includes revenue from our consolidated financial statements excluding other revenue arising from non-core businesses. Other revenue in 2015 and 2016 relates primarily to our sales of raw materials and samples to third parties, not used for internal production.

Purchase of raw materials, goods and changes in inventory; change in work in progress, semi-finished and finished product inventories

Under Italian GAAP, "change in work in progress, semi-finished and finished product inventories" are recorded under a different line item than "purchase of raw materials, goods and changes in inventory". To provide a better understanding of our product costs, for each year under review, we present a table showing "change in work in progress, semi-finished and finished product inventories" combined with "purchase of raw materials, goods and changes in inventory". See also paragraphs related to "purchase of raw materials, goods and changes in inventory including change in work in progress, semi-finished and finished product inventories" included in the Results of Operations.

Cost of services

Cost of services mainly include external works, agent commission, marketing and advertising, logistics and transport, administrative, travelling expenses, insurance and other services costs.

Rent

Rent mainly includes rent expenses for directly operated stores and outlets, headquarters and showrooms.

Personnel costs

Personnel costs mainly include wages and salaries, social security contribution and employee severance indemnities.

Depreciation and amortization

Depreciation and amortization is calculated by adding amortization of intangible fixed assets (including goodwill), plus depreciation of tangible fixed assets. Under Italian GAAP, goodwill arising from the acquisition of a business is capitalized and amortized on a straight-line basis over the year of its estimated useful life (up to a maximum of 20 years). This differs significantly from the treatment under IFRS, where goodwill would not be amortized, but instead be reviewed for impairment annually.

Write-downs of trade receivables

Write-downs of trade receivables includes write-downs of doubtful accounts receivable among current assets.

Provisions

Provisions include provisions for risks and returns.

Operating profit

Operating profit is calculated as revenue plus other income and internally generated assets and change in work in progress, semi-finished and finished product inventories, less purchase of raw materials, goods and changes in inventory, cost of services, rents, personnel costs, depreciation and amortization, write-downs of trade receivables, provisions and other operating costs.

Financial income/(expenses)

Financial income primarily includes interest income from bank accounts and deposits. Financial expense primarily includes interest paid on loans, on the bond loan and interests matured on the Shareholders' loan.
Exchange gains and/or losses mainly relate to the effects of exchange rate fluctuations on purchase and sales transactions.

RESULTS OF OPERATIONS

Six months ended June 30, 2016 of Twin Set compared to the six months ended June 30, 2015 of Twin Set

The following table sets forth the financial information of Twin Set for the six months ended June 30, 2016 compared to the financial information of Twin Set for the six months ended June 30, 2015.

€/000 Consolidated Income Statement	Six months ended June 30, 2016	% of revenue	Six months ended June 30, 2015 (1)	% of revenue	Change	% Change
Revenue	124,667	*100.0%*	121,364	*100.0%*	3,303	*2.7%*
Other income and internally generated assets	952	*0.8%*	1,872	*1.5%*	(920)	*(49.1%)*
Change in work in progress, semifinished and finished product inventories	(5,060)	*(4.1%)*	584	*0.5%*	(5,644)	*>100%*
Purchase of raw materials, goods and changes in inventory	(39,422)	*(31.6%)*	(40,860)	*(33.7%)*	1,438	*(3.5%)*
Cost of services	(30,954)	*(24.8%)*	(35,703)	*(29.4%)*	4,749	*(13.3%)*
Rent	(9,319)	*(7.5%)*	(8,576)	*(7.1%)*	(743)	*8.7%*
Personnel costs	(16,140)	*(12.9%)*	(14,961)	*(12.3%)*	(1,179)	*7.9%*
Write-downs of trade receivables	(1,681)	*(1.3%)*	(1,585)	*(1.3%)*	(96)	*6.1%*
Provisions	(119)	*(0.1%)*	(1,119)	*(0.9%)*	1,000	*(89.4%)*
Other operating costs	(1,150)	*(0.9%)*	(1,752)	*(1.4%)*	602	*(34.4%)*
Reported EBITDA	**21,774**	***17.5%***	**19,264**	***15.9%***	**2,510**	***13.0%***
Depreciation and Amortization	(11,273)	*(9.0%)*	(11,219)	*(9.2%)*	(54)	*0.5%*
Operating profit	**10,501**	***8.4%***	**8,045**	***6.6%***	**2,456**	***30.5%***
Financial income/(expenses)	(7,301)	*(5.9%)*	(7,458)	*(6.1%)*	157	*(2.1%)*
Profit/(loss) before tax	**3,200**	***2.6%***	**587**	***0.5%***	**2,613**	***>100%***
Income tax	(4,205)	*(3.4%)*	(3,227)	*(2.7%)*	(978)	*30.3%*
Profit/(loss) for the period	**(1,005)**	***(0.8%)***	**(2,640)**	***(2.2%)***	**1,635**	***(61.9%)***

(1) The amounts as of June 30, 2015 were reclassified to make them comparable with those as of June 30, 2016

The following table sets the reconciliation between Twin Set Revenue and Revenue:

Reconciliation Twin Set Revenue vs Revenue (€/000)	Six months ended June 30, 2016	Six months ended June 30, 2015
Revenue	**124,667**	**121,364**
Other revenues (*)	(1,384)	(1,647)
Returns estimate (**)	(55)	(1,714)
Twin Set Revenue	**123,229**	**118,004**

(*) Other revenues relates primarily to sales to third parties of samples, yarns, textiles and other production materials not utilized for internal production
(**) The estimate of returns is based on historical trends of quantities returned, valued at full sales price

From this point on, comments will refer only to Twin Set Revenue.

Twin Set Revenue. Twin Set Revenue increased by Euro 5.2 million, or 4.4%, to Euro 123.2 million for the six months ended June 30, 2016 from Euro 118.0 million for the six months ended June 30, 2015.

The increase is due both to the moderate growth of the Wholesale channel (+1.8%) and the growth of the Retail channel (+10.1%), due to the new openings and increasing contribution of online channel.

The following table sets forth the breakdown of Twin Set Revenue by distribution channel for the six months ended June 30, 2015 and 2016.

Breakdown of revenue by distribution channel	Six months ended June 30,	% of Twin Set Revenue	Six months ended June 30,	% of Twin Set Revenue	Change	% Change
(€/000)	2016		2015 [1]			
Wholesale	82,743	67.1%	81,247	68.9%	1,496	1.8%
Retail (including on line)	40,486	32.9%	36,757	31.1%	3,729	10.1%
Twin Set Revenue	**123,229**	**100%**	**118,004**	**100%**	**5,225**	**4.4%**

(1) The amounts as of June 30, 2015 were reclassified to make them comparable with those as of June 30, 2016

Wholesale

The Wholesale channel continued, as in previous years, to perform well, with a growth of 1.8% on the previous period. The overall performance is related mainly to the increase of sales in the Franchising channel (sales of the period of Euro 3.3 million compared to Euro 2.3 million for the same period of 2015), most of all in Russia and East European markets.

Retail (including online)

Retail channel sales increased Euro 3.7 million (+10.1%). This increase is principally due to the good performance of both of our Outlets and our online channel both in double digit results. The performance of our Boutiques is flat.
The online shop channel reported revenues of Euro 3.8 million for the six months ended June 30, 2016, increasing Euro 1.1 million, up 39.1% on the same period of 2015. This increase is due to a better ratio between orders and visits on the twinset.com website, the higher number of website visits and the implementation of a specific digital marketing campaign.

Finally, the Retail sales channel percentage of Twin Set Revenue increased 1.8 p.p. from 31.1% in the six months ended June 30, 2015 to 32.9% in the same period of 2016.

The table below sets forth the retail points of sale by geographic area for the period:

Retail points of sales	As of June 30, 2016			As of June 30, 2015	
	Boutique		Outlet	Boutique	Outlet
Italy	31	(1)	15 (1)	31	12
Outside of Italy	21		4	19	3
Total retail point of sale	**52**		**19**	**50**	**15**
	71			**65**	

(1) Numbers are net of the store closings that occurred in the period (two stores and one outlet between June 30, 2015 and June 30, 2016).

During the period under review, our retail points of sale network expanded from 65 retail points of sale as of June 30, 2015 (50 Boutiques and 15 Outlets) to 71 retail points of sale as of June 30, 2016 (52 Boutiques and 19 Outlets).

In the first half of 2016, in line with the Group's strategic plan, we opened new retail point of sales in Italy (in Taormina, Seregno and Brugnato), in France (Galeries LaFayette), in Belgium (Gent) and in Russia (Vnukovo Outlet).

The table below sets forth the points of sale openings for the period:

Retail points of sales openings	For the six months ended June 30, 2016		For the six months ended June 30, 2015	
	Boutique	Outlet	Boutique	Outlet
Italy	0 [1]	1	4	1
Outside of Italy	2	1	2	1
Total retail point of sale	**2**	**2**	**6**	**2**
	4		**8**	

[1] Numbers are net of the store closings that occurred in the period (two store in 2016)

The table below sets forth retail channel revenue by sub-channel for the periods indicated:

Breakdown of retail revenue by sub-channel (€/000)	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Boutique	26,598	26,606	(8)	0.0%
Outlet	10,118	7,440	2,678	36.0%
Online	3,770	2,711	1,059	39.1%
Retail Revenue	**40,486**	**36,757**	**3,729**	**10.1%**

Total Retail revenue increased Euro 3.7 million (+10.1%). Outlet sales improved by Euro 2.7 million (+36.0%). The Online Shop channel shows increased revenues of 39.1% to Euro 3.8 million, due to the reasons mentioned before. Boutique sales, on the other hand, are substantially flat, mainly as a consequence of the performance in few European Countries where political events affected these markets with a negative impact on sales.

In terms of geographic footprint Twin Set continues its international expansion mainly in Europe (+18.6%) and in Great Russia (+22.6%), while Italy, still the major market, remained flat.

The following table sets forth the breakdown of Twin Set Revenue by geography for the periods ended June 30, 2015 and June 30, 2016:

Breakdown of revenue by geography (€/000)	For the six months ended June 30, 2016	For the six months ended June 30, 2015 [1]	Change	% Change
Italy	75.488	76.205	(717)	(0,9%)
Benelux	8.473	7.933	540	6,8%
Spain	10.335	7.694	2.641	34,3%
France	5.722	4.301	1.421	33,0%
Greater Russia	7.635	6.226	1.409	22,6%
Germany	4.710	4.717	(7)	(0,1%)
Other countries	10.866	10.928	(62)	(0,6%)
Twin Set Revenue	**123.229**	**118.004**	**5.225**	**4,4%**

[1] The amounts as of June 30, 2015 were reclassified to make them comparable with those as of June 30, 2016

Italy.
Italian sales slightly decreased by Euro 0.7 million, or 0.9%, to Euro 75.5 million for the six months ended June 30, 2016, from Euro 76.2 million for the six months ended June 30, 2015. The revenue contribution of the traditional Wholesale channel was substantially stable. The decrease in Italian sales is due to both advanced deliveries (4Q 2015) according to customer request in comparison with the previous year, and to a persistent low consumption attitude.

