Belluno Companies Registration Office No. 00240790253
Economic and Administrative Register No.: 52081

DE RIGO S.p.A.

Registered office in Villanova Industrial Zone, 12- 32013 Longarone (BL)
Share capital Euro 10,968,535.24 fully paid-in

Directors' Report on the 2017 separate and consolidated financial statements

In implementation of Legislative Decree No. 32, Article 1, point c) of February 2, 2007, the company utilises the option to present in a single document the consolidated Directors' Report and the separate Directors' Report, with a greater focus in the consolidated financial statements, where appropriate, upon matters of significance for the companies included in the consolidation.
Therefore, the present consolidated Directors' Report also contains the disclosure required by Article 2428 of the Civil Code, with reference to the separate financial statements of De Rigo S.p.A..

Corporate Boards

The Board of Directors of the parent company comprises 7 members:

Ennio De Rigo Piter	Chairman
Emiliana De Meio	Vice Chairman
Massimo De Rigo Piter	Executive Vice Chairman
Maurizio Dessolis	Executive Vice Chairman
Michele Aracri	Executive Director
Roberto De Rigo	Director

The Board of Directors will remain in office until the approval of the 2017 Annual Accounts.

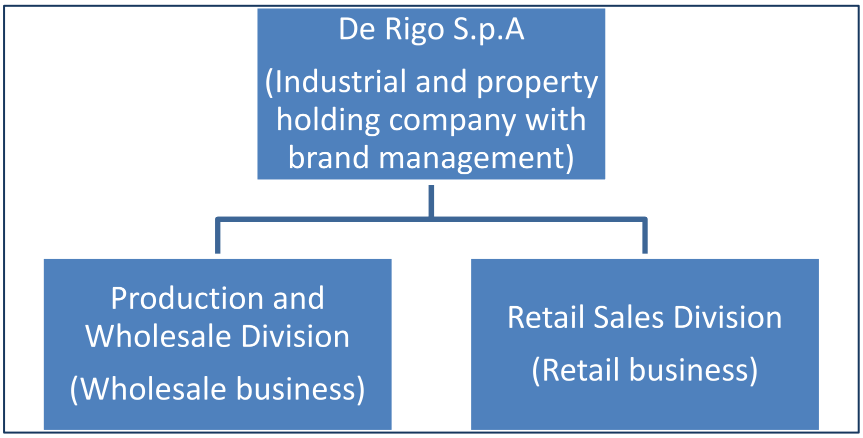
According to the motions of May 18, 2015, the Chairman assumes the broadest powers of ordinary and extraordinary administration, while the three Vice Chairmen, Emiliana De Meio, Massimo De Rigo Piter and Maurizio Dessolis and the Executive Director Michele Aracri have powers limited to ordinary administration.

The Board of Statutory Auditors is comprised of 5 members:

Mario Bampo	Chairman
Gianfilippo Cattelan	Statutory Auditor
Mario Sommavilla	Statutory Auditor
Federica Monti	Alternate Auditor
Stefano Lodolo	Alternate Auditor

The Board of Statutory Auditors will remain in office until the approval of the 2018 Annual Accounts.

Group operating structure



Shareholders

At December 31, 2017, the shareholder structure of De Rigo S.p.A. comprised:

De Rigo Holding S.r.l.	96.889%
Ennio De Rigo Piter	1.899%
Roberto De Rigo	0.474%
Giorgio De Rigo Piter	0.474%
Others	0.263%

At December 31, 2017, De Rigo S.p.A. securities comprised only ordinary shares not listed on an official market.

At the reporting date, De Rigo S.p.A. does not hold treasury shares.
The subsidiaries do not directly or indirectly hold shares of the parent company.

Operating conditions and developments

Dear Shareholders,

we have left behind a complex year for our Group, featuring multiple events - most of which outside of our control - which significantly shaped results falling short of initial forecasts.

The Wholesale division in 2017 was particularly engaged in integrating the newly-acquired companies De Rigo REM and De Rigo Australia. In both cases, results have taken longer than expected to materialise, impacting sales growth forecasts for the year.

