Annual Report

31/12/2015

CONTENTS

Company information 4
Boards of directors and of auditors 5
Group structure 6
Group organization chart 7
Distribution network 8

DIRECTORS' REPORT ON OPERATIONS

Group Operations 10
Performance of the group as of December 31, 2015 27
Analysis of revenues 33
- Revenues by geographical area 33
- Revenues by distribution channel 35
- Revenues by product line 38

Operating results 40
Net finance expense, taxes and net profit 44
Analysis of financial position 46
- Net working capital 46
- Capital expenditures 47
- Net financial indebtedness 48
- Shareholders' equity 49

Statement of reconciliation between shareholders' equity and profit for the year of the parent company and consolidated shareholders' equity and profit for the year 51
Moleskine S.p.A. 52
Financial indicators 54
Information on corporate governance 55
Significant events after the reporting period 57
Business outlook 58
Management and coordination 59
Related party transactions 60
Possession and buybacks and purchases of Parent company shares 61
Research & development 62
Principal risks and uncertainties for the Group 63
Risk of infringement of intellectual property rights 64
Social responsibility 65
Compliance with privacy code requirements 67
Art. 36 Issuers' Regulations 68
Proposed resolution on the profit for the year 69

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

Consolidated statement of financial position 71
Consolidated statement of comprehensive income 72
Consolidated statement of cash flows 73
Consolidated statement of changes in shareholders' equity 74
Explanatory notes to the Consolidated Financial Statements 75
Certification of the Consolidated Financial Statements pursuant to article 81-ter of CONSOB Regulation no. 11971 of May 4, 1999 as amended 138
Independent auditors' report pursuant to articles 14 and 16 of Legislative Decree no. 39 of 1/27/2010 139

SEPARATE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

Statement of financial position 142
Statement of comprehensive income 143
Statement of cash flows 144
Statement of changes in shareholders' equity 145
Explanatory notes to the Separate Financial Statements 146
Certification of the Separate Financial Statements as of December 311, 2015 pursuant to article 81-ter of CONSOB Regulation no. 11971 of May 14, 1999 as amended 207
Independent auditors' report pursuant to articles 14 and 16 of Legislative Decree no. 39 of 1/27/2010 208
Board of Statutory Auditors' report 210

COMPANY INFORMATION

REGISTERED OFFICE OF THE GROUP HOLDING COMPANY

Moleskine S.p.A.
Viale Stelvio 66 – 20159
Milan

LEGAL INFORMATION OF THE GROUP HOLDING COMPANY

Approved share capital Euro 2,121,802.05
Subscribed and fully paid-up share capital Euro 2,121,802.05

Milan Company Register no. 07234480965
Milan Economic Administrative Index (REA) no. 1945400
Tax code and VAT no. 07234480965
Company website www.moleskine.com

BOARD OF DIRECTORS AND OF AUDITORS

Board of Directors	Marco Ariello	Chairman
	Arrigo Berni	Chief Executive Officer
	Philippe Claude Sevin	Director
	Giuseppe Zocco	Director
	Daniele Raynaud	Director
	Fabio Brunelli	Independent director
	Daniela Della Rosa	Independent director
	Orna Ben Naftali	Director
Control and Risk Committee	Fabio Brunelli	Chairman
	Daniela Della Rosa	
	Marco Ariello	
Remuneration Committee	Daniela Della Rosa	Chairman
	Fabio Brunelli	
	Marco Ariello	
Board of Statutory Auditors	Paola Maiorana	Chairman
	Rocco Santoro	Statutory Auditor
	Roberto Spada	Statutory Auditor
	Sabrina Pugliese	Alternate Auditor
	Cristiano Proserpio	Alternate Auditor
Independent auditors	PricewaterhouseCoopers SpA	
Executive Officer in charge of the financial reports	Alessandro Poletto	