International.
Compared to 2015, revenue generated outside of Italy increased by 14.2%.
This result is principally due to increasing penetration of our new lines in the wholesale channel and the improvement of Franchising and online sales that contributed to the international expansion, also with the opening of 1 Boutique in Belgium, 1 Boutique in France and 1 Outlet in Russia, all opened in the first half of 2016.

The table below sets forth Twin Set Revenue by product line:

Breakdown of revenue by product line (€/000)	For the six months ended June 30, 2016	For the six months ended June 30, 2015 (1)	Change	% Change
TS Main	59,499	56,194	3,305	5.9%
Beachwear/Lingerie	14,732	15,556	(824)	(5.3%)
Girl, Baby e Newborn	9,678	9,939	(261)	(2.6%)
Jeans	12,750	10,960	1,790	16.3%
Accessories/Bags	6,658	7,148	(490)	(6.9%)
Shoes	6,291	5,904	387	6.6%
Le Coeur	7,795	6,135	1,660	27.1%
Scee	4,854	5,368	(514)	(9.6%)
Other	972	800	172	21.5%
Twin Set Revenue	**123,229**	**118,004**	**5,225**	**4.4%**

(1) The amounts as of June 30, 2015 were reclassified to make them comparable with those as of June 30, 2016

Purchase of raw materials, goods and changes in inventory including change in work in progress, semi-finished and finished product inventories.

Purchase of raw materials, goods and changes in inventory including change in work in progress, semi-finished and finished product inventories increased by Euro 4.2 million, or 10.4%, to Euro 44.5 million for the six months ended June 30, 2016 from Euro 40.3 million for the six months ended June 30, 2015. As a percentage of Twin Set Revenue, this line item increased by 2.0 p.p., to 36.1% in 2016, from 34.1% in 2015. The percentage increase is due to a mix of factors including channel/product mix, higher discounts in retail sales but in line with market practice and greater use of marketed products (offset by the decrease of external works).

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Raw materials, supplementary materials, consumables and goods	38,766	41,713	(2,947)	(7.1%)
Change in inventories of raw materials, supplementary materials, consumables and goods	656	(853)	1,509	(176.9%)
Purchase of raw materials, goods and changes in inventory	**39,422**	**40,860**	**(1,438)**	**(3.5%)**
Change in work in progress, semi-finished and finished product inventories	5,060	(584)	5,644	(966.4%)
Purchase of raw materials, goods and changes in inventory, including change in work in progress, semi-finished and finished product inventories	**44,482**	**40,276**	**4,206**	**10.4%**
% of Twin Set Revenue	*36.1%*	*34.1%*		

Cost of services. Cost of services decreased by Euro 4.7 million, or 13.3%, to Euro 31.0 million for the period ended June 30, 2016, from Euro 35.7 million in the same period of 2015. As a percentage of Twin Set Revenue, cost of services decreased by 5.2 p.p., to 25.1% for the six months ended June 30, 2016 from 30.3% for the six months ended June 30, 2015.

The table below sets forth the breakdown of costs of services for the six months ended June 30, 2015 and 2016:

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Agent commissions	6,870	8,121	(1,251)	(15.4%)
Marketing and advertising	5,346	5,827	(481)	(8.3%)
External works	4,783	7,767	(2,984)	(38.4%)
Logistics and transport	5,498	6,475	(977)	(15.1%)
Administrative	3,027	2,362	665	28.2%
Travelling expenses	687	609	78	12.8%
Insurance	564	613	(49)	(8.0%)
Other service costs	4,179	3,929	250	6.4%
Total cost of services	**30,954**	**35,703**	**(4,749)**	**(13.3%)**
% of Twin Set Revenue	*25.1%*	*30.3%*		

"Agents commissions" decreased from Euro 8.1 million for the six months ended June 30, 2015 to Euro 6.9 million for the six months ended June 30, 2016 with a reduction of 15.4%. This is due to cost control initiative used in renegotiating the agent fees.
"Marketing and advertising" expenses decreased from Euro 5.8 million for the six months ended June 30, 2015 to Euro 5.3 million for the six months ended June 30, 2016, with a reduction of 8.3% thanks to timing difference in our advertising campaign. The reduction of "External works" for Euro 3.0 million is principally due to the increased use of purchase of finished goods instead of semifinished ones. The decrease of "Logistic and Transport" expenses (from Euro 6.5 million at June 30, 2015 to Euro 5.5 million at June 30, 2016) is due to efficiency improvement in logistic and transport.
"Other service costs" amounts to Euro 4.2 million and principally comprises utilities (Euro 1.1 million), banking expenses (Euro 0.7 million), condominium expenses related to stores and showrooms and cleaning expenses (totaling Euro 0.6 million), maintenance costs (Euro 0.5 million), quality control costs (Euro 0.3 million) and employee canteen expenses (Euro 0.2 million).

Rent. Rent increased by Euro 0.7 million, or 8.7%, to Euro 9.3 million for the period ended June 30, 2016 from Euro 8.6 million for the same period of 2015.
The increase in "Rent expenses for shop, outlet and showrooms" relates both to the 6 new openings of stores and outlets in the past 12 months - net of three stores closing that incurred in the period under review (Valmontone Outlet, Milano Pontaccio and the temporary store in Milano Stazione Centrale) - and the full year charge of stores opened in the first half of 2015 (8 new openings).
The table below sets forth the breakdown of rent for the six months ended June 30, 2015 and 2016:

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Rent expenses for shop, outlet and showrooms	8,456	7,697	759	9.9%
Rent expenses for headquarters	543	586	(43)	(7.3%)
Other rent expenses	320	293	27	9.2%
Total rent	**9,319**	**8,576**	**743**	**8.7%**
% of Twin Set Revenue	*7.6%*	*7.3%*		

Personnel costs. Personnel costs increased by Euro 1.2 million, or 7.9%, to Euro 16.1 million in the six months of 2016 from Euro 15.0 million in the six months of 2015. As a percentage of Twin Set Revenue, personnel costs increased by 0.4 p.p. to 13.1% for the six months ended June 30, 2016 from 12.7% for the six months ended June 30, 2015. The increase mainly relates to the increase in the number of employees, both for the Retail channel and headquarters.

The table below sets forth the breakdown of personnel costs for the six months ended June 30, 2015 and 2016.

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Wages and salaries	12,207	11,200	1,007	9.0%
Social security contribution	3,258	3,139	119	3.8%
Employee severance indemnities	675	622	53	8.5%
Total personnel costs	**16,140**	**14,961**	**1,179**	**7.9%**
% of Twin Set Revenue	*13.1%*	*12.7%*		

The following table shows the breakdown of employees by category and location for the six months ended June 30, 2015 and 2016:

	As of June 30, 2016		As of June 30, 2015		Change	
Employees number	**Italy**	**Overseas**	**Italy**	**Overseas**	**Italy**	**Overseas**
Senior Executives	7	1	7	1	-	-
Managers	17	3	16	3	1	-
Clerical/administrative staff	261	7	230	7	31	-
Workers	53	3	57	2	(4)	1
Retail staff	340	172	306	167	34	5
Total employees number	**678**	**186**	**616**	**180**	**62**	**6**
Combined total employees (Italy and abroad)	**864**		**796**		**68**	

Amortization and depreciation. Amortization and depreciation are in line with the previous period and amount to Euro 11.3 million for the six months ended June 30, 2016.

The table below sets forth the breakdown of depreciation and amortization for the six months ended June 30, 2015 and 2016.

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Amortization of intangible fixed assets	10,086	10,000	86	0.9%
Depreciation of tangible fixed assets	1,187	1,219	(32)	(2.6%)
Total amortisation and depreciation	**11,273**	**11,219**	**54**	**0.5%**
% of Twin Set Revenue	*9.1%*	*9.5%*		

Operating profit. Operating profit increased by Euro 2.5 million, to Euro 10.5 million for the six months eneded June 30, 2016 from Euro 8.0 million for the six months eneded June 30, 2015. As a percentage of Twin Set Revenue, operating profit increased by 1.8 p.p. to 8.4% in 2016 from 6.6% of the same period in 2015 substantially due to the good overall operating performance.

Financial income/(expenses). Financial expenses decreased by Euro 0.2 million to Euro 7.3 million for the first half of 2016 from Euro 7.5 million for the same period of 2015.
Other Financial income mainly refers to interest matured on current accounts.

Interest and other financial expenses principally concerns interests paid on the Bond for Euro 4.8 million and interests matured on the Shareholder loan for Euro 2.6 million.

The table below sets forth the breakdown of financial expenses for the six months ended June 30, 2015 and 2016.

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Other financial income	14	8	6	75.0%
Interest and other financial expenses	(7,613)	(7,361)	(252)	3.4%
Foreign exchange gains/(losses)	298	(105)	403	>(100%)
Total financial income/(expenses)	**(7,301)**	**(7,458)**	**157**	**(2.1%)**

Income tax. Income tax increased by Euro 1.0 million to Euro 4.2 million for the period 2016 from Euro 3.2 million for the period 2015.

Result for the period. The loss for the period is Euro 1.0 million for the six months ended June 30, 2016 compared to a loss of Euro 2.6 million for the six months ended June 30, 2015 due to the factors described above.

LIQUIDITY AND CAPITAL RESOURCES

Our cash requirements consist mainly of the following:

- operating activities, including our net working capital requirements;
- servicing our debt and that of our subsidiaries;
- funding capital expenditures, particularly the opening of new retail locations; and
- paying taxes.

Our sources of liquidity have historically consisted mainly of the following:

- cash generated from our operating activities;
- uncommitted bilateral credit lines, invoice discounting and reverse factoring; and
- the proceeds of the issuance of the Euro150 million Senior Secured Floating Rate Notes (the "Notes") and loans from shareholders.

As of June 30, 2016, our net financial indebtedness amounted to Euro 96.5 million compared to Euro 115.2 million as of December 31, 2015. As of June 30, 2016, we had cash and cash equivalents of Euro 58.3 million as compared to Euro 39.0 million as of December 31, 2015.

CASH FLOW

The table below summarizes the consolidated cash flow of Twin Set for the periods indicated:

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Total net cash at the beginning of the period	**39,039**	**31,308**	**7,731**	**24.7%**
Cash flow provided by/(used in) operating activities	28,162	9,581	18,581	>(100)%
Cash flow provided by/(used in) investing activities	(3,668)	(6,040)	2,372	(39.3%)
Cash flow provided by/(used in) financing activities	(5,238)	(5,688)	450	(7.9%)
Cash flow from the period	**19,256**	**(2,147)**	**21,403**	**>(100)%**
Total net cash at the end of the period	**58,295**	**29,161**	**29,134**	**100%**

The cash flow generated in the period amounts to Euro 19.3 million compared to Euro 2.1 million cash out during the first half of 2015.
Cash flow provided by operating activities amounts to Euro 28.2 million, increasing Euro 18.6 million mainly due to a reduction in the Net Working Capital that generated a cash flow for Euro 5.9 million in in the first six months of 2016 compared to an absorption for Eur 14.0 million in the same period of the last year.
Compared to the same period of the last year, Operating Working Capital generated Euro 21.7 million cash thanks to a better supply change management that lead to a decrease of Euro 11.8 million in inventory and Euro 8.9 million increase in trade payables together with a decrease of Euro 1.0 million of trade receivables thanks to an accurate monitoring of the credit portfolio.
Cash flow absorbed from investing activities relates to investments for the development of the Retail network. According to the Company strategy the retail expansion continued at a slower pace compared to the previous year with the aim to be more focused on the existing stores. Technology investment was substantially in line with the previous year.
Cash flow absorbed from financing activities relates principally to interest expenses paid on the bond issued in 2014 and it is in line with the previous year.