For the Retail division, the General Optica chain continued to advance despite the difficulties on the Spanish market, particularly as a result of the Catalan independent referendum.

The Turkish chain De Rigo Opmar did not perform particularly well in 2017 and, although on the up over the medium-term, saw sales slow - due both to unstable consumer traffic in higher-end commercial areas, hitting consumer numbers, and the continued weakening of the local currency.

Group overview

Group consolidated income statement

As reported below in the reclassified Income Statement, consolidated revenues grew 4.0% to Euro 430.4 million, from Euro 413.6 million in 2016. At like-for-like exchange rates, Group revenues were up 5.5%.

Wholesale division revenues increased 7% to Euro 254.5 million from Euro 237.8 million in 2016, principally due to the consolidation of De Rigo REM and De Rigo Australia for the entire year.

Retail division revenues decreased 0.2% to Euro 189.5 million, from Euro 189.8 million in 2016, thanks to sales growth delivered by General Optica and partially offset by the contraction in De Rigo Opmar sales and the weakening of the Turkish Lira.

EBITDA, calculated as the operating profit before amortisation and depreciation, decreased 31.5% to Euro 20.4 million, from Euro 29.8 million in 2016, with a 4.7% revenue margin. The EBITDA reduction principally concerns the drop in sales at like-for-like scope, with organisational costs not decreasing proportionally, in addition to lower earnings on markets impacted by the weakening of local currencies and the specific difficulties affecting such economies. Secondly, the investment policy of a number of overseas branches has not delivered the returns expected.

EBIT before the pension fund deficit accrual decreased 75.3% to a profit of Euro 3.4 million, from Euro 13.8 million in 2016, and reported a 0.8% revenue margin (3.3% in 2016).

EBIT after the pension fund deficit accrual decreased to a loss of Euro 6.4 million, from a profit of Euro 2 million in 2016, and reported a -1.5% revenue margin (0.5% in the previous year).

Net extraordinary and financial income of Euro 0.3 million was reported, compared to Euro 5 million in 2016.

The final result was a loss of Euro 10.2 million, compared to substantially breakeven (loss of Euro 0.3 million) in 2016.

At December 31, 2017, the De Rigo Group reported a net cash position of Euro 32.3 million, compared to Euro 24.9 million at December 31, 2016.

The consolidated income statement reports the key operating figures (in thousands of Euro), reclassified for an improved understanding of operating events:

	2017	2016	Cge. %
NET SALES REVENUES	**430,364**	**413,645**	**4.0%**
Sold product cost	(189,223)	(178,239)	6.2%
GROSS PROFIT	241,140	235,406	2.4%
Advertising & promotion costs	(35,145)	(34,133)	3.0%
Sales costs	(158,728)	(149,685)	6.0%
General & administrative costs	(43,868)	(37,827)	16.0%
OPERATING COSTS	**(237,741)**	**(221,645)**	**7.3%**
EBIT BEFORE PENSION FUND DEFICIT ACCRUAL	**3,399**	**13,761**	-75.3%
Pension fund deficit accrual	(9,774)	(11,720)	-16.6%
EBIT	**(6,375)**	**2,041**	**-412.4%**
Interest income	398	349	14.0%
Interest charges	(4,100)	(4,044)	1.4%
Other non-operating income (charges)	3,972	8,725	-54.5%
OTHER REVENUES (COSTS)	**270**	**5,031**	**-94.6%**
PROFIT/(LOSS) BEFORE TAXES	**(6,105)**	**7,072**	**-186.3%**
INCOME TAXES	(4,131)	(7,410)	-44.3%
NET LOSS BEFORE MINORITY INTERESTS	**(10,236)**	**(338)**	**2928.4%**
MINORITY INTEREST SHARE	583	262	122.5%
NET LOSS	**(9,653)**	**(76)**	**12601.3%**

In order to more clearly present the operating result, the income statement effect of the defined benefit pension fund, whose beneficiaries at the reporting date were not employees of any Group companies, was isolated.