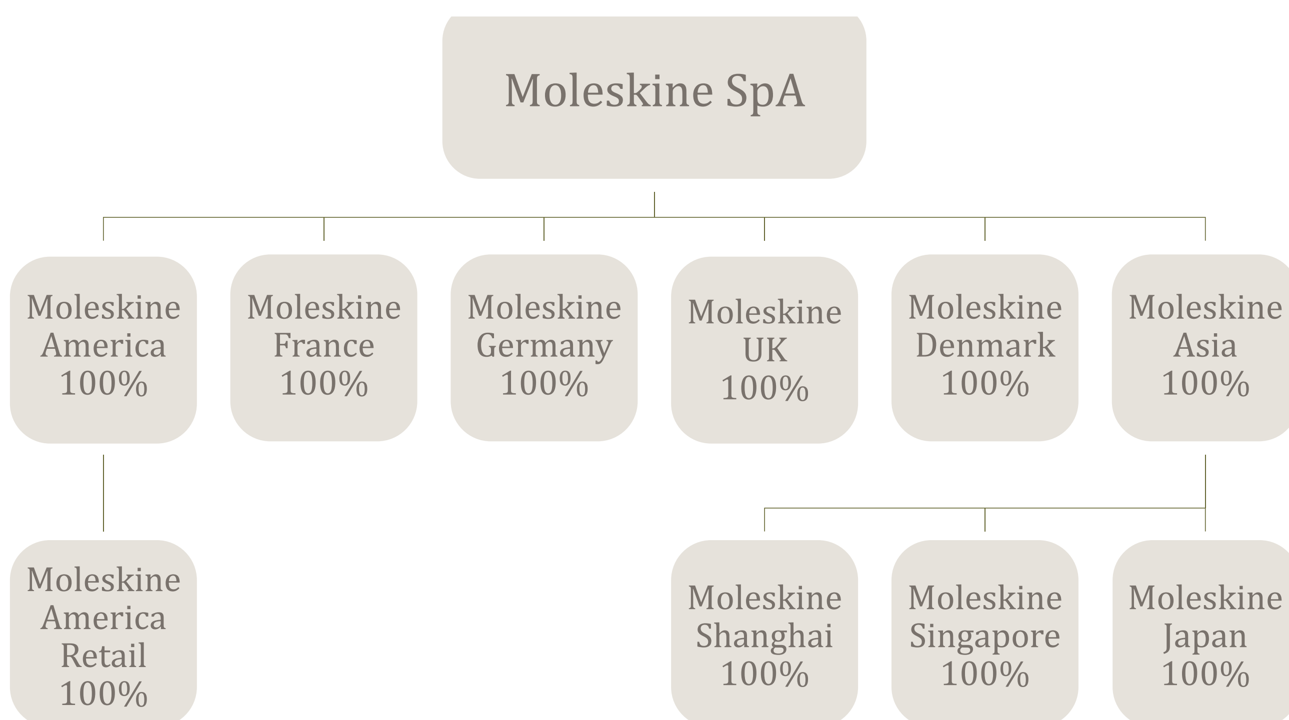
GROUP STRUCTURE

The Group includes the Holding Company Moleskine S. p.A. ("**Moleskine**" or the "**Company**"], Moleskine America, Inc. ("**Moleskine America**"), a wholly owned direct subsidiary headquartered in New York (210 Eleventh Avenue, Suite 1004), Moleskine America Retail LLC ("**Moleskine America Retail**"), organized in accordance with the laws of the state of the Delaware, and a wholly-owned subsidiary of Moleskine America; it also includes Moleskine Asia Ltd ("**Moleskine Asia**"), headquartered in Hong Kong (Suite 3202A, 32/F, The Centrium) wholly owned by the Company, Moleskine Trade and Commerce Shanghai Co. Ltd ("**Moleskine Shanghai**"), with registered offices in Shanghai (Unit 3506, Tower 2, Grand Gateway Center, No. 3, Hong Qiao Road, Xuhui District), Moleskine Singapore Pte Ltd ("**Moleskine Singapore**"), headquartered in Singapore (6001 Beach Road HEX 13-04 Golden Mile Tower), and Moleskine Japan K. K. ("**Moleskine Japan**"), headquartered in Tokyo (5-4-35-1301 Minami Aoyama, Minato-ku). These last three companies are wholly owned by Moleskine Asia.

The Group also includes Moleskine France S.à.r.l ("**Moleskine France**"), headquartered in Paris (39, rue Beauregard), Moleskine Germany Gmbh ("**Moleskine Germany**"), based in Cologne (Spichernstrasse 73), and Moleskine UK Ltd ("**Moleskine UK**"), with registered offices in London (Second floor, Cardiff House, Tilling Road), all of which are wholly owned by the group holding company, Moleskine.

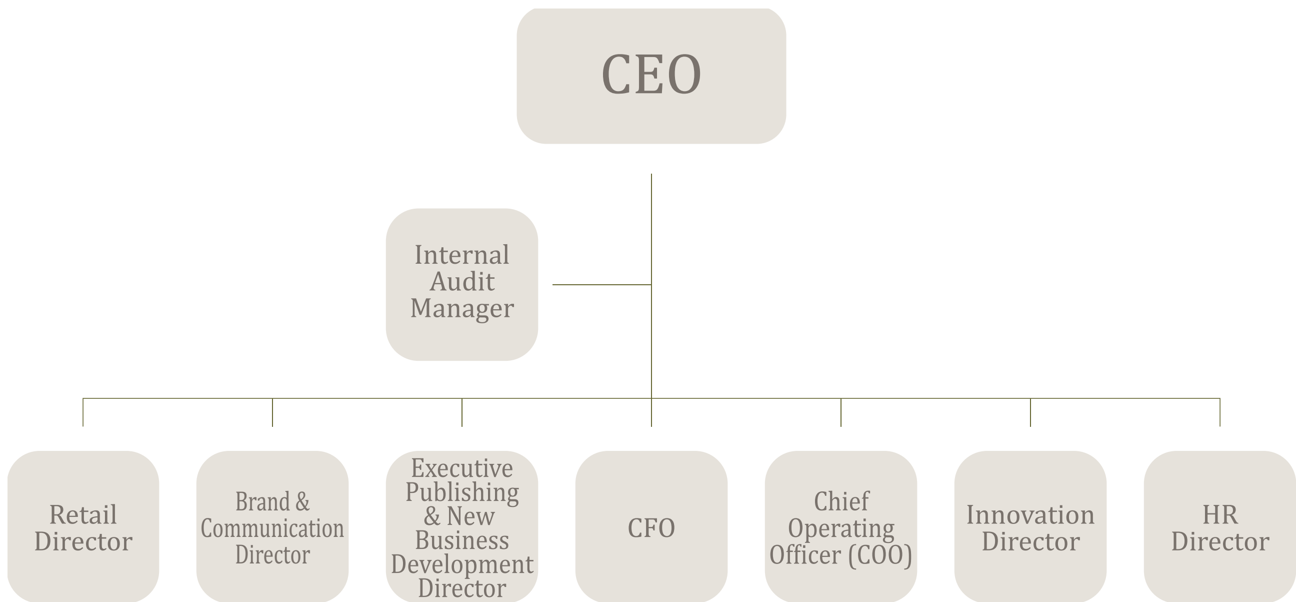
Lastly, Moleskine Denmark ApS ("**Moleskine Denmark**"), headquartered in Copenhagen, was established in December 2015.

