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 2016 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.

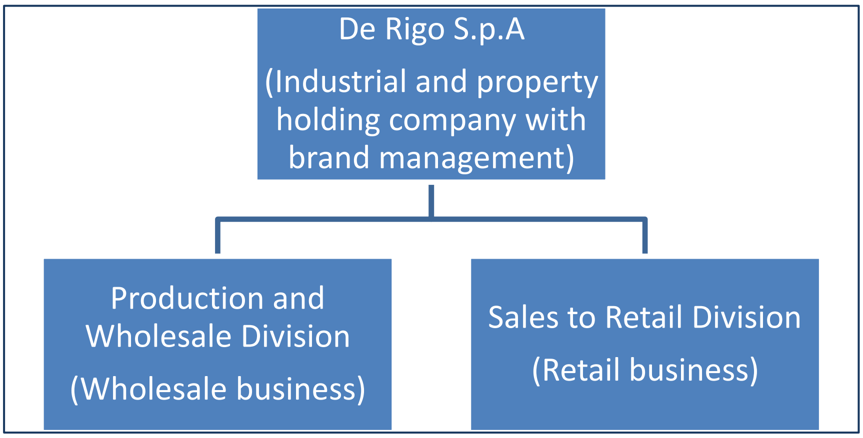
According to the motions of May 18, 2015, the Chairman assumes the broadest powers of ordinary and extraordinary administration, while the three Vice Chairmen, Emiliana De Meio, Massimo De Rigo Piter and Maurizio Dessolis and the Managing Director Michele Aracri have powers limited to ordinary administration.

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, 2016, 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, 2016, 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,

in a complex year for our Group, we have successfully and quickly reorganised our business to protect against events which may impact us directly.

The Wholesale division operated for the entire year without the two licenses (Ermenegildo Zegna and Givenchy) which in 2015 significantly contributed to sales. The absence of these sales was almost entirely offset by the new brands introduced by the Group (Zadig & Voltaire, Trussardi and Nina Ricci), which one year from launch are demonstrating their true potential for international growth. The acquisition of the US company REM Optical Inc was completed in June last year, with Amy Australia Pty acquired in August. Both companies contributed only partially to sales revenues in the second half of the year.

For the Retail division, the General Optica chain continued the growth of recent years which according to our estimates still outstrips that of the general market.
2016 was however particularly challenging for the Turkish chain De Rigo Opmar due to social and political events in the country, impacting consumer traffic in higher-end commercial areas and therefore results and the devaluation of the local currency.

Group overview

Group consolidated income statement

As reported below in the reclassified Income Statement, consolidated revenues grew 2.6% to Euro 413.6 million, from Euro 403.0 million in 2015. At like-for-like exchange rates, Group revenues were up 2.4%.

Wholesale division revenues increased 2.9% to Euro 237.8 million from Euro 231 million in 2015, principally due to the consolidation of De Rigo REM.

Retail division revenues rose 2.6% to Euro 189.8 million, from Euro 184.9 million in 2015, thanks to sales growth delivered both by General Optica and partially offset by the contraction in De Rigo Opmar sales.

EBITDA, calculated as the operating profit before amortisation and depreciation, decreased 6.3% to Euro 29.8 million, from Euro 31.8 million in 2015, with a 7.2% revenue margin. The EBITDA reduction principally concerns the drop in sales at like-for-like scope, in addition to lower earnings on markets impacted by the weakening of local currencies and the specific difficulties affecting such economies.

EBIT before the pension fund deficit accrual decreased 16.9% to Euro 13.8 million, from Euro 16.6 million in 2015, with a 3.3% revenue margin (4.2% in 2015).

EBIT after the pension fund deficit accrual decreased 75.6% to Euro 2 million, from Euro 8.3 million in 2015, reporting a 0.5% revenue margin (2.1% in 2015).

Net extraordinary and financial income was Euro 5 million, compared to Euro 13.2 million in 2015.

The net result was substantially breakeven (profit of Euro 0.3 million), compared to a net profit of Euro 14.7 million in 2015.

At December 31, 2016, the De Rigo Group reported a net cash position of Euro 24.4 million, compared to Euro 65.3 million at December 31, 2015.