Group consolidated revenues by region

Consolidated revenues by region are broken down as follows:

Sales by region	2017	2016	Change	Change %
Europe (excluding Italy)	309.0	300.8	8.2	2.7%
The Americas	55.0	42.1	12.9	30.6%
Rest of the world	58.2	63.4	-5.2	-8.2%
Total	**422.2**	**406.3**	**15.9**	**3.9%**
Other revenues	8.2	7.3	0.9	12.3%
Consolidated revenues	**430.4**	**413.6**	**16.8**	**4.1%**

- European sales totalled Euro 309 million (+2.7%), principally due to increased parent company sales, both for the Retail and Wholesale division sales on the Spanish and Portuguese market, while partially offset by the drop in Turkish and French sales;
- sales in the Americas rose 30.6% to Euro 55.0 million, in particular following the acquisition in 2016 of De Rigo REM;
- Rest of the World sales contracted 8.2% to Euro 58.2 million, principally due to the drop in sales in the Middle East, Japan and at the Hong Kong branch.

Consolidated Group revenues by business division

The following table outlines the financial highlights of the two divisions in 2017 and 2016 in millions of Euro:

	PRODUCTION AND SERVICE REVENUES			EBITDA			EBIT BEFORE PENSION FUND ACCRUAL		
Group Divisions	**2017**	**2016**	**Change %**	**2017**	**2016**	**Change %**	**2017**	**2016**	**Change %**
Production and wholesale	**254.9**	**237.8**	7.2%	5.5	12.2	-54.9%	-1.2	6.5	-118.5%
Retail	**189.5**	**189.8**	-0.2%	15.0	18.0	-16.6%	9.7	12.7	-23.6%
Inter-company eliminations	**-14.0**	**-14.0**	*0.0%*	*-0.1*	-0.4	*-75.0%*	*-5.0*	-5.4	*-7.4%*
Total	**430.4**	**413.6**	4.0%	**20.4**	**29.8**	-31.5%	**3.5**	**13.8**	-75.4%

Production and wholesale

Wholesale division revenues reported further growth, thus surpassing the level achieved in 2016. Division revenues increased 7.2% to Euro 254.9 million, compared to Euro 237.8 million in 2016. The growth generated from the inclusion in the consolidation of De Rigo REM and De Rigo Australia for the entire year, in addition to growth on markets such as Brazil, Spain and Portugal, was however partially offset by the Asian, Middle Eastern and Turkish markets.

Retail sales

The Group Retail network at December 31, 2017 comprised the following sales points:

	Directly owned stores			Stores under franchise			Total		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
General Optica	212	206	6	69	62	7	281	268	13
Opmar Optik	74	73	1	0	0	0	74	73	1
Boots Opticians	452	458	-6	177	179	-2	629	637	-8
Total	**738**	**737**	**1**	**246**	**241**	**5**	**984**	**978**	**6**

The network of Group stores comprises: *General Optica*, the leading chain of opticians on the Spanish market; *Mais Optica*, one of the main chains in Portugal; the *Opmar Optik* chain, the second largest retailer in Turkey; *Boots Optical Investment Holdings Limited*, the second largest chain of opticians on the British market, of which the De Rigo Group holds 42% (consolidated indirectly at Equity).

Retail sales, concerning General Optica, Mais Optica and Opmar Optik alone, totalled Euro 186.5 million, in line with Euro 186.9 million in 2016.

The re-start of sales point launches and the more focused commercial policy of the Spanish and Portuguese chain supported consolidated growth.
After a long period of sales point network expansion, Opmar Optik suspended its Retail expansion on the Turkish market, concentrating on the delivery of internal efficiencies and on combating the difficulties of an unstable domestic market and of a continually weak currency.

Consolidated costs

The principal operating costs reported the following movements (in thousands of Euro as per the financial statements):

Description	2017	2016	Cge. %
Personnel costs	122,751	116,270	5.6%
Raw materials, consumables and goods, adjusted by the change in the inventories of raw materials, consumables and goods and of the change in inventories of work in progress, semi-finished and finished goods.	162,994	153,384	6.3%
Service costs	93,000	86,076	8.0%
Rents, lease and similar	25,312	24,335	4.0%
Amortisation, depreciation & write-downs	18,890	17,089	10.5%
Provisions for risks, other provisions and other operating charges	19,504	19,931	-2.1%
TOTAL COSTS OF PRODUCTION ADJUSTED BY THE CHANGE IN INVENTORIES	**442,451**	**417,085**	**6.1%**

The movements in operating costs related to:

Personnel costs: +5.6%, principally from the consolidation of De Rigo Rem and increased Spanish retail chain costs following the new sales point openings.