The following chart shows the structure of the Group and Moleskine's subsidiaries along with the percentage of interest held.



GROUP ORGANIZATION CHART

The Group organization chart as of December 31, 2015 is shown below.



DISTRIBUTION NETWORK

The Group markets its products through various distribution channels. From the perspective of the consumer, the Group is present on the market through:

- the Retail distribution channel, i.e. the direct distribution channel (retail) in which the Group relies on stores managed either by third-parties or directly, the latter of which are referred to as Directly Operated Stores (DOSs);
- the Wholesale channel, i.e. the channel which makes use of intermediaries to sell to consumers, in which case the Group's customers are these intermediaries;
- the B2B channel, aimed at the direct sale of customized Moleskine products to businesses, institutions and a variety of organizations by way of a combined direct and indirect model;
- the e-Commerce channel, i.e. online product sales through our own websites. This channel includes the sale of products in the *Moleskine+* range such as software applications with built-in capabilities for mobile devices, collections having strategic importance for Moleskine's positioning in bridging the gap between the analog and digital world.

Directors' Report on Operations

01

GROUP OPERATIONS

INTRODUCTION

With reference to the year ended December 31, 2015, the figures given in this report, together with the associated remarks, are meant to give an overview of Group's financial performance and standing, the changes that occurred during the period under review, and any significant events that affected these results.

OPERATING CONDITIONS AND BUSINESS DEVELOPMENT

Moleskine is the brand through which the Group develops, distributes and sells a family of products for the modern-day nomad: notebooks, journals, diaries, bags, writing instruments and reading accessories inspired by our mobile identity, products that embody personal flair and sophistication in both the real and the digital worlds.

The Group sells two lines of products and services:

i) paper collections ("**Paper Collections**"), such as notebooks, agendas, other home-office products, and gifts; This line also includes analog/digital products and services, namely belonging to the "*Moleskine+*" category, working as a "continuum" between analog and digital dimensions.

   Several examples of the products included in this category are the Smart Notebook line, developed together with Evernote, a notebook designed to work with Livescribe smartpens, as well as the notebook developed in partnership with Adobe, the leader in digital marketing and digital media solutions. This category of products now also includes the recently launched calendar app called iOS Timepage.

i) writing, travel and reading accessories (the "**WTR Collections**"), such as pens and pencils, bags, eyewear, and rieading lights.

The Group distributes its products to 114 countries:

i) indirectly through a network of 76 distributors (i.e. the wholesale channel), which serve bookshops, department stores, stationers, museums and other specialty stores (i.e. retailers); and

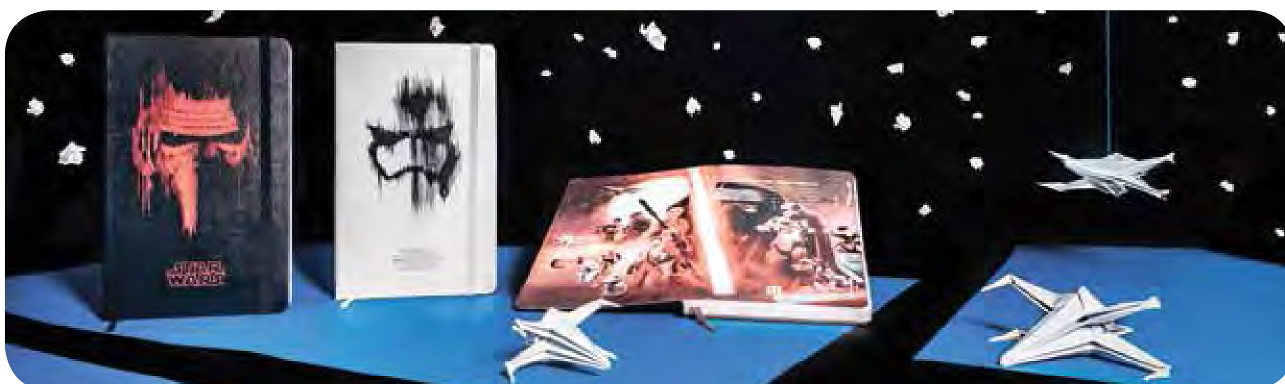
ii) through a mixed direct and indirect model for the custom editions designed for our business customers (i.e. B2B); b) through our e-Commerce site; and c) through our retail network of 58 single-brand stores (21 in China, 3 in Singapore, 5 in Hong Kong, 10 in Italy, 3 in the U.K., 5 in France, 2 in Germany and 9 in the U.S.).