CAPITAL EXPENDITURE

The following table sets forth our capital expenditure for the periods indicated:

€/000	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Change	% Change
Expansion	1,425	4,337	(2,912)	(67.1%)
Maintenance	444	902	(458)	(50.8%)
Headquarters	1,736	922	814	88.3%
Total capital expenditures [1]	**3,605**	**6,161**	**(2,556)**	**(41.5%)**

(1) The amounts are net of the exchange rate effect on investments made by TS East (Euro 151 thousand on June 2016 and Euro 70 thousand on June 2015)

Over the period under review, the Group's capital expenditure was divided into the following categories:

- **Expansion:** includes the Key Money, goodwill and restructuring charges paid following the opening of new stores (4 Boutiques and 2 Outlets in the first half of 2016 compared to 6 Boutiques and 2 Outlets in the first half of 2015). Lower capex reflects the decreasing expansion plan, significant Key Money paid at June 30, 2015 (Euro 1.5 million in comparison with Euro 0.03 million for the same period of 2016) and the lower costs incurred for the restructuring of new stores (Euro 1.4 million).

- **Maintenance:** principally includes expenses for operating software development, for the restructuring/maintenance of existing stores and for the technology refresh.

- **Headquarters:** mainly includes project-related IT investments (Euro 0.6 million), new Headquarters (Euro 0.3 million), new showroom investments (euro 0.4 million), capital expenditure related to the purchase of production machineries for the weaving factory (Euro 0.4 million) and non-recurring costs.

OPERATING WORKING CAPITAL

The following table sets forth our operating working capital for the periods indicated:

€/000	As of and for the six months ended June 30, 2016	As of December 31, 2015	Change	% Change
Inventory	51,137	57,470	(6,333)	(11.0%)
Trade Receivables	39,060	36,034	3,026	8.4%
Trade Payables	(43,636)	(42,866)	(770)	1.8%
Operating Working Capital	**46,561**	**50,638**	**(4,077)**	**(8.1%)**

Operating Working Capital (which represents the Net Working Capital gross of other current assets and liabilities) decreased by Euro 4.1 million at June 30, 2016.

Inventories, net of the obsolescence provision, decreased by Euro 6.3 million. This reduction is principally due to a decrease in the inventory gross value as a result of increased accuracy in stores' order planning and in production management and of a better stock management.

Trade receivables increased by Euro 3.0 million; the gross value of receivables increased from Euro 45.4 million to Euro 50.1 million. This increase is due to higher receivables not yet due, reflecting the growth in revenue partially offset by a reduction of overdue and in litigation receivables as a result of an increasing efficiency of the credit policy.

The doubtful debt provision increased from Euro 5.2 million to Euro 6.3 million, prudently accrued in consideration of the generally unstable economic environment both in Italy and in Europe.

Trade payables slithly increased by Euro 0.8 million in connection to the business growth.

NET FINANCIAL INDEBTEDNESS

The following table sets forth our net financial indebtedness as of December 31, 2015 and as of June 30, 2016:

Net financial indebtedness (€/000)	As of June 30, 2016	As of December 31, 2015	Change	% Change
Cash and cash equivalents	58,295	39,039	19,256	49.3%
Bank overdrafts	-	(138)	138	(100.0%)
Total net cash	**58,295**	**38,901**	**19,394**	**49.9%**
Bank loans-current portion [1]	(4,746)	(4,065)	(681)	16.8%
Bank loans-non current portion	-	(78)	78	(100.0%)
Bank loans	**(4,746)**	**(4,143)**	**(603)**	**14.6%**
Bond	**(150,000)**	**(150,000)**	**-**	**-**
Net financial indebtedness [2]	**(96,451)**	**(115,242)**	**18,791**	**(16.3%)**
of which:				
Net financial indebtedness-current portion	*53,549*	*34,836*	*18,713*	53.7%
Net financial indebtedness-non-current portion	*(150,000)*	*(150,078)*	*78*	(0.1%)
Shareholder loan	**(77,749)**	**(75,170)**	**(2,579)**	**3.4%**

(1) Bank loans—current portion include accrued expenses relating to interests, commissions on bank loans and fair value of derivatives financial instruments.

(2) Net financial indebtedness is calculated as total net financial debt excluding amounts due under the Shareholders' Loan. The criteria for determining net financial indebtedness applied by us might not be the same as the criteria adopted by other companies and, therefore, the figures presented by us might not be comparable with those determined by such other groups.

The net financial indebtedness as of June 30, 2016 totals Euro 96.5 million and consists of Net cash of Euro 58.3 million and financial debts of Euro 155.0 million.

While the Net Financial Indebtedness – non current portion (Euro 150 million) is in line with December 31, 2015; the Net Financial Indebtedness – current portion decrased by Euro 18.8 million thanks to the strong cash generation of the period that brings the Total Cash and cash equivalents available to Euro 58.3 million compared to Euro 38.9 million as of December 31, 2015.

Financials debts refers to Euro 150 million Bond with maturity on July 15, 2019 and to Shareholder Loan with maturity on June 29, 2020, amounted to Euro 77.7 million as of June 30, 2016, including interest matured in the current year and Euro 0.4 million of residual bank loans.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

The following table summarizes the commitments and payments outstanding as of June 30, 2016, on an as-adjusted basis after giving effect to the issuance of the Notes in July 2014 and the use of proceeds thereof. The information presented in the table below reflects management's estimates of the contractual maturities of our obligations related to rent and operating leases for Boutiques/Outlets, Showrooms and other buildings. These maturities may differ significantly from the actual maturity of the obligations.

€ in millions	Expected cash payments falling due in the years ending December 31,			
	2016	2017-2020	2021 and thereafter	Total
Notes offered hereby	-	150.0	-	150.0
Rent and operating leases commitments for DOS and Outlets [1]	8.0	51.2	31.3	90.5
Rent and operating leases commitments for Showroom [1]	0.2	1.5	0.4	2.1
Rent and operating leases commitments for Civil and Industrial Buildings [1]	0.5	4.7	4.4	9.6
Rent and operating leases commitments related to TS Shoes [1]	0.1	0.3	-	0.4
Total	**8.8**	**207.7**	**36.1**	**252.6**

(1) Future rental and operating lease commitments do not include inflation rate adjustments, variable rent and any renewal options.

The following table summarizes the commitments related to guarantees provided by credit institutions on behalf of the group in connection with contractual obligations undertaken on the signing of rental contracts.

€ in millions	As of June 30, 2016	As of June 30, 2015	Change	% Change
DOS and Outlet rental guarantees	6,3	5,80	0,5	8,6%

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various market risks in the normal course of business, particularly market risks related to: (i) exchange rates, (ii) exposure to credit risk of wholesale counterparties, (iii) liquidity and (iv) interest rates.

Currency-related risk

The Euro is the functional currency used for the consolidated financial statements; however, the Twin Set group carries out operations in currencies other than the Euro, principally for the procurement of products from China and India, denominated in US Dollars, with an exposure therefore to currency risk. In order to mitigate the risk from currency rate fluctuation, the Group has put in place Flexible Forward derivative transactions. As of June 30, 2016 the amount of derivatives in place totaled USD 50.5 million. Following the establishment of the Twin Set East (Russia), the Group is also exposed to the depreciation of the ruble arising from loans and intercompany sales in local currency.

Credit risk

Commercial receivable risk is high in the sector, still featuring a high number of clients represented by individual enterprises. This risk is however mitigated by the low concentration of clients and the internal selection procedures, which ensure that sales on the Wholesale channel are made to solvent clients. As a general guideline, the Group undertakes insurance on European Union client sales, while for non-EU clients advanced or guaranteed payment is required.
Payments on the Retail channel are made through cash and credit cards.
Payments on the e-commerce channel are principally made by credit cards.
According to Company policy, customers that request extensions of payment are subject to a credit rate check, both using information which may be sourced from specialized agencies and from observation and analysis on existing client data.
Moreover, the collection of receivables is constantly monitored during the year in order to ensure timely action and to reduce the risk of losses. An additional instrument utilized for the management of commercial credit risk is the undertaking of insurance policies with insurance or factoring companies, which guarantee indemnity in case of insolvency.

Liquidity risk

Liquidity risk relates to possible difficulties in obtaining financial resources at an acceptable cost to conduct normal Group operating activities. The factors which influence liquidity risk concern both resources generated or absorbed by current operations and those generated or absorbed by investment and financing operations. The Group however considers that the current level of debt, the financial resources and the bank credit lines available, enable a limitation of the impacts from any difficulty in accessing credit. The maturities of financial receivables are such as to allow their realization quickly and without significant problems; it is considered therefore that the Group does not have difficulty in meeting its commitments on financial liabilities.

Interest rate risk

The Group is exposed to the risk of interest rate movements as it has loans in place indexed to the Euribor. In particular, the increased exposure is due to interests maturing on the Bond, with payment of quarterly Coupons linked to 3 month EURIBOR plus a spread. In partial coverage of the interest rate risk, an Interest Rate Swap was undertaken covering 67% of the nominal value of the Bond.

TWIN SET – SIMONA BARBIERI S.p.A.