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

	2016	2015	Cge. %
NET SALES REVENUES	**413,645**	**403,034**	**2.6%**
Cost of goods sold	(178,239)	(177,779)	0.3%
GROSS PROFIT	235,406	225,255	4.5%
Advertising & promotion costs	(34,133)	(31,523)	8.3%
Selling costs	(149,685)	(142,489)	5.1%
General & administrative costs	(37,827)	(34,680)	9.1%
OPERATING COSTS	**(221,645)**	**(208,692)**	**6.2%**
EBIT BEFORE PENSION FUND DEFICIT ACCRUAL	**13,761**	**16,563**	**-16.9%**
Pension fund deficit accrual	(11,720)	(8,200)	42.9%
EBIT	**2,041**	**8,363**	**-75.6%**
Interest income	349	564	-38.1%
Interest costs	(4,044)	(4,349)	-7.0%
Other non-operating income (costs)	8,725	17,034	-48.8%
OTHER REVENUES (COSTS)	**5,031**	**13,249**	**-62.0%**
PROFIT BEFORE TAXES	**7,072**	**21,613**	**-67.3%**
INCOME TAXES	(7,410)	(7,960)	-6.9%
NET PROFIT/LOSS BEFORE MINORITY INTERESTS	**(338)**	**13,653**	**-102.5%**
MINORITY INTERESTS	262	1,036	-74.7%
NET PROFIT (LOSS)	**(76)**	**14,689**	**-100.5%**

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	2016	2015	Change	Change %
Europe (excluding Italy)	300.8	296.8	4.0	1.3%
The Americas	42.1	26.6	15.5	58.4%
Rest of the world	63.5	70.4	(7.0)	-9.9%
Total	**406.3**	**393.8**	**12.5**	**3.2%**
Other revenues	7.3	9.2	(1.9)	-20.7%
Consolidated revenues	**413.6**	**403.0**	**10.6**	**2.6%**

- European sales were up 1.3% to Euro 300.8 million, principally due to both increased Retail and Wholesale division sales on the Spanish and Portuguese market, while partially offset by the drop in Turkish and United Kingdom sales;
- sales in the Americas rose 58.4% to Euro 42.1 million, in particular following the acquisition in the year of De Rigo Rem;
- Rest of the World sales contracted 9.9% to Euro 63.5 million, principally due to the drop in sales in Korea and at the Hong Kong branch.

Consolidated Group revenues by business division

The following table outlines the financial highlights of the two divisions in 2016 and 2015 in millions of Euro:

	PRODUCTION AND SERVICE REVENUES			**EBITDA**			**EBIT BEFORE PENSION FUND ACCRUAL**		
Group Divisions	**2016**	**2015**	**Change %**	**2016**	**2015**	**Change %**	**2016**	**2015**	**Change %**
Manufacturing and wholesale	**237.8**	**231.0**	2.9%	12.2	13.0	-5.5%	6.5	8.4	-22.4%
Retail	**189.8**	**184.9**	2.6%	18.0	18.9	-4.9%	12.7	13.3	-4.9%
Inter-company eliminations	**-14.0**	**-12.9**	*8.4%*	-0.4	-0.1	*491.8%*	-5.4	-5.1	*5.3%*
Total	**413.6**	**403.0**	2.6%	**29.8**	**31.8**	-6.3%	**13.8**	**16.6**	-16.9%

Manufacturing and wholesale

Wholesale division revenues reported further growth, thus surpassing the 2015 numbers. Division revenues increased 2.9% to Euro 237.8 million, compared to Euro 231 million in 2015. The growth generated from the inclusion in the consolidation of De Rigo REM and De Rigo Australia, in addition to growth on markets such as the U.A.E., Spain, Germany and Italy, was however partially offset by Asian and Turkish market weakness.

Retail sales

The Group Retail network at December 31, 2016 comprised the following sales points:

	Owned stores			Franchised			Total		
	2016	2015	Change	2016	2015	Change	2016	2015	Change
General Optica	206	198	8	62	57	5	268	255	13
Opmar Optik	73	74	-1	0	0	0	73	74	-1
Boots Opticians*	458	461	-3	179	178	1	637	639	-2
Total	**737**	**733**	**4**	**241**	**235**	**6**	**978**	**968**	**10**

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 186.9 million, up 2.9% on Euro 181.7 million in 2015.