ACTIVITIES CARRIED OUT BY THE GROUP TO INCREASE BRAND AWARENESS

Moleskine's public relations strategy, which has always set the brand apart, is to focus on quality storytelling, with text, events, videos and stories as a source of inspiration, with the aim to maximize brand awareness and build buzz: Moleskine-style. The stories and images are conveyed by our official channels and spread through the media, by our fans, organic product placement and by spontaneous brand ambassadors.

The activities carried out in the course of 2015 to support brand awareness were focused on three main areas already pursued in 2014:

- **Limited editions and special cult editions.** Of particular note was the launch of the limited cult edition celebrating the new episode of the **Star Wars** saga. Available in two versions, both hard cover, these notebooks feature images of Kylo Ren and the Stormtroopers, and were presented through a digital communication campaign in support of one of Moleskine's values, namely to "do it by hand"; the idea for an origami starfighter, to download and create, was presented in a new video.



Star Wars Collection

Moleskine also paid tribute to Antoine de Saint-Exupery's story with a collection of limited edition notebooks featuring the **Little Prince,** a story that has been translated into over 100 languages. This limited edition builds upon our literature-based values, with a slight pop twist.

Petit Prince Collection

Moleskine closed 2015 with the introduction of new paper limited collections targeting the direct channels and several categories of consumers: the **Blend Collection,** notebooks featuring a natural color palette and textured fabric covers to engage your sense of touch. We also paid tribute to Asian pop culture with our **Line Friends**, **Doraemon** and **Shanghai Tang** collections, for instance.

Blend Collection

Doraemon Collection

To reinforce the brand's cultural positioning, the promotional efforts of the **Moleskine Publishing** division continued with two new publications: **The Wandering City**, the first-ever coloring book published by Moleskine together with Italian illustrator Carlo Stagna, author of **I Am Milan**, and an anthology on Giovanni Pintori. He was the Art Director at the company Olivetti back in its heyday. His name is linked to a long and successful series of posters, advertisements, covers, outdoor signs and stands which, along with his later works, are celebrated in this book.

The Wandering City

- **Events.** Among the most important initiatives was our partnership with **TED** (Technology, Entertainment and Design), an international leader in events exploring technology, creativity and innovation, at their conference held in Vancouver in March, in Melbourne in August, and in Brooklyn in November, where Moleskine handed out personalized notebooks to the participants.

TED Conference, Vancouver

Another important event during the period under review was the **Documentation Centre for design innovation** created in collaboration with Ventura Lambrate, one of the most important and innovative design districts in the world. Yet another highlight was Moleskine's partnership with the **Gaudì Foundation** and the Seoul Arts Centre to create a special edition notebook celebrating the Spanish artist at an important exhibition dedicated to him held in major cities across South Korea at the end of July.