Interim Consolidated Financial Statements as of and for the six months ended June 30, 2016

CONSOLIDATED BALANCE SHEET

€/000	As of June 30, 2016	As of December 31, 2015 [(1)]
Assets		
Intangible assets	234,179	242,441
of which goodwill	*177,358*	*183,409*
Property, plant and equipment	11,074	10,683
Other financial assets	1,182	1,130
Total intangible assets, PP&E and other financial assets	**246,435**	**254,254**
Inventories	51,137	57,470
Trade receivables	43,751	40,171
Tax receivables	2,053	3,748
Deferred tax assets	8,732	9,518
Other receivables	1,026	550
Financial derivative instruments	332	526
Cash and cash equivalents	58,295	39,039
Total current assets	**165,326**	**151,022**
Other accrued income and prepaid expenses	2,405	2,314
Total accrued income and prepaid expenses	**2,405**	**2,314**
Total assets	**414,166**	**407,590**

€/000	As of June 30, 2016	As of December 31, 2015 [(1)]
Liabilities and Shareholders' equity		
Shareholders' equity		
Share capital	522	522
Reserves	131,722	132,875
Retained earnings	(24,803)	(14,133)
Profit/(loss) for the period	(1,298)	(10,641)
Total Group Shareholders' equity	**106,143**	**108,623**
Equity attributable to non-controlling interests	736	495
Total Shareholders' equity	**106,879**	**109,118**
Liabilities		
Provisions for risks and charges	11,513	9,783
Deferred tax liabilities	6,339	6,552
Provisions for employee severance indemnities	532	710
Bonds	150,000	150,000
Shareholder loan	77,749	75,170
Bank loans	391	890
Client advances	2,025	1,441
Trade payables	43,775	42,992
Tax payables	7,004	3,394
Social security payables	860	1,263
Other payables	5,271	4,367
Accrued expenses and deferred income	1,828	1,910
Total liabilities	**307,287**	**298,472**
Total liabilities and shareholders'equity	**414,166**	**407,590**

(1) The amounts as of December 31, 2015 were reclassified to make them comparable with those as of June 30, 2016

CONSOLIDATED INCOME STATEMENT

€/000	Six months ended June 30,	Six months ended June 30,
Consolidated Income Statement	**2016**	**2015** [1]
Revenue	124,667	121,364
Other income and internally generated assets	952	1,872
Change in work in progress, semifinished and finished product inventories	(5,060)	584
Total revenue and income	**120,559**	**123,820**
Purchase of raw materials, goods and changes in inventory	(39,422)	(40,860)
Cost of services	(30,954)	(35,703)
Rent	(9,319)	(8,576)
Personnel costs	(16,140)	(14,961)
Depreciation and Amortization	(11,273)	(11,219)
Write-downs of trade receivables	(1,681)	(1,585)
Provisions	(119)	(1,119)
Other operating costs	(1,150)	(1,752)
Total operating costs	**(110,058)**	**(115,775)**
Operating profit	**10,501**	**8,045**
Financial income/(expenses)	(7,301)	(7,458)
Profit/(loss) before tax	**3,200**	**587**
Income tax	(4,205)	(3,227)
Profit/(loss) for the period	**(1,005)**	**(2,640)**
Attributable to the Group	*(1,298)*	*(2,714)*
Attributable to non-controlling interests	*293*	*74*

[1] The amounts as of June 30, 2015 were reclassified to make them comparable with those as of June 30, 2016

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€/000)	Share capital	Share premium reserve	Legal reserve	Exchange reserve	Fair Value Reserve (1)	Translation reserve	Retained earnings/(losses) Twin Set SPA	Retained earnings/(losses) OTHERS	Profit/(loss) for the year	Total
As of December 31, 2014	**522**	**133,840**	**104**	**95**	**(242)**	**31**	**2**	**(498)**	**(13,636)**	**120,218**
Allocation of 2014 result (2)	-	-	-	-	-	-	(7,197)	(6,439)	13,636	-
Dividend distribution	-	-	-	-	-	-	-	-	-	-
Result for the year 2015	-	-	-	-	-	-	-	-	(10,641)	(10,641)
Change to translation reserve	-	-	-	-	-	298	-	-	-	298
Change to consolidation reserve	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	(1,252)	-	(1)	-	-	(1,253)
As of December 31, 2015 (1)	**522**	**133,840**	**104**	**95**	**(1,494)**	**329**	**(7,196)**	**(6,937)**	**(10,641)**	**108,623**
Allocation of 2015 result (3)	-	-	-	-	-	-	(11,510)	869	10,641	-
Result for the period	-	-	-	-	-	-	-	-	(1,298)	(1,298)
Change to translation reserve	-	-	-	-	-	(94)	-	-	-	(94)
Change to consolidation reserve	-	-	-	-	-	-	-	(30)	-	(30)
Change in Fair Value	-	-	-	-	(1,058)	-	-	-	-	(1,058)
As of June 30, 2016	**522**	**133,840**	**104**	**95**	**(2,552)**	**235**	**(18,706)**	**(6,098)**	**(1,298)**	**106,143**
Total Group Shareholders' equity										**106,143**
- Capital and reserves attributable to non-controlling interests										443
- Result for the year attributable to non-controlling interests										293
Total equity attributable to non-controlling interests										**736**
Total Shareholders' equity										**106,879**

(1) The amounts as of December 31, 2015 were reclassified to make them comparable with those as of June 30, 2016

(2) Approved by the Board of Directors on April 29, 2015

(3) Approved by the Board of Directors on April 29, 2016

CONSOLIDATED CASH FLOW STATEMENT

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**39,039**	**31,308**
Net cash flow from operating activities		
Profit/(loss) for the period	**(1,005)**	**(2,640)**
Income taxes	4,205	3,227
Amortization	10,086	10,000
Depreciation	1,187	1,219
Financial interest/(income)	7,599	7,353
Gains/losses of disposal	(48)	(2)
Loss on Tessitura Sidoti sale	516	-
Change in bad debt provision	1,102	(168)
Change in slow moving provision	(2,306)	2,569
Change in provision for risks and charges	868	2,002
Change in employee severance indemities	29	7
Cash flow from operating activities before changes in net working capital	**22,233**	**23,567**
Change in inventories	7,916	(3,934)
Change in trade receivables	(5,312)	(6,310)
Change in trade Payables	1,243	(7,635)
Change in client advance	584	(296)
Change in other payables/receivables	1,529	3,573
Change in suppliers advance	(16)	616
Change in net working capital	**5,944**	**(13,986)**
Income taxes paid	(15)	-
NET CASH FLOW FROM OPERATING ACTIVITIES	**28,162**	**9,581**
Net cash flow from investing activities		
Investment in intangible assets	(1,970)	(3,959)
Investments in property, plant and equipment	(1,786)	(2,202)
Disposal of assets	87	19
Consideration received for business disposal	1	-
Investments in other financial assets	-	102
NET CASH FLOW FROM INVESTING ACTIVITIES	**(3,668)**	**(6,040)**
Net cash flow from financing activities		
Repayment of loans	(362)	(719)
Other changes in net equity	-	(50)
Net financial interest paid	(4,958)	(4,859)
Bank overdraft	82	(60)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(5,238)**	**(5,688)**
NET CASH FLOW FOR THE PERIOD	**19,256**	**(2,147)**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**58,295**	**29,161**

TWIN SET – SIMONA BARBIERI S.p.A.

Explanatory Notes to the Interim Consolidated Financial Statements as of and for the six months ended June 30, 2016

EXPLANATORY NOTES

GENERAL INFORMATION

TWIN-SET – Simona Barbieri (the "Parent Company"), already defined above, and its subsidiaries, TS Shoes, TS Deutschland, TS Belgium, TS Spain, TS France, TS Dutch Holding and TS East (together with the Parent Company, the "Group") operate in the apparel market; in particular the Group designs and produces clothing, accessories and women's knitwear, marketed under the brands "TWINSET Simona Barbieri".

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These special purposes Interim Consolidated Financial Statements (the "Interim Consolidated Financial Statements") have been prepared to comply with certain reporting obligation required by the offering memorandum and regulation of the Senior Secured Floating Rates Notes due 2019 issue by the Company on 22nd July 2014.

Standards used to prepare the financial statements

The Interim Consolidated Financial Statements have been prepared in accordance with OIC 30 – Interim Financial Statements taking into account the new requirements provided by the Direttiva 2013/34/UE as endorsed by the Legislative Decree n. 139/2015 and by the Italian Civil Code.
The Interim Consolidated Financial Statements should be read in conjunction with the Twin Set – Simona Barbieri annual consolidated financial statements for the year ended December 31, 2015 (the "Twin Set – Simona Barbieri Consolidated Financial Statements at December 31, 2015"), which have been prepared in accordance with General Accepted Accounting Principles in Italy (Italian GAAP).

The Interim Consolidated Financial Statements have been prepared in accordance with the general principles of prudence and accruals and on an appropriate going concern basis, which covers at least twelve months from the Interim Consolidated Financial Statements date and considering the economic function of the assets and liabilities; account is also taken of risks and losses for the period, even if known after the end of the period.

Structure of financial statements and basis of presentation

The Interim Consolidated Financial Statements include the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in shareholders' equity, the consolidated cash flow statement and the explanatory notes.
The consolidated balance sheet presents amounts as of December 31, 2015, while the consolidated income statement presents amounts related to the six months period ended June 30, 2015, for comparative purposes.
All amount shown in the Interim Consolidated Financial Statements are in thousands of Euro, unless otherwise specified.
The Interim Consolidated Financial Statements were approved by the Company's Board of Directors on August 29, 2016.

CONSOLIDATION AREA AND BASIS OF CONSOLIDATION

Consolidation area and basis of consolidation

Company	Country	Result for the period	Net Equity incl. Result	Period-End	Holding	Carrying value	Consolidation method
TWIN SET - SIMONA BARBIERI S.p.A.	Italy	2,039	115,114	30/06/2016			
TS SHOES SRL	Italy	1,457	6,973	30/06/2016	80%	1,477	Line-by-line
TS SIMONA BARBIERI DEUTSCHLAND GMBH	Germany	(1,723)	(714)	30/06/2016	100%	5,500	Line-by-line
TS SIMONA BARBIERI BELGIUM BVBA	Belgium	(496)	625	30/06/2016	100%	2,793	Line-by-line
TS SIMONA BARBIERI SPAIN S.L.	Spain	(934)	(205)	30/06/2016	100%	2,905	Line-by-line
TS SIMONA BARBIERI FRANCE S.A.	France	(484)	736	30/06/2016	100%	1,800	Line-by-line
TS SIMONA BARBIERI DUTCH HOLDING B.V.	Holland	76	1,458	30/06/2016	80%	2,987	Line-by-line
TS SIMONA BARBIERI EAST LLC	Russia	(32)	(702)	30/06/2016	80%	1,032	Line-by-line

The Interim Consolidated Financial Statements of the TWIN SET - Simona Barbieri Group includes the financial statements of the Parent Company TWIN SET – Simona Barbieri S.p.A. and the financial statements of its subsidiaries as illustrated in the table above.
As stated in paragraph "Recent development", on June 30, 2016 Twin Set – Simona Barbieri disposed of the entire interest in Tessitura Sidoti S.r.l. to MO.DA Gioielli S.r.l.. Therefore, in accordance with the applicable accounting

principles, income and expenses items have been included in the consolidated income statement until the date of diposal and the assets and liabilities of the subsidiary have been derecognised at their carrying amounts at the same date. Difference between the carrying amount and the disposal proceeds has been recognized in the Consolidate Income Statement in the line “other operating expenses” and “Financial expenses”. In the "explanatory notes", the effects of the disposal have been included - wheter significant - in a specific column denominated “Change in consolidation area”.

The Group does not hold investments in associated companies; the non-current investments in other companies are accounted for the cost method.

Basis of consolidation

The Consolidated Financial Statements are prepared in accordance with the provisions of the Italian Legislative Decree 127/1991 and those of the accounting standard OIC 17.

The subsidiaries are included in the Consolidated Financial Statements from the date in which the Parent Company acquires control and are no longer consolidated from the date in which the Parent Company loses control.

The financial statements of companies included in the Consolidated Financial Statements are consolidated on a line-by-line basis, accounting for the non-controlling interest in a proper line item in the Shareholders’ equity and in the consolidated income statement.