The re-start of point sales opening and the more focused commercial policy of the Spanish and Portuguese chain significantly boosted sales, assisted also by the strength of the general economy.
After a long period of expansion of the network of point of sales, Opmar Optik suspended its Retail expansion on the Turkish market, concentrating on the delivery of internal efficiencies.

Consolidated costs

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

Description	2016	2015	Cge. %
Personnel costs	116,270	113,045	2.9%
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.	153,384	148,385	3.4%
Service costs	86,076	82,428	4.4%
Rents, lease and similar	24,335	22,619	7.6%
Amortisation, depreciation & write-downs	17,089	16,675	2.5%
Provisions for risks, other provisions and other operating charges	19,931	16,098	23.8%
TOTAL COSTS OF PRODUCTION ADJUSTED BY THE CHANGE IN INVENTORIES	**417,085**	**399,250**	**4.5%**

The movements in operating costs related to:

Personnel costs: +2.9%, principally from the consolidation of De Rigo Rem and increased Spanish retail chain costs following the new point of sales openings. The increases in addition related to the opening at the end of 2015 of the German and Dubai branches. They are partially offset by the Euro 3.0 million reduction in De Rigo Vision personnel costs as a result of the downsizing of the workforce following the loss of the Zegna and Givenchy brands.

Raw material costs and inventory changes: +3.4%, 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: +4.4%, mainly due to increased sales network, royalties and transport costs.

Rents, lease and similar: +7.6%, principally following the increase in the cost for the rental of spaces following the rolling out of the point of sales opening plan in Spain and the indexing to the US Dollar of a number of Turkish store rental contracts.

Amortisation, depreciation and write-downs: +2.5%, due to investments made by Group companies.

Provisions for risks, other provisions and other operating charges: +23.8%, principally relating to English pension fund accruals. The continuous decline of interest rates following international economic stimulation and in particular in reaction to the "Brexit" referendum result significantly increased the pension fund deficit - from the previous Euro 74.3 million to Euro 94.9 million. Against this deficit, the Group has continued its policy of extraordinary long-term provisioning. Reference should be made to the Explanatory Notes for further details.

During the year, the Group 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 HOLDING SRL	-	-	-	383	-	-	-	1
DE RIGO IMMOBILIARE SRL	-	13	-	-	-	-	67	-
SEWON I.T.C. CO. LTD.	-	3,665	-	-	502	10,421	502	-
AMSTERDAM PROPERTIES S.L.	-	-	-	-	-	5	206	-
BOOTS OPTICIANS*	-	1,109	1,898	-	473	7,170	82	-
MARR INTERNATIONAL GROUP LTD.	-	368	-	-	-	199	191	(14)
Total	**-**	**5,155**	**1,898**	**383**	**975**	**17,795**	**1,048**	**(13)**

* 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.

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.

Non-recurring and financial management and consolidated investments

Extraordinary and financial management reported Group net income of Euro 5.3 million compared to income of Euro 14 million in 2015.
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 10.1 million and for Euro 2.2 million net financial charges, also concerning the English pension fund. The impact of exchange movements was substantially neutral, as in the previous year.

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

	2016	2015	Change
Bank deposits	40,869	76,599	(35,730)
Cash on hand and similar	1,533	571	962
Treasury shares	-	-	-
Cash and cash equivalents	42,892	77,170	(34,278)
Bonds and convertible bonds (within one year)	-	-	-
Shareholder loans (within one year)	(383)	(482)	99
Bank payables (within one year)	(8,573)	(11,344)	2,771
Other lenders (within one year)	(1,939)	(43)	(1,896)
Advances on foreign payments	-	-	-
Short-term portion of loans	-	-	-
Short-term financial payables	(10,895)	(11,869)	974
Short-term net financial position	**31,997**	**65,301**	**(33,304)**
Bonds and convertible bonds (beyond one year)	-	-	-
Shareholder loans (beyond one year)	-	-	-
Bank payables (beyond one year)	(7,005)	0	(7,005)
Other lenders (beyond one year)	(67)	(33)	(34)
Advances on foreign payments	-	-	-
Long-term portion of loans	-	-	-
Financial receivables	-	-	-
Net financial position - Medium/long-term	(7,072)	(33)	(7,039)
Net financial position	**24,925**	**65,268**	**(40,343)**

At the end of 2016, the Group reported a net cash position of Euro 24.9 million, compared to Euro 65.3 million in the previous year. The reduction in the cash position is principally due to gross operating investments of Euro 13 million, equity investments for Euro 24.2 million, cash flow from operations net of working capital changes of Euro 21.8 million and the realisable value of fixed asset disposals of Euro 0.5 million. The decrease is partially offset by cash flows generated from financing activities of Euro 8.7 million.