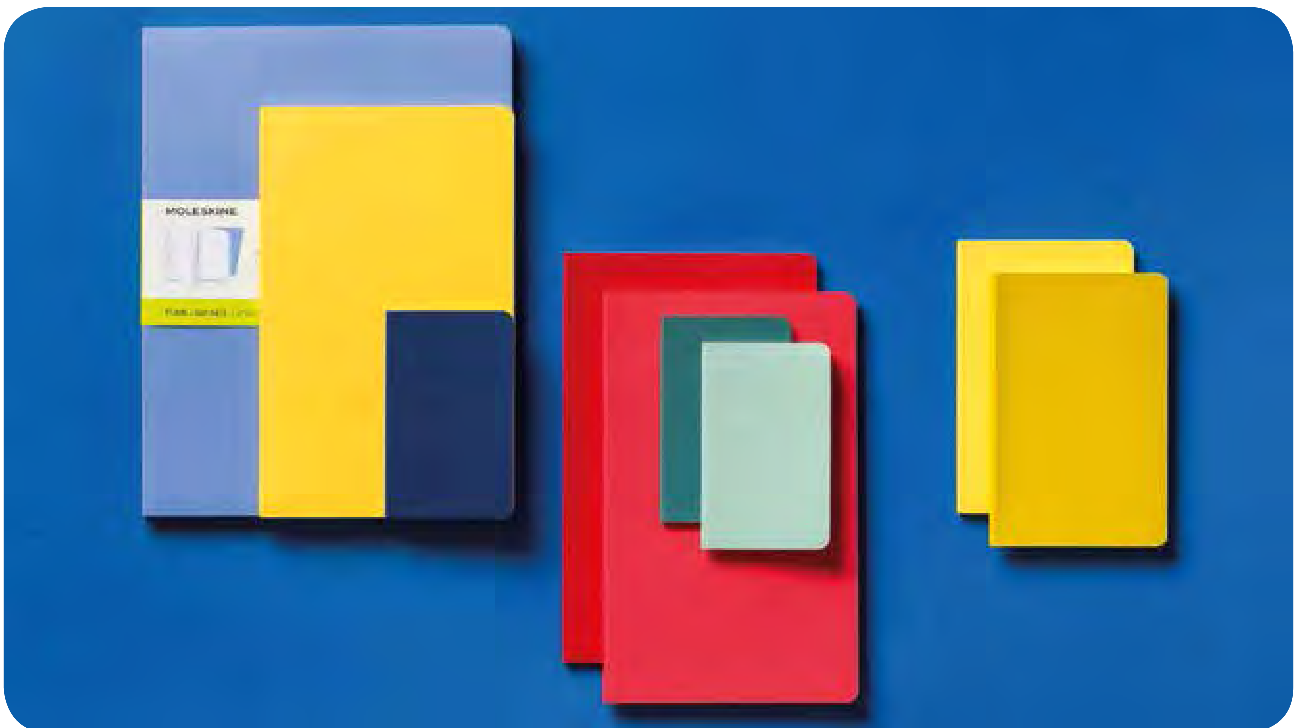
Special Edition Gaudì

Moleskine also participated as a media partner in the **Locarno Film Festival** held in August. A **Sketchmob** event was held in mid-September, where Moleskine invited the public to draw the streets of Milan. This was a magnificent celebration of drawing *en plein air*, which highlighted Moleskine's links with the past, heirs of the avant-garde artists who loved to create out in the open in the streets, cafés and on the road. Other noteworthy events included our partnership with the **Busan Film Festival**, one of Asia's largest film festivals, where Moleskine produced a special edition notebook to celebrate the history of Asian cinema through some of its best known films. We participated as media partner at the **IF! Italians Festival,** a festival for media professionals in the world of communication, held in Milan in November. Two illustrators used drawings and words to capture the various aspects of the festival and then published their work on social networking websites. Maria Sebregondi, co-founder of Moleskine and its Brand Equity Senior Advisor, held a talk on the development of tools for creativity.

IF! Italians Festival

Another major event during the year was that Moleskine became a member of the **Altagamma Foundation**, an organization bringing together almost 90 of the best Italian luxury firms. Established in 1992, it has an aggregate turnover of 18 billion euro, mostly from sales abroad. As a founding member, Moleskine will participate in the initiatives sponsored by the Foundation, bringing its contribution and using the services that Altagamma provides exclusively to its members.

- **Communication campaigns to support new product launches.** During 2015, several new collections were launched for the public, including **Moleskine Chapters Journals**. Divided into chapters, these journals keep your daily lists, notes and ideas organized and the slim new sizes fits perfectly in your pocket. We also unveiled the **Volant Journals**. The soft and flexible cover make these journals are easier to hold and open, and include colorful stickers to personalize and organize your notes. New colors were added to **Tool Belt**, – an accessory inspired by carpenters, architects, and street artists who attach tools to their waists – to slip on hard cover Moleskine notebooks and planners. We also added new colors to our click pens and clip pens, new models of the **Classic** and **myCloud** series, along with new covers for iPhone 6 and 6 Plus.



Volant Journals

Tool Belt

As regards the PR work to support the launch of new products, we would like to mention the campaign for the **Timepage** app, which was selected by Apple Italy as one of the best apps of 2015 in the App Store. It passes on the Moleskine *mood* to digital form, and makes planning your time smoother and stress-free, thanks to its clean and simple design.

Moleskine Timepage App

EXPANSION OF BRAND DISTRIBUTION

In line with the strategy for augmenting brand distribution, the Group has increased the number of points of sale served by the wholesale channel and has also intensified its presence and visibility within the *Top Retailer*s, while continuing to invest in trade marketing and visual merchandising through Ateliers and other displays for a total of 220 installations worldwide as of December 31, 2015 (vs. 188 installations as of December 31, 2014).

The new installations completed during 2015 include:

- in EMEA, Ateliers in Italy, at Feltrinelli in Piazzo Duomo (Milan) and Mondadori (Forli'), in Germany at Thalia (Muenster and Berlin), at FNAC (Monaco)and in France at Cultura (Paris and Bordeaux). Other Ateliers include those in Switzerland at Payout (Geneva), in Austria at Thalia (Linz), and in Spain at El Corte Ingles (Bilbao), El Corte Ingles (Barcelona Diagonal) and the Casa Del Libro (Barcelona);
- in America at UCSD (San Diego, California);
- in the APAC area, in Japan at Incube (Fukuoka) and in Australia at Dymocks Hay Street (Perth).