The main consolidation criteria, consistently applied over the year described herein, are as follows:

- The carrying amount of investments in consolidated company is eliminated against the corresponding net equity; positive differences are allocated, where possible to the subsidiaries’assets. Any non-attributable residual amount calculated at the date of acquisitions, represents goodwill and is recognized as intangible assets and amortized over its estimated useful life;
- All payables, receivables, revenue and costs, including any unrealized profit and losses, deriving from transactions between companies included in the consolidation area are eliminated.

ACCOUNTING POLICIES

The most significant accounting policies adopted in the preparation of the Interim Consolidated Financial Statements, are the following:

Intangible assets

Intangible assets are recorded at purchase or production cost, increased by directly allocated acquisition costs, adjusted by the relative amortization provision and increased by any monetary revaluations in accordance with law.

Start up and formation expenses, research and development costs are recorded as assets, with the approval of the Board of Statutory Auditors.

Where at the reporting date of the Consolidated Financial Statements the value of intangible assets, independent of the amortization already recorded, reports a permanent impairment, a write-down is recognized through the income statement; where the reasons for the write-down no longer exist the amount is written back through the income statement, without exceeding the initial value adjusted for amortization.

Amortization

Intangible assets amortization is calculated using the straight-line method over the estimated useful lives of the assets, in accordance with the following amortization schedule:

INTANGIBLE ASSETS	PERIOD
Start up and formation expenses	5 years
Industrial patents and intellectual property rights (software licenses)	3/5 years
Brands	18-20 years
Goodwill	10/20 years/duration of underlying contract (residual rental duration)
Other intangible assets (leasehold improvements, finance costs, other deferred)	Duration of underlying contract (residual mortgage or rental duration)

Property, plant and equipment

Property, plant and equipment are recorded at purchase price, including acquisition costs directly attributable to the asset. This cost also includes improvement, restoration and modernization expenses, while interests on loans for the acquisition of assets are not included.

Maintenance expenses incurred to extend property, plant and equipment's useful lives have been capitalized together with historical cost of the asset to which they refer.

Property, plant and equipment are written-down if there is a permanent impairment in their value; when the reasons for the write down no longer exist, the original value is restated, without exceeding the initial value adjusted for depreciation.

Depreciation

The depreciation rates of the tangible fixed assets are calculated based on the residual utilization value, on the basis of rates considered adequate to represent the usage and/or consumption of the assets and their reduced usage over time.
The depreciation rates utilized for the estimated useful life of the Company assets are as follows:

PROPERTY, PLANT & EQUIPMENT	Rate %
Light constructions	10.0%
Plant and machinery	12.5%/duration of underlying contract (residual rental duration)
Industrial and commercial equipment	20%, 25%
EDP	20%, 33.3%
Furniture and fittings	10%, 12%
Transport vehicles	20.0%
Motor vehicles	25.0%
Assets lower than Euro 516.46 (for Italy)	100.0%

For property, plant and equipment acquired during the period, the above-mentioned rates are reduced by half, considered as representative of the lower utilization of these assets, presuming that their participation in the production process is on average half of the year.
For Italian companies, assets with a cost of less than Euro 516 are expensed as incurred.

Other financial assets

Investments in other companies are measured at purchase cost, including any accessory costs, reduced by any permanent impairment if the investee incurs losses and profits that are not expected to be recovered in the foreseeable future. When the reason of impairment no longer exists due to a change in economic circumstances, the amount of the write down is reversed, without exceeding the original amount.

Receivables recorded under financial fixed assets are measured at their nominal value, reduced to adjust them to their realizable value.

Current Assets

Inventories

Inventories are measured at the lower of costs and net realizable value. The cost of inventories includes all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. In particular, for products acquired and held for resale and for direct or indirect materials, acquired and utilized in the production cycle, the historical cost adopted is the purchase cost. For the determination of the purchase cost, reference is made to the actual cost incurred, including any directly allocated acquisition costs including transport and customs expenses, less any commercial discounts.

For the products already produced or in the course of production, the historical cost adopted is the production cost. For the determination of the production cost, reference is made to the purchase cost, as previously indicated, plus the production or transformation expenses, therefore direct and indirect costs, for the portion reasonably allocated to the product relating to the production period.

The cost method utilized is the weighted average cost for the period which takes account of the value of the initial inventories.

Where it is no longer possible to value at historical cost in accordance with the above-mentioned criteria, due to reduction in sales prices, deteriorated, obsolescent or slow moving goods, the net realizable value is applied for the goods, finished products, semi-finished products and products in work in progress, and the replacement cost for raw materials, consumables and ancillary and for semi-processed products.

Receivables

Trade receivables are recorded at their estimated realizable value through a doubtful debt provision recorded as a direct deduction of their nominal value, taking into account losses for non-recovery, returns and adjustments to invoices, discounts, premiums and all other reasons that might determine a lower realizable value. The provision is determined through an analysis of the individual receivables and all other matters existing or expected to occur.
Even all other receivables are also recorded at their realizable value, generally corresponding to their nominal value.

Cash and cash equivalents

Cash and cash equivalents are recorded at their nominal value.

Provisions for risks and charges

The provisions for risks and charges are recorded on the basis of the principle of prudence and accruals and are recorded in order to cover known or probable losses or liabilities, for which the amount or due date could not be determined at year-end.
The provisions reflect the best estimate on the basis of available information at the reporting date. The valuation of risks and charges which are dependent on future events considers also the information available after the year-end and up to the preparation of the present financial statements.
Potential liabilities which are only considered possible to occur are described in the notes without recording any provision.

Employee severance indemnities

The employee severance indemnities recorded in the Consolidated Financial Statements represent the actual debt of the Company with its employees at the reporting date, net of any advances made and payments to the complementary pension funds indicated by the employees or to the INPS Treasury Fund, pursuant to Article 1, paragraph 755 and thereafter of Law No. 296/06.
These liabilities are subject to index-linked revaluation.

Payables

Both trade and financial payables are recorded at their nominal value.

Accrued income and prepaid expenses

Accrued income and prepaid expenses and accrued expenses and deferred income, calculated on the accruals basis, relate to the portion of costs and income referring to two or more years; accrued income and expenses refer to costs and income of the current period to be settled in future periods, while prepaid expenses and deferred income refer to costs and income already paid referring to future periods.

Revenues and Costs

Costs and revenues are recognized based on the accruals principle, independently of the receipt or payment date, net of returns (also through the recording of a provision under liabilities), discounts and premiums.

Income taxes

Income taxes are recorded in accordance with the accruals principle; therefore they include:

- the current taxes paid or to be paid, determined in relation to the assessable income in accordance with current provisions and tax rates;
- the amount of deferred tax assets or liabilities, determined in relation to the temporary difference between the values recorded in the financial statements and the corresponding fiscal values, arising or cancelled in the period.

In compliance with the prudence principle, deferred tax liabilities on the suspended taxes reserve are not recorded when there is a limited probability of distributing these reserves to Shareholders and the deferred tax assets are only recorded where there is reasonable certainty of their recovery.
In this regard, for the Italian Group companies, Article 1, paragraph 61 of the 2016 Stability Law establishes that, with effect from tax periods subsequent to December 31, 2016 (and therefore effective from January 1, 2017), the IRES rate will be 24% instead of the current 27.5%. It was therefore necessary to adjust the tax rates to be applied for the calculation of deferred tax assets/liabilities.

Translation of amounts not denominated in Euro

The current receivables and payables in foreign currencies at the balance sheet date are adjusted to the exchange rate as of June 30, 2016. Gains and losses arising from the translation of the individual current receivables and payables are respectively credited and debited to the income statement as financial items (Item C.17 -bis). Any net gain from the translation of the foreign currency amounts, deriving from the valuation at period-end and recorded in the income statement, is recorded in a specific non-distributable reserve until the gain is realized.

Derivative instruments

Derivative financial instruments are used for economic hedging purposes in order to reduce currency and interest rate risks. All derivative financial instruments are measured at fair value. When derivative financial instruments qualify for hedge accounting, the following accounting treatments apply:
Fair value hedges **–** where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability that is attributable to a particular risk and could affect the Interim Consolidated Income Statement, the gain or loss from remeasuring the hedging instrument at fair value is recognized in the Income Statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the Income Statement.
Cash flow hedges **–** where a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognized asset or liability or a highly probable forecasted transaction and could affect the Interim Consolidated Income Statement, any gain or loss on the derivative financial instrument is recognized directly in equity and classified as a balance sheet item in the line “Financial derivative Instruments” in case of gain and in the line “Provision for risks and charges” in case of loss. The cumulative gain or loss is reclassified from equity to the Income Statement at the same time as the economic effect arising from the hedged item that affects the Income Statement. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains in equity and is recognized in the Income Statement at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in equity is recognized in the Income Statement immediately.

Use of estimates

The preparation of the Consolidated Financial Statements requires management’s estimates and assumptions on the values of the assets and liabilities in the financial statements and on the information relating to the assets and potential liabilities at the Consolidated Financial Statement date. The estimates and assumptions used are based on past experience and other factors considered relevant. However, actual results could differ from the estimates. Estimates and assumptions are reviewed periodically and the impacts of any resulting changes are recognized directly in the income statement in the period in which the estimates are revised, if the revision impacts only that period, or also in future periods, if the revision impacts both the current and future periods. The most significant accounts concerned by these uncertainties are the obsolescence provision, the doubtful debt provision and the provision for risks and charges and goodwill impairment.

EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Fixed assets

The following schedules illustrate the changes in the intangible and tangible and are illustrated by individual asset category: the purchase or production cost, the accumulated amortization and depreciation at the beginning of the year, the acquisitions, the disposals and the net book value.

Intangible assets

The changes in the intangible assets during the period were as follows:

ACCOUNT	As of December 31, 2015			Changes in the period					Change in consolidation area		As of June 30, 2016			
				Additions	Reclass.	Decreases								
(€/000)	Historical cost	Accumulated amortization	Net book value	2016	2016	Hist. cost	Acc. Amort.	Amortization 2016	Historical cost	Accumulated amortization	Exchange difference	Historical cost	Accumulated amortization	Net book value
Start up and formation expenses	1,379	(796)	584	41	-	-	-	(113)	(77)	66	-	1,343	(843)	500
Industrial patents and intellectual property rights	7,995	(3,848)	4,147	409	197	-	-	(725)	-	-	1	8,602	(4,573)	4,029
Concessions, licenses, trademarks and similar rights	29,424	(4,995)	24,429	39	-	-	-	(792)	-	-	-	29,463	(5,787)	23,676
Goodwill	218,463	(35,054)	183,409	-	-	-	-	(5,919)	(165)	32	-	218,298	(40,941)	177,357
Assets in progress and advances	389	-	389	845	(280)	-	-	-	-	-	-	954	-	954
Other intangible assets	43,294	(13,811)	29,483	554	83	(11)	11	(2,537)	(8)	6	82	43,994	(16,331)	27,663
Total intangible assets	**300,944**	**(58,504)**	**242,441**	**1,888**	**-**	**(11)**	**11**	**(10,086)**	**(250)**	**104**	**83**	**302,654**	**(68,475)**	**234,179**

The Start up and formation expenses, amounting to Euro 500 thousand, include incorporation expenses incurred by the Parent Company and its subsidiaries.