Raw material costs and inventory changes: +6.3%, increasing on the previous year principally due to the consolidation of De Rigo REM. These costs remained stable as a percentage of sales on the previous year.

Service costs: +8%, mainly due to increased sales network, royalties and transport costs.

Rents, lease and similar: +4%, principally following the increase in the cost for the rental of spaces following the rolling out of the sales point opening plan in Spain and the indexing to foreign currencies of a number of Turkish store rental contracts.

Amortisation, depreciation and write-downs: +10.5%, due to investments made by Group companies.

Provisions for risks, other provisions and other operating charges: -2.1%,principally due to the reduced accrual to the English pension fund, partially offset by increased provisions for future Marketing commitments and for legal disputes at the overseas companies.

During the year, the Group undertook the following transactions with related parties:

Description	Financial receiv.	Trade receivables	Other receiv-ables	Financial payables	Other pay-ables	Reven ues	Costs	Financial income (charges)
DE RIGO HOLDING SRL	-	-	-	233	-	-	-	-
DE RIGO IMMOBILIARE SRL	-	13	-	-	-	-	85	-
SEWON I.T.C. CO. LTD.	-	5,006	-	-	318	8,331	318	-
AMSTERDAM PROPERTIES S.L.	-	-	-	-	-	6	209	-
BOOTS OPTICIANS*	-	1,355	1,835	-	457	5,668	130	-
MARR INTERNATIONAL GROUP LTD.	-	-	-	-	-	-	404	-
Total	**-**	**6,374**	**1,835**	**233**	**775**	**14,005**	**1,146**	**-**

* The chain Boots Opticians has in place an agreement with the company BBGR Ltd. for the supply and mounting of lenses and logistics management. Under this agreement, De Rigo Vision invoices the majority of orders received by the Boots Opticians chain to the company BBGR Ltd., which thereafter, once the requested service has been provided, invoices in turn Boots Opticians. Therefore, in order to provide a better representation for the reader, the items concerning BBGR are aggregated with those of Boots Opticians.

Marr International's costs stem from the settlement regarding the discontinued agreement and the consequent write-downs.
Payables to De Rigo Holding S.r.l. are of a financial nature and as a result of the loan granted by the parent company. Receivables and payables with other associates concern trade receivables.

The Group is involved in tax disputes in a number of countries. The most significant is in Italy, where the Tax Agency-Veneto Regional Section, following the execution of audits, issued separate tax assessments for income taxes relating to financial years 2008, 2009, 2010, 2011 and 2012 for a total of Euro 5,544 thousand and mainly regarding transfer pricing (the calculation of inter-company transaction prices).

The company, considering itself to have acted correctly and in full compliance with applicable regulations, presented to the competent Tax Commission an appeal against all of the tax assessments and also requested from the Agency international reports - Department of Finance and the Ministry for Economy and Finance - to initiate a mutual agreement procedure as per Article 6 of Convention 90/436/EC against double taxation ("MAP") for each of the countries in the EU involved in which the Group operates through a subsidiary. The company, confident of defending its actions and having charged to the income statement for the majority of the declared financial years the payment of one-third of each claim, in 2017 only provisioned Euro 192 thousand to the risks provision as an appropriate amount to cover the non-transfer pricing cases.

In pursuing its transfer pricing defense strategy, the company presented to the Tax Agency a request to initiate MAP's also for the previously audited financial years of 2013 and 2014, although for which formal tax assessments have not yet been issued; in addition, in the second half of 2017 it also applied for the introduction of a bilateral Prior Agreement Process ("APA") for a European subsidiary, although with the intention to extend it to the other EU subsidiaries.

The Group is also involved in a dispute with a minority shareholder, with judgment awaited at an overseas arbitration court. The Group considers the probability of incurring extraordinary costs following the issue of the arbitrators judgment as low. A financial statement provision against this dispute is therefore not considered necessary.