The Atelier at Selfridge in London, Thalia in Hamburg, Kaufhof in Berlin (Alexanderplatz) and Arnold Busk in Copenhagen were updated by revamping and improving the structure, position and assortment.
The Group continues to pursue its growth strategy by implementing its plan to open direct, single-brand stores within the Retail sales channel. In 2015, 27 new stores opened and 10 points of sale closed, 5 of which were temporary stores.

The 27 openings in 2015 include:

- EMEA

Rome Frattina
Bologna Station
Milan Garibaldi
London Regent Street
Paris Gare de Lyon
Frankfurt T2 Airport
Vienna

London Regent Street

■ AMERICA
Washington Union Street
San Francisco Market Street
Boston Harvard Square
New York Grand Central

Boston Harvard Sq.

- APAC

Quingdao MixC
Shanghai K11 Art Mall
Beijing WTC
Xiamen Paragon
Dalian Pavillion
Hangzhou MixC
Hangzhou Yintai
Hong Kong Eslite
Singapore WestGate
Singapore Capitol
Sozhou Eslite
Beijing PVG
Hong Kong Eslite Tsim Tsa Shui
Hong Kong Airport
Hong Kong K11 Art Mall
Chengdu Joi City

Hong Kong Airport

Hangzhou MixC

EXPANSION OF THE PRODUCT LINE

The 2015 strategy for Moleskine collections involved expanding the current range, with the aim to ramp up capacity to meet the needs of our target audience thanks to innovative offerings, along with re-launching our existing offerings.
The 2016 planners campaign includes 18-month planners, available in a wide range of designs and formats, such as planners for university students and professors, limited editions dedicated to **Star Wars**, **Le Petit Prince** and the **Peanuts**. It also includes the special **Professional** notebook series with new features such as to-do lists and sections for contacts or project planning.

2016 Planners

Moleskine closed 2015 with the introduction of new limited collections targeting the direct channels and several categories of consumers: the **Blend Collection**, notebooks with innovative fabric covers in two shades of color and the tributes to Asian pop culture with **Line Friends**, **Doraemon** and **Shanghai Tang**.

Moleskine celebrates design and music and two world famous cultural icons which it represents with new licenses for the Notebook Limited Edition: **Coca-Cola**, in honor of the 100th anniversary of its legendary bottle design, and **Blue Note Records**, for its 75th anniversary in 2015, with four global projects for each license. Both of these limited and numbered editions are available only through Moleskine e-Commerce and retail channels.

The **Fashion Unfolds** books series, dedicated to the world of fashion seen through the creative process of major designers, has expanded to include an anthology on Elio Fiorucci, an international fashion visionary who introduced his glam pop style to America, capturing the attention of jet-setters and admired by people such as Bianca Jagger, Andy Warhol and Grace Jones.

Volant Journals, one of Moleskine's three offerings for daily notes, are now available in two shades of the same color (geranium red/scarlet red, powder blue/royal blue, sunflower yellow/brass yellow, sage green/seaweed green) and have new features: detachable pages and colorful stickers to share or save ideas and thoughts.

Lastly, for the EXPO 2015, Moleskine released a notebook, City Notebook Milan, and a special pen.

The range geared towards business customers has been enhanced; new products were introduced to the **Moleskine Pro Collection** to increase productivity and creativity, allowing both organization and mobility. A new range of colors, in line with target group needs, were also released.

Pro Collection

In the Travelling collection, both the *Classic* and the *myCloud* bag series have been expanded with two new models, connected to one of the brand pillars, travelling: **Vertical Weekender Classic Bags**, essential but with a distinctive and iconic design, and the **myCloud Horizontal Weekender bag series**. These new models have 3 carrying options: backpack, by hand and over the shoulder. By combining design and functionality for short trips, whether for business or pleasure, these bags strike the right balance between space and organizational efficiency, fit, versatility and carrying capacity. Once again the new models have transformed the concept of the "*myAnalog cloud*" into reality; in other words, all of the things that the contemporary nomad –Moleskine's primary target – chooses to carry every day and which is right at home in these bags.
The range of leather bags and accessories – intended for the retail and e-Commerce channels – have also been expanded with the *Tote, Utility* and *Card Wallet* models: the bold iconic design of the Classic collection is now available in leather.

Coloured Tote Bags

The *Moleskine+* category introduced the exclusive **Livescribe 3 Smartpen Moleskine Edition** bundle on its direct channels. This Moleskine Edition combines the art of handwriting with the convenience of technology to seamlessly digitize your notes and drawings: this bundle includes a Moleskine-branded **Livescribe 3 smartpen**, a *Livescribe* Notebook by Moleskine, a Moleskine *Toolbelt* and a one-year subscription to Evernote.

Livescribe Moleskine Edition

OPERATING ACTIVITIES IN CURRENCIES DIFFERENT FROM THE EURO

A significant portion of the Group's business takes place on international markets, which means working with companies that use currencies different from the Euro (Moleskine America and America Retail, Moleskine Asia, Moleskine Shanghai, Moleskine Singapore, Moleskine Japan, Moleskine UK and Moleskine Denmark). Consequently, revenues and expenses denominated in foreign currencies can be affected by fluctuations in exchange rates, which have an impact on sales margins. Likewise, trade payables and receivables denominated in currencies other than the Euro can be affected by fluctuations in exchange rates, impacting the net result.