Industrial patents and intellectual property rights include the costs for software licenses for indefinite use, principally held by the Parent Company.
The increases and the reclassifications of the period, totaling Euro 606 thousand, are principally related to costs incurred by the Parent Company for IT consultancy and in particular: Euro 168 thousand for the purchase and installation of the new Oracle JD Edwards operating system, Euro 353 thousand for IT projects, mainly for the implementation of the *MPsoft* operating system, Euro 38 thousand for costs incurred for the Shopping On line project and Euro 16 thousand for the introduction of the *"PLM"* software, designed for the management of product technical information.

"Concessions licenses, trademarks and similar rights" reflects at period-end the net book value of the brand held by the Parent Company – "TWINSET Simona Barbieri", in addition to minor brands, principally "SCEE", "Baby TWINSET" and "Girl", in relation to which the Parent Company made investments – Euro 39 thousand - for maintenance and/or new registrations of existing trademarks in their respective territories.
This account includes also the allocation of purchase price excess arising from the merger of Light Force and Fuori dal Sacco 2 for Euro 27,380 thousand ("premium paid") to the main trademark "TWINSET Simona Barbieri", which is amortized on a straight-line basis over twenty years.
Finally, it is recalled that in the financial statements at December 31, 2005, the incorporated LF undertook, on the basis of an experts opinion, the monetary revaluation of the above-mentioned brand, as permitted by Law 266/05 for Euro 1 million; consequently in accordance with Article 10 of Law No. 72 of March 19, 1983 and in accordance with subsequent laws on monetary revaluation and for a better understanding of the changes in the cost of this trademark, we summarize the movements below:

€/000	Historical cost	Revaluation L. 266/2005	Cumulative increases	Allocation premium price	Book value as of June 30, 2016
"Twin Set - Simona Barbieri" trademark	8	1,000	312	27,380	28,700

On July 22, 2014 the Company signed a Pledge Deed of Intellectual Property Rights pursuant to which the Company granted a pledge on the intellectual property rights relating to the trademark TwinSet Simona Barbieri to Secured Creditors as better detailed in the indenture signed on the same date with respect to the issuance of the Senior Secure Notes.

Goodwill totals at June 30, 2016 Euro 177,357 thousand and includes for Euro 167,902 thousand the net book value of goodwill resulting from the allocation of premium paid arising from the merger previously described, amortized on a straight-line basis over twenty years. This also includes costs incurred by the Parent Company and by TS France (totaling Euro 8,739 thousand) with reference to the commercial goodwill acquired within the Retail development. The residual part concerns the goodwill of the subsidiary TS Shoes (Euro 716 thousand).

Intangible assets in progress and advances total Euro 954 thousand and comprise Euro 664 thousand of assets of the Parent Company and specifically: Euro 256 thousand of costs incurred for the implementation of a number of On line shopping projects, Euro 208 thousand of costs incurred for the opening of the new showroom in Milan and for the new headquarter, Euro 98 thousand of costs incurred for the design and development of the new offices and Euro 95 thousand of costs concerning IT projects to be completed by year-end. Euro 290 thousand concerns costs incurred by the subsidiary TS France and TS Spain for the opening of two new Boutiques in 2016, respectively for Euro 269 thousand and Euro 21 thousand.

Other intangible assets amount to Euro 27.663 thousand and principally comprise leasehold improvements (for a total of Euro 8,060 thousand), of which: Euro 4,509 thousand concerning the Parent Company, Euro 1,346 thousand concerning TS Spain, Euro 662 thousand concerning TS Belgium, Euro 502 thousand concerning TS France, Euro 467 thousand concerning TS Deutschland and Euro 574 thousand concerning TS East and deferred costs incurred for the acquisition of rental contracts and transaction charges for strategic stores (for a total of Euro 15,841 thousand, of which: Euro 8,321 thousand concerning the Parent Company, Euro 2,867 thousand concerning TS Deutschland, Euro 1,960 thousand concerning TS France, Euro 1,460 thousand concerning TS Spain, Euro 1,082 thousand concerning TS Belgium and Euro 151 thousand concerning TS East) and costs incurred by the Parent Company following the issue of the Bond (Euro 3,762 thousand).
The increases and reclassifications of the period for Euro 637 thousand relate principally to expenses incurred in the period by the Parent Company, TS Belgium and TS East for the opening of the sales points at Taormina, Seregno Brugnato, Gent and Vnukovo and the new showroom in Milan (Sirtori).

Impairments

Intangible assets were amortized on a straight-line basis as illustrated above. In addition, during the period no indicators of impairment arose and therefore the carrying amount was not subject to an impairment test in accordance with OIC 9.

Property, plant and equipment

The changes during the period of the property, plant and equipment were as follows:

ACCOUNT	As of December 31, 2015			Changes in the period					Change in consolidation area		As of June 30, 2016			
				Additions	Reclass.	Decreases								
(€/000)	Historical cost	Accumulated depreciation	Net book value	2016	2016	Hist. cost	Acc. deprec.	Depreciation 2016	Historical cost	Accumulated amortization	Exchange difference	Historical cost	Accumulated depreciation	Net book value
Land and buildings	30	(11)	19	-	-	-	-	(1)	(23)	6	-	7	(6)	1
Plant and machinery	14,088	(9,057)	5,031	797	-	(1,194)	1,191	(462)	(192)	71	-	13,499	(8,257)	5,242
Industrial and commercial equipment	1,394	(1,072)	322	171	-	(64)	57	(142)	(17)	13	-	1,484	(1,144)	340
Other tangible assets	10,857	(5,546)	5,311	487	-	(68)	39	(582)	(62)	36	68	11,282	(6,053)	5,229
Construction in progress and advances	-	-	-	262	-	-	-	-	-	-	-	262	-	262
Total property, plant and equipment	**26,369**	**(15,686)**	**10,683**	**1,717**	**-**	**(1,326)**	**1,287**	**(1,187)**	**(294)**	**126**	**68**	**26,534**	**(15,460)**	**11,074**

Land and buildings, amounting to Euro 1 thousand, refers to light constructions.

Plant and machinery includes specific and general plant, installed at the premises, factories and warehouses, as well as at the stores and outlets, and machinery for weaving and for garments and footwear production.
The increases in the period, totaling Euro 797 thousand, concern investments by the Parent Company (Euro 663 thousand) and its subsidiaries (Euro 134 thousand), principally for the installation of electric, lighting and video-surveillance plant at the new stores and showroom opened in the first half of 2016 and particularly at Taormina, Seregno, Milan Showroom and Gent. Euro 381 thousand are related to capital expenditure for the purchase of production machinery for the weaving factory by the Parent Company.

Industrial and commercial equipment amount to Euro 340 thousand and principally includes equipment for the ironing, moulds and cutting tools section and commercial equipment at the various stores and outlets managed directly.
The increases in the period totaling Euro 171 thousand (of which Euro 60 thousand the Parent Company), are related principally to the acquisition of equipment for the new stores opened in the period and for existing stores. The residual part of the increases concerns the subsidiary Twin Set Shoes (for Euro 104 thousand), principally for the purchase of moulds and cutting tools.
The decreases in the period concern for Euro 30 thousand the disposal of moulds and cutting tools no longer appropriate for the production of the subsidiary TS Shoes.

Other tangible assets amount to Euro 5,229 thousand and principally relate to office and factory furnitures and fittings, furniture and fittings for the various directly managed stores and outlets, EDP and transport and motor vehicles.
The increases in the period, totaling Euro 487 thousand, are related to the purchase of furniture and fittings and EDP, principally for the stores opened/restructured in the period (for a total of Euro 267 thousand, of which Euro 160 thousand

concerning the Parent Company), in addition to existing stores. They also relate to the purchase of ordinary operating assets.

The disposals in the first half of 2016 resulted in gains for Euro 75 thousand, recognized to other revenues and losses for Euro 27 thousand, recognized to other operating charges.

Current Assets

Inventories

The changes in inventories are shown in the table below:

€/000	As of June 30, 2016	As of December 31, 2015	Change in consolidation area	Changes	% Changes
Raw materials, consumables and goods	3,112	3,648	235	(301)	(8.3%)
Work-in-progress and semi-finished products	2,535	2,607	-	(72)	(2.8%)
Finished goods	45,490	51,215	487	(5,238)	(10.2%)
Total inventories	**51,137**	**57,470**	**722**	**(5,611)**	**(9.8%)**

€/000	As of December 31, 2015	Provisions	Utilizations	As of June 30, 2016
Raw materials, consumables and goods obsolescence provision	(2,665)	(211)	56	(2,820)
Work-in-progress and semi-finished products obsolescence provision	-	-	-	-
Finished goods obsolescence provision	(12,304)	(1,899)	4,360	(9,843)
Total obsolescence provision	**(14,969)**	**(2,110)**	**4,416**	**(12,663)**

The inventories consist of:

- Raw materials, consumables and goods of Euro 3,112 thousand, net of the obsolescence provision of Euro 2.820 thousand relating to yarns, textiles, accessories, hides and glues;
- Work in progress and semi-finished products, amounting to Euro 2,535 thousand, referring to clothing and footwear in production not completed at period-end;
- Finished goods, amounting to Euro 45,490 thousand, net of the relative obsolescence provision of Euro 9,843 thousand comprise garments and footwear produced and complementary products distributed, which complete the total look proposed by the Group to its customers.

Inventory decreases compared to December 31, 2015, from Euro 57,470 thousand to Euro 51,137 thousand. This reduction is principally due to a decrease in the inventory gross value as a result of increased accuracy in stores'orders planning and in production management and of a better stock management with detection of new partners to sell old seasons.

Receivables

The changes in receivables are shown in the table below:

€/000	As of June 30, 2016	As of December 31, 2015	Change in consolidation area	Changes	% Changes
Trade receivables	43,751	40,171	631	4,211	10.5%
Tax receivables	2,053	3,748	21	(1,674)	(44.7%)
Deferred tax assets	8,732	9,518	-	(786)	(8.3%)
Other receivables	1,026	550	4	480	87.3%
Total receivables	**55,562**	**53,987**	**656**	**2,231**	**4.1%**

Trade receivables, amounting to Euro 43,751 thousand (Euro 40,171 thousand at December 31, 2015), refer to trade receivables for the sale of products produced and distributed by the Parent Company for Euro 43,744 thousand and by the subsidiary Twin Set Shoes for Euro 7 thousand.

These receivables are reported net of the doubtful debt provision, amounting to Euro 6,307 thousand, against the risk of potential losses. The movements in the first half of 2016 are as follows:

€/000	As of December 31, 2015	Provisions	Utilizations	As of June 30, 2016
Doubtful debt provision	5,208	1,681	(583)	6,307

Tax receivables, amounting to Euro 2,053 thousand (Euro 3,748 thousand at December 31, 2015), principally comprise VAT receivables of Euro 1,041 thousand (Euro 2,755 thousand at December 31, 2015), of the various group companies, the IRES reimbursement receivable pursuant to Legislative Decree 201/2011 of the Parent Company amounting to Euro 242 thousand, the VAT reimbursement requested by the Parent Company for Euro 285 thousand and by the subsidiary TS Spain for Euro 203 thousand and other tax receivables of Euro 282 thousand.