Non-recurring and financial management and consolidated investments

Extraordinary and financial management reported Group net income of Euro 0.3 million, reducing on income of Euro 5 million in the previous year.

This result was principally due to the combined effect of the positive contribution from the write-back of the investment in Boots Optical Investment Holding for Euro 10.7 million, compared to Euro 10.1 million in the previous year, and Euro 2.5 million of net financial charges (Euro 2.2 million in the previous year), also concerning the English pension fund. The impact of exchange movements was a loss of Euro 3.8 million (substantially neutral in the previous year).

The Group net financial position, in thousands of Euro, at year-end was as follows:

	2017	2016	Change
Bank deposits	68,856	40,869	27,987
Cash in hand and similar	1,136	1,533	(397)
Financial instruments	24	490	(466)
Cash and cash equivalents	70,016	42,892	27,124
Bonds and convertible bonds (within one year)	-	-	-
Shareholder loans (within one year)	(233)	(383)	150
Bank payables (within one year)	(16,112)	(8,573)	(7,539)
Other lenders (within one year)	(36)	(1,939)	1,903
Advances on foreign payments	-	-	-
Short-term portion of loans	-	-	-
Short-term financial payables	(16,381)	(10,895)	(5,486)
Short-term net financial position	**53,635**	**31,997**	**21,638**
Bonds and convertible bonds (beyond one year)	-	-	-
Shareholder loans (beyond one year)	-	-	-
Bank payables (beyond one year)	(19,684)	(7,005)	(12,679)
Other lenders (beyond one year)	(1,697)	(67)	(1,630)
Advances on foreign payments	-	-	-
Long-term portion of loans	-	-	-
Financial receivables	-	-	-
Net financial position - Medium/long-term	(21,381)	(7,072)	(14,309)
Net financial position	**32,254**	**24,925**	**7,329**

At the end of 2017, the Group reported a net cash position of Euro 32.3 million, compared to Euro 24.9 million in the previous year. Operating activities generated cash flows of Euro 36.7 million, compared to Euro 56.5 million in the previous year, while working capital management generated resources of Euro 9 million, against the absorption of Euro 34.7 million in the previous year. The Group invested Euro 13.1 million, in line with Euro 13 million in the previous year, particularly for new sales points in Spain and Group IT systems, in addition to the refurbishment of Group facility production plant.

The balance sheet reclassified to net capital employed is reported below, in thousands of Euro:

	2017	2016	Change
Trade receivables	77,031	83,793	(6,762)
Other receivables	48,800	50,738	(1,938)
Inventories	87,849	99,651	(11,802)
Current non-financial payables	(95,674)	(105,401)	9,727
A) Working capital	**118,006**	**128,781**	**(10,775)**
Net tangible and intangible assets	96,509	101,705	(5,196)
Financial fixed assets	97	115	(18)
Investments	49,684	46,327	3,357
Non-current provisions and non-financial payables	(48,762)	(42,347)	(6,415)
B) Net fixed capital	**97,528**	**105,800**	**(8,272)**
A+B= Net capital employed	**215,534**	**234,581**	**(19,047)**
C) Net financial debt	**(32,254)**	**(24,925)**	**(7,329)**
Opening shareholders' equity	256,193	257,450	(1,257)
Treasury shares	-	-	-
Minority interest capital and reserves	1,258	2,131	(873)
Net loss for the year	(9,653)	(76)	(9,577)
D) Closing shareholders' equity	**247,798**	**259,505**	**(11,707)**
C+D = Total financial debt (cash) and shareholders' equity	**215,544**	**234,580**	**(19,036)**

Both trade receivables and inventories reduced on 2016, the year in which the Group introduced a review policy of operating cycle timeframes ahead of the release of new collections.

The key earnings indicators are reported below (in millions of Euro):

Debt coverage index

The Group has a positive net financial position.