The main exchange rates to which the Group is exposed are:

- USD, for sales and purchases in USD made on the American and Asian markets;
- HKD, for sales in HKD made on the Asian market;
- GBP, for sales made in GBP in the United Kingdom.

During 2015, the Euro fell significantly against the US dollar and HK dollar, reaching 10% at the end of the year, and fell 6% against the British Pound as of December 31, 2015.

The following table shows a breakdown of revenues by currency for the years ended December 31, 2015, and 2014:

In thousands of Euro	**Year ended December 31,**			
Currency	**2015**	**%**	**2014**	**%**
EURO	44,915	35.04%	41,948	42.46%
USD	57,082	44.53%	37,816	38.28%
HKD	10,221	7.97%	7,486	7.58%
GBP	8,984	7.01%	7,328	7.42%
CNY	4,553	3.55%	2,913	2.95%
CHF	1,486	1.16%	716	0.72%
SGD	944	0.74%	369	0.37%
JPY	9	0.00%	216	0.22%
CAD	2	0.00%	–	0.00%
Revenues	**128,196**	**100.00%**	**98,792**	**100.00%**

The table below provides a breakdown of costs by currency for the years ended December 31, 2015, and 2014.

In thousands of Euro	Year ended December 31,			
Currency	**2015**	**%**	**2014**	**%**
EURO	35,595	40.09%	35,797	50.65%
USD	42,264	47.60%	28,549	40.40%
CNY	3,549	4.00%	2,652	3.75%
GBP	1,751	1.97%	1,686	2.39%
HKD	4,409	4.97%	1,433	2.03%
CHF	412	0.46%	277	0.39%
SGD	495	0.56%	205	0.29%
JPY	266	0.30%	46	0.07%
NOK	38	0.04%	–	0.00%
TWD	17	0.01%	24	0.03%
Other	2	0.00%	–	0.00%
Costs for finished products, raw materials and consumables, service costs and personnel costs	**88,798**	**100.00%**	**70,669**	**100.00%**

Purchases denominated in foreign currencies, which are mainly made by the Company, primarily relate to purchases in China and Vietnam.

The Group does not adopt specific policies to hedge fluctuations in exchange rates other than adjusting price lists in foreign currencies. Instead, the strategy employed by the Group in procurement involves matching purchases and sales in the same currency, thereby mitigating the risk of fluctuations in exchange rates.

PERFORMANCE OF THE GROUP AS OF DECEMBER 31, 2015

The following tables show i) the consolidated statement of comprehensive income and the condensed consolidated statement of comprehensive income as of December 31, 2015, compared to the previous year, ii) the sources and uses of funds statement as of December 31, 2015, compared to December 31, 2014, and iii) capital expenditures and cash flow from operating activities for full year 2015 compared to full year 2014.

In addition to the conventional financial statements and indicators required under IFRS, this document also presents some reclassified statements and some alternative performance indicators in order to better assess the Group's financial performance. Nonetheless, these statements and indicators should not be considered replacements for the conventional ones required by the IFRSs.

CONSOLIDATED INCOME STATEMENT

In thousands of Euro and percentage of revenues	**Year ended December 31,**				**Change**	
	2015	**%**	**2014**	**%**	**2015 vs 2014**	**%**
Revenues	128,196	100.0%	98,792	100.0%	29,404	29.8%
Other income	4,328	3.4%	3,280	3.3%	1,048	32.0%
Finished products, raw materials and consumables	(28,003)	(21.8%)	(23,575)	(23.9%)	(4,428)	18.8%
Service costs	(41,839)	(32.6%)	(30,601)	(31.0%)	(11,238)	36.7%
Personnel costs	(18,956)	(14.8%)	(16,493)	(16.7%)	(2,463)	14.9%
Other operating expenses	(3,238)	(2.5%)	(2,351)	(2.4%)	(887)	37.7%
Depreciation, amortization and impairments	(5,675)	(4.4%)	(3,796)	(3.8%)	(1,879)	49.5%
Operating profit	**34,813**	**27.2%**	**25,256**	**25.6%**	**9,557**	**37.8%**
Finance expense	(921)	(0.7%)	(1,507)	(1.5%)	586	(38.9%)
Finance income	674	0.5%	361	0.4%	313	86.7%
Income before taxes	**34,566**	**27.0%**	**24,110**	**24.4%**	**10,456**	**43.4%**
Income tax expense	(7,442)	(5.8%)	(7,585)	(7.7%)	143	(1.9%)
Net profit	**27,124**	**21.2%**	**16,525**	**16.7%**	**10,599**	**64.1%**