The deferred tax assets refer to temporary differences fiscally deductible in future years. These receivables concern the Parent Company for Euro 7,167 thousand.

Other receivables principally refer to receivables from suppliers and customers not offset with payables at period-end for advances and credit notes to be received, totaling Euro 586 thousand (Euro 392 thousand at December 31, 2015).

Financial Derivative Instruments

The account amounts to Euro 332 thousand (Euro 526 thousand at December 31, 2015) and relates the fair value of Flexible Forward contracts for a total of USD 50,500 thousand. The hedging instruments are in place to partially hedge the currency risk arising from the purchase of goods denominated in USD. The details and fair value of the contracts as of June 30, 2016 are shown in the following table:

€/000								
Bank	**Contract type**	**Amount (USD/000)**	**Operation date**	**Date init. util.**	**Maturity date**	**Forward Rate**	**Ctr (Euro/000)**	**Fair Value (EUR/000)**
BNL	Flexi forward	5,000	23/03/2015	01/06/2016	31/08/2016	1.1000	4,545	(14)
BNL	Flexi forward	5,000	24/03/2015	01/06/2016	31/08/2016	1.1060	4,521	-
BPER	Flexi forward	3,000	21/10/2015	01/07/2016	31/10/2016	1.1400	2,632	63
BPER	Flexi forward	4,000	21/10/2015	01/10/2016	31/12/2016	1.1426	3,501	90
BPER	Flexi forward	4,000	18/11/2015	01/10/2016	31/12/2016	1.0760	3,717	(130)
BPER	Flexi forward	2,000	18/11/2015	01/10/2016	31/12/2016	1.0755	1,860	(66)
BPER	Flexi forward	1,000	04/12/2015	01/12/2016	31/03/2017	1.1000	909	(14)
BNL	Flexi forward	2,000	22/04/2016	09/01/2017	27/04/2017	1.1300	1,769	22
Unicredit	Flexi forward	4,000	04/12/2015	01/12/2016	31/03/2017	1.1000	3,636	(54)
BPER	Flexi forward	2,500	31/03/2016	01/02/2017	28/04/2017	1.1391	2,195	63
Unicredit	Flexi forward	5,000	01/04/2016	02/05/2017	31/07/2017	1.1540	4,333	119
BPER	Flexi forward	5,000	11/02/2016	01/02/2017	30/04/2017	1.1450	4,367	111
BNL	Flexi forward	5,000	22/04/2016	01/08/2017	30/11/2017	1.1400	4,386	58
Unicredit	Flexi forward	3,000	02/05/2016	01/08/2017	30/11/2017	1.1644	2,576	84
Total		**50,500**					**44,947**	**332**

Cash and Cash equivalents

The account includes Euro 58,128 thousand related to bank and postal accounts and Euro 167 thousand related to cash on hand. For a better understanding of the changes in cash and cash equivalents, reference should be made to the cash flow statement.

Other accrued income and prepaid expenses

The account amounting to Euro 2,405 thousand includes accrued income concerning cost of services and prepaid expenses mainly related to marketing expenses, utilities and rentals (for a total amount of Euro 1.488 thousand). The account includes also Euro 917 thousand (Euro 1,066 thousand as of December 2015) related to the discount on the issue of the Bond loan.
There are no accrued income and prepaid expenses with duration of more than five years.

Net Equity

The movement in Equity relates primarily to the allocation of losses carried forward, the result of the period and change in Fair Value Reserve. For a better understanding of the changes in equity, reference should be made to the table "Consolidated statement of changes in shareholders'equity".

Provisions for risks and charges

The changes in the provisions for risks and charges in the period are shown in the table below:

€/000	As of December 31, 2015 [(1)]	Provision	Utilizations	Other changes	As of June 30, 2016
Provision for pensions and similar obligations	4,432	691	-	56	5,179
Other provision for risks and charges	634	150	-	-	784
Provision for returns	2,697	1,549	(1,580)	-	2,666
Liabilities for derivative financial instruments	2,020	-	-	864	2,884
Total provisions for risks and charges	**9,783**	**2,390**	**(1,580)**	**920**	**11,513**

(1) The amounts as of December 31, 2015 were reclassified to make them comparable with those as of June 30, 2016

The provisions made reflect the best possible estimates based on the information available.

The Provision for pensions and similar obligations refers only to the Parent Company (Euro 5,179 thousand) and relates to the amount due to sales representatives for future contract terminations.
Provisions were determined in accordance with the National Agents' Agreement for the Italian agents and sector agreements for the overseas agents and were recorded under service costs in the Income Statement.

The Other provision for risk and charges include the risk provision concerning potential disputes with third parties amounting to Euro 784 thousand. The accrual of the period relates to Twin Set Deutchland.

The Provision for returns on sales is accrued on the basis of the estimated and expected returns relating to sales made during the period, the accrual is booked in the income statement in the "Provisions".

Liabilities for derivative financial instruments is related to the Fair value of the hedging transactions put in place to mitigate Interest rate risk on the Bond.
The negative fair value increased in the period due to interest rate decreased.

As of June 30, 2016, Interest Rate Swap (IRS) contract of Euro 100 million partially hedges the interest rate risk arising from the Notes. The detail and fair value of the contract as of June 30, 2016 is shown in the following table:

€/000						
Counterparty	**Amount**	**Operation date**	**Maturity date**	**Rate**	**Floater**	**Fair Value**
Unicredit	100,000	22/07/2015	15/07/2019	0.5305%	Euribor 3M	(2,884)
Total	**100,000**					**(2,884)**

Deferred tax liabilities

The account, amounting to Euro 6,339 thousand, mainly refer to the deferred tax effect over the amount allocated to the trademark "TWIN – SET Simona Barbieri" following the Merge.

Provision for employee severance indemnities

The provision, amounting to Euro 532 thousand, reflects the liability of the Italian companies as of June 30, 2016 (Euro 286 thousand refers to the Parent Company and Euro 246 thousand refers to TS Shoes) to all employees at that date, less advances made and transfers to the INPS Treasury Fund and the Open Funds.

Payables

The changes in payables are shown in the table below:

€/000	As of June 30, 2016	As of December 31, 2015	Changes	% Changes
Bonds	150,000	150,000	-	-
Shareholder loan	77,749	75,170	2,579	3.4%
Bank loans	391	890	(499)	(56.1%)
Client advances	2,025	1,441	584	40.5%
Trade payables	43,775	42,992	783	1.8%
Tax payables	7,004	3,394	3,610	>100%
Social security payables	860	1,263	(403)	(31.9%)
Other payables	5,271	4,367	904	20.7%
Total payables	**287,075**	**279,517**	**7,558**	**2.7%**

Bonds reflect the nominal value of the Senior Bond Loan ("Bond") of Euro 150,000 thousand, issued on July 22, 2014 with maturity on July 15, 2019. The Bond (High Yield Bond), on which interest matures quarterly, indexed to the Euribor 3 months increased by a spread of 5.875%, with a B2 rating from Moody's and a B rating from Standard & Poor's, is listed on the ExtraMot market of the Italian Stock Exchange and is exclusively available to qualified investors.

Shareholders loans concern the shareholder The Carlyle Group for Euro 77,749 thousand, including interest matured in the period. The loan matures in 2020, with capitalized interests at an annual rate of 7%. The above-stated loan was acquired by The Carlyle Group on July 1, 2015 from Mo.Da Gioielli.

Bank loans consist of bank loans totaling Euro 391 thousand (Euro 752 thousand at December 31, 2015). The reduction in bank loans is due to the repayment of loans during the period.

The following table reports a breakdown of bank loans as of June 30, 2016 and the changes during the period:

€/000	As of December 31, 2015	Changes in the year		As of June 30, 2016	Maturity	Maturity			
		Repayments	Drawdown			within one year	beyond one year	within 5 years	over 5 years
CARISBO	207	(103)	-	104	29/12/2016	104	-	104	-
BPER (3564210)	388	(154)	-	234	29/01/2017	234	-	234	-
BANCA POP. COMM.& IND.	157	(104)	-	53	21/09/2016	53	-	53	-
Total	**752**	**(361)**	**-**	**391**		**391**	**-**	**391**	**-**

The Client advances, amounting to Euro 2,025 thousand (Euro 1,441 thousand as of December 31, 2015), refer to advances requested from clients for future sales.

Trade payables, amounting to Euro 43,775 thousand (Euro 42,992 thousand at December 31, 2015) refer to payables for the supply of goods and services for Euro 37,332 thousand (Euro 36,562 thousand at December 31, 2015) and payables to agents for commissions of the Parent Company for Euro 6,254 thousand (Euro 6,220 thousand at December 31, 2015). The amount includes also the payable of the Parent Company to Mo.da Gioielli for Euro 189 thousand.

Tax payables, amounting to Euro 7,004 thousand (Euro 3,394 thousand at December 31, 2015) are recorded net of payments in advance, withholding taxes and tax credits legally offset. This item includes payables for definite tax liabilities of the Group.
In particular, the amount refers to employee and consulting withholding taxes for Euro 1.073 thousand (Euro 1,317 thousand at December 31, 2015), the IRES payables of the Parent Company for Euro 4,207 thousand (Euro 1,500 thousand at December 31, 2015), the VAT payable for Euro 480 thousand of the various group companies, the IRAP payable of the Parent Company for Euro 1,068 thousand and of the TS Shoes for Euro 103 thousand, the residual payable following the Italian tax authority assessment for fiscal year 2013 of the parent company for Euro 54 thousand and other tax payables of Euro 19 thousand.

Social security payables, amounting to Euro 860 thousand (Euro 1,263 thousand at December 31, 2015), principally refer to INPS payables for Euro 735 thousand (Euro 921 thousand at December 31, 2015), ENASARCO for Euro 82 thousand (Euro 129 thousand at December 31, 2015) and other social security institutions for Euro 42 thousand (Euro 29 thousand at December 31, 2015). The payables principally concern the Parent Company and the subsidiaries Twin Set Shoes and Twin Set France.

Other payables, amounting to Euro 5,271 thousand (Euro 4,367 thousand at December 31, 2015), include payables to employees for salaries, vacations, 13th and 14th month and relative contributions totaling Euro 4,976 thousand (Euro 4,102 thousand at December 31, 2015), payables of the Parent Company for deposits received for Euro 61 thousand (Euro 79 thousand at December 31, 2015) and other payables for Euro 234 thousand (Euro 187 thousand at December 31, 2015).

Accrued expenses and deferred income

As of June 30, 2016, the account (Euro 1,828 thousand) mainly includes accrued expenses related to interests on Bond.