Return on sales (ROS):

	2017	2016
EBIT	-6.4	2.0
Revenues	430.4	413.6
ROS %	**-1.5%**	**0.5%**

Return on investment (ROI):

	2017	2016
EBIT	-6.4	2.0
Net capital employed	215.5	234.6
ROI %	**-3.0%**	**0.9%**

Return on equity (ROE):

	2017	2016
Net result	-9.6	-0.3
Net equity	246.5	257.4
ROE %	**-3.9%**	**-0.1%**

Consolidated tax charge

The Group reported an effective average tax rate of 75%, compared to 105% in the previous year. The high effective tax charge is due to the reduction of the Group's assessable income base following the increased proportion of tax losses incurred in a number of countries, against which the relative deferred tax assets had not been prudently recognised, and the increased assessable base in countries with higher tax rates than Italy. For further information, reference should be made to the notes to the financial statements.

Social, political and trade union developments

The Group continued in 2017 to restructure a number of Group companies and particularly at managerial level. These actions did not result in difficulties within the organisation.

Personnel

The average Group workforce at December 31, 2017 and 2016, broken down by category and in FTE, is reported below:

	2017	2016	Changes
Executives	48	47	1
White-collar	2,266	2,153	113
Blue-collar	682	661	21
Others	131	132	(1)
Total	**3,127**	**2,993**	**134**

Other information

In accordance with Article 2428, paragraph 2, we report the following:

Research and development

The Group has always invested in aligning its production processes with the most advanced technological standards. The limited amount of technological developments on the market in recent times have restricted the need for significant industrial investment.

IT investments are increasingly important for our Group. The replacement of IT systems was extended also to other Group companies, which currently largely operate through a centralised SAP system. The activities to improve the level of computerisation of the sales networks in the countries in which the Group operates directly continued also in 2017.

The intensive production research and development activities did not result in the capitalisation of costs, as mainly concerning individual product models, for which their utility is limited to the period of production of the model and is generally concentrated in a period of less than one year, or for the completion of plant and machinery for which these operations are outsourced and included in the acquisition cost of the asset.

Disclosure as per Article 2428, paragraph 2, point 6-bis of the Civil Code

Pursuant to Article 2428, paragraph 2, point 6-bis of the Italian Civil Code, information relating to the use of financial instruments is detailed below as such information is relevant for a valuation of the company's equity and financial position.
Company management seek to hedge risks through the use of various types of existing beneficial financial instruments, to ensure that currency, interest rate and price risk are knowledgeably managed. Where risks may be covered through insurance, the Group undertakes the necessary policies. With regards to currency risks, the company usually hedges its currency surplus/deficit so as to minimise the economic effect.

In particular:

Credit Risk

The credit risk deriving from normal Group operations with commercial counterparties is managed and controlled within the procedures for the allocation and monitoring of client credit standings. Credit management activities are coordinated through reporting and periodic meetings concerning all Group companies.
The amount and measurement criteria for the Doubtful debt provision at the reporting date are outlined in the Explanatory Notes.
At the reporting date, any significant concentrations of credit risk have been monitored, with appropriate write-down provisions established where necessary.

Liquidity and cash flow risk

The majority of Group receivables are short-term. For some receivables for which late payment was considered as a potential insolvency indicator, the Group has already provisioned for the relative risk. The Group does not have significant exposures which may compromise its liquidation capacity.

The following is also noted:

- debt instruments or other lines of credit to service liquidity requirements are in place;
- the Group holds financial assets for which a liquid market does not exist, but from which financial cash flows are expected (capital or interest) which will be available to satisfy liquidity needs;
- other sources of financing exist;
- there is no significant concentration of liquidity risk, either from financial assets or from financing sources.

Market risk

A sensitivity indication at the reporting date is provided below, highlighting the effects of possible changes on the income statement in relation to the significant risk variables for each of the following components:

- interest rate risk: the Group is exposed to interest rate risk from financial payables to credit institutions. As this debt is indexed to the Euribor rate, any change results in a positive or negative impact on the income statement. Management consider that the exposure to this risk is marginal in comparison to the amount of business generated.