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

	2016	2015	Change
Trade receivables	83,793	72,252	11,541
Other receivables	50,738	44,409	6,329
Inventories	99,651	91,749	7,902
Current non-financial payables	(105,401)	(108,480)	3,079
A) Working capital	**128,780**	**99,930**	**28,850**
Net tangible and intangible assets	101,705	88,724	12,981
Financial assets	115	-	115
Equity investments	46,327	48,682	(2,355)
Non-current provisions and non-financial payables	(42,347)	(46,664)	4,317
B) Net fixed capital	**105,800**	**90,742**	**15,058**
A+B= Net capital employed	**234,580**	**190,672**	**43,908**
C) Net financial debt	**(24,925)**	**(65,268)**	**40,343**
Opening shareholders' equity	257,450	240,809	16,641
Treasury shares	-	-	-
Minority interest capital and reserves	2,131	442	1,689
Net Profit	(76)	14,689	(14,765)
D) Closing shareholders' equity	**259,505**	**255,940**	**3,565**
C+D = Total financial debt (cash) and shareholders' equity	**234,580**	**190,672**	**43,908**

Gross investments for Euro 28.4 million refer principally to the purchase of the US company De Rigo Rem, the purchase of shares in the Australian branch, the opening of new points of sales in Spain and Group IT system investments, in addition to the upgrading of production plant at Group facilities.

Receivables increased principally due to the consolidation of the US company De Rigo Rem and improved Spanish market revenues.
Inventories rose mainly due to the consolidation of the US company De Rigo Rem, the accelerated operating cycle of De Rigo Vision and the increased number of Retail division sales points.

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):

	2016	2015
EBIT	2.0	8.4
Revenues	413.6	403.0
ROS %	**0.5%**	**4.1%**

Return on investment (ROI):

	2016	2015
EBIT	2.0	8.4
Net capital employed	234.6	190.7
ROI %	**0.9%**	**8.7%**

Return on equity (ROE):

	2016	2015
Net result	-0.3	14.7
Net equity	257.4	255.5
ROE %	**-0.1%**	**5.8%**

Consolidated tax charge

The Group reported an effective average tax rate of 105%, compared to 36.8% in the previous year. This significant increase is mainly due to the reduction of the Group's assessable income base following the increased proportion of tax losses incurred in foreign 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 2016 to restructure a number of Group companies and particularly those in Italy. These initiatives also involved the launching of a voluntary redundancy programme in order reduce the workforce and consequently the internal production capacity. The process concluded agreeably with the departure of 60 employees.

Personnel

The average Group workforce at December 31, 2016 and 2015, broken down by category and in FTE, is reported below:

Workforce	2016	2015	Changes
Executives	47	47	0
White-collar	2,153	2,199	(45)
Blue-collar	661	699	(37)
Other	132	133	(1)
Total	**2,994**	**3,078**	**(83)**

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 2016.

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

In accordance with Article 2428, paragraph 2, point 6-*bis* of the Civil Code, the information concerning the use of financial instruments is detailed below, as relevant for the calculation 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 7.4 million were substantially in line with the previous year, as was the EBIT at Euro 5.7 million.

The net profit amounted to Euro 14.2 million, compared to Euro 0.2 million in 2015, principally due to the issue of dividends totaling Euro 15 million 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:

	2016	**2015**	**Cge. %**
NET SALES REVENUES	**7,388**	**7,346**	**0.6%**
Cost of goods sold	(287)	(288)	-0.3%
GROSS PROFIT	**7,100**	**7,058**	**0.6%**
Advertising & promotion costs	(43)	(48)	-10.0%
Selling costs	(13)	(13)	0.0%
General & administrative costs	(1,362)	(1,293)	5.3%
OPERATING COSTS	(1,418)	(1,354)	4.7%
EBIT	**5,682**	**5,704**	**-0.4%**
Interest income	28	44	-36.6%
Interest costs	(0)	-	0.0%
Other non-operating income (costs)	10,676	(3,516)	-403.6%
OTHER REVENUES (COSTS)	10,704	(3,472)	-408.3%
PROFIT BEFORE TAXES	**16,386**	**2,232**	**634.2%**
INCOME TAXES	(2,153)	(2,034)	5.9%
NET PROFIT	**14,233**	**198**	**7079.8%**