Revenue

Twin Set Revenue increased by Euro 5,225 thousand, or 4.4%, to Euro 123,229 thousand for the six months ended June 30, 2016 from Euro 118,004 thousand for the six months ended June 30, 2015.

The following table sets forth the breakdown of our revenue by distribution channel for the six months ended June 30, 2015 and 2016.

Breakdown of revenue by distribution channel	Six months ended June 30,	% of Twin Set Revenue	Six months ended June 30,	% of Twin Set Revenue	Change	% Change
(€/000)	2016		2015 (1)			
Wholesale	82,743	67.1%	81,247	68.9%	1,496	1.8%
Retail (including on line)	40,486	32.9%	36,757	31.1%	3,729	10.1%
Twin Set Revenue	**123,229**	**100%**	**118,004**	**100%**	**5,225**	**4.4%**

(1) The amounts as of June 30, 2015 were reclassified to make them comparable with those as of June 30, 2016

The following table sets forth the breakdown of our revenue by geographic area for the six months ended June 30, 2015 and 2016.

Breakdown of revenue by geography (€/000)	For the six months ended June 30,	For the six months ended June 30,	Change	% Change
	2016	2015 (1)		
Italy	75.488	76.205	(717)	(0,9%)
Benelux	8.473	7.933	540	6,8%
Spain	10.335	7.694	2.641	34,3%
France	5.722	4.301	1.421	33,0%
Greater Russia	7.635	6.226	1.409	22,6%
Germany	4.710	4.717	(7)	(0,1%)
Other countries	10.866	10.928	(62)	(0,6%)
Twin Set Revenue	**123.229**	**118.004**	**5.225**	**4,4%**

(1) The amounts as of June 30, 2015 were reclassified to make them comparable with those as of June 30, 2016

Other income

Other income and internally generated assets are composed of:

€/000	Six months ended June 30,	Six months ended June 30,	Change	% Change
	2016	2015		
Rental income	28	26	2	7.7%
Reimbursements	64	34	30	88.2%
Ordinary gains	75	9	66	>100%
Prior year income	472	1,319	(847)	(64.2%)
Other income	176	245	(69)	(28.2%)
Internally generated assets	137	239	(102)	(42.7%)
Total other income and internally generated assets	**952**	**1,872**	**(920)**	**(49.1%)**

Rental income refers to the recharge of a portion of rental costs to Liviana Conti, a third party and sublessor.

Reimbursements mainly relate to the recovery of transport expenses recharged to clients.

Internally generated assets, amounting to Euro 137 thousand, principally refers for Euro 53 thousand to the capitalization of employee costs for the development of the on line shopping projects, Euro 53 thousand for IT projects and Euro 31 thousand for the development of the new Oracle JD Edwards operating system.

Prior year income, amounting to Euro 472 thousand (Euro 1,319 thousand as of June 2015) and refers to other income non recurring. As of June 30, 2015 the account included Euro 900 thousand related to the transfer of unpaid trade receivables to the shareholders. The amount was offset by the same amount included in other operating costs.

Purchase of raw materials, goods and changes in inventory including change in work in progress, semi-finished and finished product inventories

Purchase of raw materials, goods and changes in inventory including change in work in progress, semi-finished and finished product inventories increased by Euro 4,206 thousand, or 10.4%, to Euro 44,482 thousand for the six months ended June 30, 2016 from Euro 40,276 thousand for the six months ended June 30, 2015. As a percentage of Twin Set revenue, this line item increased by 2.0 p.p., to 36.1% in 2016, from 34.1% in 2015. The percentage increase is due to a mix of factors including channel/product mix, higher discounts in retail sales but in line with market practice and greater use of marketed products (offset by the decrease of external works).

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Raw materials, supplementary materials, consumables and goods	38,766	41,713	(2,947)	(7.1%)
Change in inventories of raw materials, supplementary materials, consumables and goods	656	(853)	1,509	(176.9%)
Purchase of raw materials, goods and changes in inventory	**39,422**	**40,860**	**(1,438)**	**(3.5%)**
Change in work in progress, semi-finished and finished product inventories	5,060	(584)	5,644	(966.4%)
Purchase of raw materials, goods and changes in inventory, including change in work in progress, semi-finished and finished product inventories	**44,482**	**40,276**	**4,206**	**10.4%**
% of Twin Set Revenue	*36.1%*	*34.1%*		

Cost of services

Cost of services decreased by Euro 4,749 thousand, or 13.3%, to Euro 30,954 thousand for the period ended June 30, 2016, from Euro 35,703 thousand in the same period of 2015. As a percentage of Twin Set Revenue, cost of services decreased by 5.2 p.p., to 25.1% for the six months ended June 30, 2016 from 30.3% for the six months ended June 30, 2015.

The table below sets forth the breakdown of costs of services for the six months ended June 30, 2015 and 2016:

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Agent commissions	6,870	8,121	(1,251)	(15.4%)
Marketing and advertising	5,346	5,827	(481)	(8.3%)
External works	4,783	7,767	(2,984)	(38.4%)
Logistics and transport	5,498	6,475	(977)	(15.1%)
Administrative	3,027	2,362	665	28.2%
Travelling expenses	687	609	78	12.8%
Insurance	564	613	(49)	(8.0%)
Other service costs	4,179	3,929	250	6.4%
Total cost of services	**30,954**	**35,703**	**(4,749)**	**(13.3%)**
% of Twin Set Revenue	*25.1%*	*30.3%*		

Rent

Rent increased by Euro 743 thousand, or 8.7%, to Euro 9,319 thousand for the period ended June 30, 2016 from Euro 8,576 thousand for the same period of 2015.
The increase in “Rent expenses for shop, outlet and showrooms” relates both to the 6 new openings of stores and outlets in the past 12 months - net of three stores closing that incurred in the period under review, Valmontone Outlet, Milano Pontaccio and Milano Stazione Centrale (the latter was a temporary store opened in conjunction with the EXPO and its closure was already forseen in May 2016) - and the full year charge of storesopened in the first half of 2015 (8 new openings).
The table below sets forth the breakdown of rent for the six months ended June 30, 2015 and 2016:

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Rent expenses for shop, outlet and showrooms	8,456	7,697	759	9.9%
Rent expenses for headquarters	543	586	(43)	(7.3%)
Other rent expenses	320	293	27	9.2%
Total rent	**9,319**	**8,576**	**743**	**8.7%**
% of Twin Set Revenue	*7.6%*	*7.3%*		

Personnel costs

Personnel costs increased by Euro 1,179 thousand, or 7.9%, to Euro 16,140 thousand in the six months of 2016 from Euro 14,961 thousand in the six months of 2015. As a percentage of Twin Set Revenue, personnel costs increased by 0.4 p.p. to 13.1% for the six months ended June 30, 2016 from 12.7% for the six months ended June 30, 2015. The increase mainly relates to the increase of the number of employees, both for the Retail channel and headquarters.

The table below sets forth the breakdown of personnel costs for the six months ended June 30, 2015 and 2016.

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Wages and salaries	12,207	11,200	1,007	9.0%
Social security contribution	3,258	3,139	119	3.8%
Employee severance indemnities	675	622	53	8.5%
Total personnel costs	**16,140**	**14,961**	**1,179**	**7.9%**
% of Twin Set Revenue	*13.1%*	*12.7%*		

Amortization and depreciation

Amortization and depreciation are in line with the previous period and amount to Euro 11,273 thousand for the six months ended June 30, 2016.

The table below sets forth the breakdown of depreciation and amortization for the six months ended June 30, 2015 and 2016.

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Amortization of intangible fixed assets	10,086	10,000	86	0.9%
Depreciation of tangible fixed assets	1,187	1,219	(32)	(2.6%)
Total amortisation and depreciation	**11,273**	**11,219**	**54**	**0.5%**
% of Twin Set Revenue	*9.1%*	*9.5%*		

Operating profit

Operating profit increased by Euro 2,456 thousand, to Euro 10,501 thousand for the six months eneded June 30, 2016 from Euro 8,045 thousand for the six months eneded June 30, 2015. As a percentage of Twin Set Revenue, operating profit increased by 1.8 p.p. to 8.4% in 2016 from 6.6% of the same period in 2015 substantially due to the decrease of operating expense as described above.

Financial income/(expenses)

Financial expenses decreased by Euro 158 thousand to Euro 7,300 thousand in the six months of 2016 from Euro 7,458 thousand in the same period of 2015. Other Financial income refers mainly to interest matured on current accounts.

Interest and other financial expenses principally concerns interest paid on the Bond Loan for Euro 4,787 thousand and interest matured on the Shareholder loan for Euro 2,579 thousand.

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Other financial income	14	8	6	75.0%
Interest and other financial expenses	(7,613)	(7,361)	(252)	3.4%
Foreign exchange gains/(losses)	299	(105)	404	>(100%)
Total financial income/(expenses)	**(7,300)**	**(7,458)**	**158**	**(2.1%)**
% of Twin Set Revenue	*(5.9%)*	*(6.3%)*		

The breakdown of interest and other financial expenses in the period is shown in the table below:

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Shareholder loan interest	**2,579**	**2,395**	**184**	**7.7%**
Bank interest	**247**	**122**	**125**	**102.5%**
Loan interest	*9*	*22*	*(13)*	(59.1%)
Overdraft and short-term loan interest	*4*	*17*	*(13)*	(76.5%)
Bank charges	*190*	*83*	*107*	>100%
Financial losses	*44*	*-*	*44*	100.0%
Interest on Bond	**4,787**	**4,844**	**(57)**	**(1.2%)**
Total interest and other financial expenses	**7,613**	**7,361**	**252**	**3.4%**

Overall, interest and other financial charges are in line with the previous year since the amount of debt outstanding did not change materially

Income tax and deferred tax assets and liabilities

The breakdown of income and deferred taxes is as follows:

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
Current taxes	(3,631)	(4,417)	786	(17.8%)
Deferred taxes	211	191	20	10.5%
Prepaid taxes	(785)	999	(1,784)	>(100%)
Total income tax	**(4,205)**	**(3,227)**	**(978)**	**30.3%**

Current taxes are as follows:

€/000	Six months ended June 30, 2016	Six months ended June 30, 2015	Change	% Change
IRES	(2,707)	(3,362)	655	(19.5%)
IRAP	(924)	(1,055)	131	(12.4%)
Total current taxes	**(3,631)**	**(4,417)**	**786**	**(17.8%)**

Current taxes, amounting to Euro 3,631 thousand as of June 30, 2016, include IRES for Euro 2,707 thousand (of which Euro 2,121 thousand related to TS Italy and Euro 586 thousand to TS Shoes) and IRAP for Euro 924 thousand (of which Euro 821 thousand related to TS Italy and Euro 103 thousand to TS Shoes).

Subsequent event

No significant events have occurred after the end of the period.

Related Parties

The Parent Company undertake its activities through the utilization of factories and warehouses under rental contracts, owned property or finance leases of MO.DA Gioielli S.r.l..
The parent company has also commercial relations with Liviana Conti, an Italian company controlled by MO.DA Gioielli.
No atypical and/or unusual transactions took place with related parties and all operations were governed at normal market conditions.