- currency risk: the Group undertakes commercial transactions (purchase and sale of goods) in currencies other than the Euro (principally the US Dollar, GB Sterling, Brazilian Real, Turkish Lira, Chinese Renminbi and Japanese Yen). The currency hedging policy therefore seeks to minimise the differences generated between the budget exchange rate and that relating to commercial transactions for the purchase or sale of goods and services in foreign currencies (receipts or payments). The derivative instruments utilised by the company to hedge currency risk principally concern options and forward contracts.

- price risks: very few raw materials utilised by the company have historically reported significant price changes. These changes do not have significant impacts on the income statement.

The environment

The Group has always operated in compliance with environmental regulations, putting in place all actions necessary to align production standards with those required by the applicable regulations.

Parent company De Rigo S.p.A. overview

Parent Company Income Statement

Parent company sales of Euro 7 million were substantially in line with the previous year, as was the EBIT at Euro 5.3 million.

The net profit amounted to Euro 0.8 million, compared to Euro 14.2 million in 2016 (in which dividends totaling Euro 15 million were issued by the Spanish retail chain).

The income statement reports the key operating figures of the parent company De Rigo S.p.A. (in thousands of Euro), reclassified for an improved understanding of operating events:

	2017	2016	Cge. %
NET SALES REVENUES	**7,037**	**7,388**	**-4.8%**
Sold product cost	(287)	(287)	0.0%
GROSS PROFIT	**6,750**	**7,100**	**-4.9%**
Advertising & promotion costs	(51)	(43)	18.6%
Sales costs	(13)	(13)	0.0%
General & administrative costs	(1,367)	(1,362)	0.4%
OPERATING COSTS	(1,431)	(1,418)	0.9%
EBIT	**5,319**	**5,682**	**-6.4%**
Interest income	48	28	71.4%
Interest charges	-	-	-
Other non-operating income (charges)	(2,853)	10,676	-126.7%
OTHER REVENUES (COSTS)	(2,805)	10,704	-126.2%
PROFIT BEFORE TAXES	**2,514**	**16,386**	**-84.7%**
INCOME TAXES	(1,677)	(2,153)	-22.1%
NET PROFIT	**837**	**14,233**	**-94.1%**

Costs of the Parent Company

The principal operating costs reported the following movements (in thousands of Euro as per the financial statements):

Description	2017	2016	Change	Cge. %
Personnel costs	0	0	(0)	0.00%
Raw materials, consumables and goods, adjusted by the change in the inventories of raw materials, consumables and goods and of the change in inventories of work in progress, semi-finished and finished goods.	6	2	4	231.9%
Service costs	1,109	959	150	15.6%
Rents, lease and similar	-	-	-	0.0%
Amortisation, depreciation & write-downs	632	644	(12)	-1.9%
Provisions for risks, other provisions and other operating charges	119	127	(8)	-6.3%
TOTAL COSTS OF PRODUCTION ADJUSTED BY THE CHANGE IN INVENTORIES	**1,866**	**1,732**	**134**	**7.7%**

The account is substantially in line with 2016.

During the year, the company undertook the following transactions with related parties:

Description	Financial receivables	Trade receivables	Other receivables	Financial payables	Other payables	Revenues	Costs	Financial income (charges)
DE RIGO VISION S.p.A.	43,377	554	-	1,830	262	3,346	266	(41)
GENERAL OPTICA	-	-	5	-	-	34	-	-
Total	**43,377**	**565**	**5**	**1,830**	**262**	**3,380**	**266**	**(41)**

Financial management and investments of the parent company De Rigo S.p.A

Net financial charges of Euro 48 thousand increased on the previous year.

Extraordinary items in 2016 included dividends received from the subsidiary General Optica International S.A. of Euro 15 million, offset by the provision for the share capital increase of the Turkish subsidiary De Rigo Ve Sesa Group Gozluk. The account in 2017 principally included the allocation to the share capital increase provision of the Turkish subsidiary De Rigo Ve Sesa Group Gozluk.