Costs of the Parent Company

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

Description	2016	2015	Cge. %
Personnel costs	0	0	-1.37%
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.	2	2	-1.1%
Service costs	959	1,045	-8.3%
Rents, lease and similar	-	-	0.0%
Amortisation, depreciation & write-downs	644	560	15.1%
Provisions for risks, other provisions and other operating charges	127	116	9.7%
TOTAL COSTS OF PRODUCTION ADJUSTED BY THE CHANGE IN INVENTORIES	**1,732**	**1,723**	**0.5%**

The account is substantially in line with 2015.

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

Description	Financial receiv.	Trade receivables	Other receiv.	Financial payables	Other pay.	Revs.	Costs	Financial income (charges)
DE RIGO VISION S.p.A.	40,209	596	-	-	272	3,893	272	(25)
GENERAL OPTICA INTERNACIONAL S.A.								(15,000)
Total	**40,209**	**596**	**-**	**-**	**272**	**3,893**	**272**	**(15,025)**

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

Net financial charges of Euro 28 thousand slightly reduced on the previous year.

Extraordinary items in 2015 included the allocation to the share capital increase provision of the Turkish subsidiary De Rigo Ve Sesa Group Gozluk. In 2016, the account 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.

	2016	2015	Change
Bank deposits	30	39	(10)
Cash on hand and similar	1	0	0
Treasury shares	-	-	-
Cash and cash equivalents	31	40	(9)
Bonds and convertible bonds (within one year)	-	-	-
Shareholder loans (within one year)	-	-	-
Bank payables (within one year)	-	-	-
Other lenders (within one year)	(272)	(281)	9
Advances on foreign payments	-	-	-
Short-term portion of loans	-	-	-
Loans to subsidiaries	38,675	21,003	17,672
Short-term financial receivables (payables)	**38,403**	**20,723**	**17,681**
Short-term net financial position	**38,434**	**20,762**	**17,671**
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	**38,434**	**20,762**	**17,671**

At December 31, 2016, De Rigo S.p.A. reported a net cash position of Euro 38.4 million, increasing on Euro 20.7 million at December 31, 2015, mainly due to the receipt of dividends from the Spanish retail chain.

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

	2016	2015	Change
Trade receivables	1,545	1,483	62
Other receivables	2,903	1,324	1,578
Inventories	-	-	-
Current non-financial payables	(1,159)	(822)	(337)
A) Working capital	***3,288***	***1,985***	***1,303***
Net tangible and intangible assets	5,154	5,577	(423)
Financial assets	0	(0)	1
Equity investments	206,618	206,618	-
Non-current provisions and non-financial payables	(7,948)	(3,629)	(4,319)
B) Net fixed capital	**203,824**	**208,565**	**(4,742)**
A+B= Net capital employed	**207,112**	**210,551**	**(3,439)**
C) Net financial debt	**(38,434)**	**(20,762)**	**(17,671)**
Opening shareholders' equity	231,313	231,115	198
Treasury shares	-	-	-
Minority interest capital and reserves	-	-	-
Net Profit	14,233	198	14,034
D) Closing shareholders' equity	**245,546**	**231,313**	**14,233**
C+D = Total financial debt (cash) and shareholders' equity	**207,112**	**210,551**	**(3,439)**

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)

	2016	2015
EBIT	5.7	5.7
Revenues	7.4	7.3
ROS %	**77.0%**	**78.1%**

Return on investment (ROI)

	2016	2015
EBIT	5.7	5.7
Net capital employed	207.1	210.6
ROI %	**2.8%**	**2.7%**

Return on equity (ROE):

	2016	2015
Net result	14.2	0.2
Net equity	245.5	231.3
ROE %	**5.8%**	**0.1%**

Parent Company tax charge

The company reported an effective average tax rate of 13.1%, compared to 91.1% in the previous year.

Human resources

The company did not have any employees in the years 2016 and 2015.

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 14,233 thousand to the extraordinary reserve.

The Chairman 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.