	2017	2016	Change
Bank deposits	258	30	228
Cash in hand and similar	0	1	(1)
Treasury shares	-	-	-
Cash and cash equivalents	258	31	227
		-	
Bonds and convertible bonds (within one year)	-	-	-
Shareholder loans (within one year)	-	-	-
Bank payables (within one year)	-	-	-
Other lenders (within one year)	(2,093)	(272)	(1,821)
Advances on foreign payments	-	-	-
Short-term portion of loans	-	-	-
Loans to subsidiaries	43,366	38,675	4,691
Short-term financial receivables (payables)	41,273	38,403	2,870
		-	
Short-term net financial position	**41,531**	**38,434**	**3,097**
		-	
Bonds and convertible bonds (beyond one year)	-	-	-
Shareholder loans (beyond one year)	-	-	-
Bank payables (beyond one year)	-	-	-
Other lenders (beyond one year)	-	-	-
Advances on foreign payments	-	-	-
Long-term portion of loans	-	-	-
Financial receivables	-	-	-
Net financial position - Medium/long-term	-	-	-
		-	
Net financial position	**41,531**	**38,434**	**3,097**

At December 31, 2017, De Rigo S.p.A. reported a net cash position of Euro 41.5 million, increasing on Euro 38.4 million at December 31, 2016.

The balance sheet reclassified to net capital employed is reported below, in thousands of Euro:

	2017	2016	Change
Trade receivables	1,648	1,545	103
Other receivables	1,665	2,903	(1,238)
Inventories	-	-	-
Current non-financial payables	(747)	(1,159)	412
A) Working capital	**2,566**	**3,288**	**(722)**
Net tangible and intangible assets	4,777	5,154	(377)
Financial assets	(0)	-	(0)
Equity investments	206,618	206,618	(0)
Non-current provisions and non-financial payables	(10,940)	(7,948)	(2,992)
B) Net fixed capital	**200,455**	**203,824**	**(3,369)**
A+B= Net capital employed	**203,021**	**207,112**	**(4,091)**
C) Net financial debt	**(43,362)**	**(38,434)**	**(4,928)**
Opening shareholders' equity	245,546	231,313	14,233
Treasury shares	-	-	-
Minority interest capital and reserves	-	-	-
Net Profit	837	14,233	(13,396)
D) Closing shareholders' equity	**246,383**	**245,546**	**837**
C+D = Total financial debt (cash) and shareholders' equity	**203,021**	**207,112**	**(4,091)**

For further information, reference should be made to the Explanatory Notes.

The key earnings indicators are reported below (in millions of Euro):

Debt coverage index
The company has a positive net financial position.

Return on sales (ROS)

	2017	2016
EBIT	5.3	5.7
Revenues	7.0	7.4
ROS %	**75.7%**	**77.0%**

Return on investment (ROI)

	2017	2016
EBIT	5.3	5.7
Net capital employed	203.0	207.1
ROI %	**2.6%**	**2.8%**

Return on equity (ROE):

	2017	2016
Net result	0.8	14.2
Net equity	246.4	245.5
ROE %	**0.3%**	**5.8%**

Parent Company tax charge

The company reported an effective average tax rate of 66.7%, compared to 13.1% in the previous year.

Human resources

The company did not have any employees in the years 2017 and 2016.

Privacy regulation (Legislative Decree No. 196/2003)

In accordance with attachment B, point 26, of Legislative Decree 196/2003 in relation to the protection of personal data, the directors report that the company has introduced adequate measures for the protection of personal data. In particular, the protection of Personal Data Document, filed at the registered office and freely available, was drawn up on March 31, 2005 and updated on March 27, 2017.

Further information

No atypical or unusual transactions were undertaken with related parties.
With regards to any investments held by directors, statutory auditors or general managers, reference should be made to the Explanatory Notes.

The information provided sets out a true, balanced and exhaustive analysis of the company's position, performance and operating results, overall and among the various sectors in which it operates, also through subsidiaries.

Proposal for the approval of the financial statements and the allocation of the net profit

It is proposed that the Shareholders' Meeting allocates the net profit of the parent company De Rigo S.p.A. of Euro 837 thousand to the extraordinary reserve.

The Chairperson of the Board of Directors
Ennio De Rigo Piter

The undersigned ENNIO DE RIGO PITER, Chairman of the Board of Directors of the company De Rigo S.p.A., declares that the present electronic document conforms to that transcribed and signed in the company's accounting records.