CONDENSED CONSOLIDATED INCOME STATEMENT

In thousands of Euro and percentage of revenues	Year ended December 31,				Change	
	2015	**%**	**2014**	**%**	**2015 vs 2014**	**%**
Revenues	128,196	100.0%	98,792	100.0%	29,404	29.8%
EBITDA[1]	40,488	31.6%	29,052	29.4%	11,436	39.4%
Operating profit	34,813	27.2%	25,256	25.6%	9,557	37.8%
Net profit	27,124	21.2%	16,525	16.7%	10,599	64.1%
Adjusted Revenues[2]	128,137	100.0%	98,672	100.0%	29,465	29.9%
Adjusted EBITDA[3]	42,296	33.0%	33,726	34.2%	8,570	25.4%
Adjusted operating profit[3]	36,621	28.6%	29,930	30.3%	6,691	22.4%
Adjusted net profit[3]	28,399	22.2%	19,771	20.0%	8,628	43.6%

(1) The Group defines EBITDA as operating profit (EBIT) before depreciation, amortization and impairment of non-current assets. EBITDA is not recognized as a measure of financial performance or liquidity under IFRS; therefore, it should not be considered an alternative measure for assessing the performance of Group operating profit. Since the method for calculating EBITDA is not governed by reference accounting standards, the method applied by the Group may not be the same as that adopted by others and therefore may not be comparable.

(2) *Adjusted* revenues represent revenues from the statement of comprehensive income net of revenues generated by the sale of displays and other income.

(3) *Adjusted* EBITDA, *Adjusted* EBIT and *Adjusted* net profit are net of non-recurring transaction and *special items*.

ANALYSIS OF THE SOURCES AND USES OF RESOURCES

In thousands of Euro	As of December 31,	
Sources and Uses	**2015**	**2014**
Uses		
Inventories	20,622	15,785
Trade receivables	24,714	22,798
Trade payables	(18,862)	(17,754)
Net commercial working capital (A)	**26,474**	**20,829**
Other current assets	2,266	1,798
Income tax paybles	(5,829)	–
Income tax receivables	–	2,081
Other current liabilities	(5,177)	(4,520)
Other components of net working capital (B)	**(8,740)**	**(641)**
Net working capital (A + B)	**17,734**	**20,188**
Property, plant and equipment	6,831	6,306
Goodwill and trademarks	76,801	76,859
Other intangible assets	3,961	4,236
Other non-current assets	2,363	2,127
Non-current assets	**89,956**	**89,528**
Net deferred taxes	(8,204)	(13,615)
Current – Non-current provision for risks and charges	(1,449)	(450)
Post-employment and other employee benefits	(1,721)	(1,802)
Other non-current liabilities	(748)	(170)
Current and Non-current liabilities	**(12,122)**	**(16,037)**
Net invested capital	**95,568**	**93,679**
Sources		
Net Equity	109,532	89,060
Net financial indebtedness	(13,964)	4,619
Total sources of financing	**95,568**	**93,679**

OTHER INFORMATION

In thousands of Euro	As of December 31,	
	2015	**2014**
Capital expenditure[4]	(5,470)	(5,330)
Cash flow from operating activities	30,822	17,231

(4) Capital expenditures refer to gross investments in property, plant and equipment and in intangible assets.

* * *

The tables below show how certain *Adjusted* indicators used to represent the Group's operating performance, net of nonrecurring income and expenses and *special items* identified by management in order to present a comparable figure are calculated. These indicators make it easier to compare financial information across periods.

The Group has calculated *Adjusted* revenues as follows:

In thousands of Euro	Year ended December 31,	
	2015	**2014**
Revenues	128,196	98,792
Revenues from display	(106)	(157)
Other income	47	37
***Adjusted* revenues**	**128,137**	**98,672**

Adjusted EBITDA is the net profit gross of amortization of intangible assets, depreciation of property, plant and equipment, impairments, finance income and expense and income tax, gross of nonrecurring and extraordinary income and expenses including, but not limited to:

i) severance costs and other costs related to company reorganizations;

ii) legal fees and other costs related to extraordinary transactions (e.g. changes in distribution models, the termination of agreements with distributors or suppliers, lump-sum and other types of costs paid in settlements with third parties, etc.);

iii) costs related to fiscal disputes;

iv) other one-off costs not associated with ordinary operations (e.g. costs related to recalls, costs for adaptations to applicable domestic and/or international laws and regulations, etc.);

v) extraordinary and non-recurring income (e.g. insurance settlement in the event of a natural disaster or warehouse fire).

The Group has calculated *Adjusted* EBITDA as follows:

In thousands of Euro	As of December 31,	
	2015	**2014**
EBITDA	40,488	29,052
Management incentive plan (Stock Grant)	–	167
Total non-recurring transactions (A)	**–**	**167**
Management incentive plan (Stock Option)	361	297
Ancillary costs related to the IPO process	–	224
Change in the business models[5]	935	3,358
Other consulting fees	2	22
Other (revenues)/costs[6]	(43)	38
Incentives for employees[7]	555	568
Total *special items* (B)	**1,808**	**4,507**
Total non-recurring transactions and *special items* (A + B)	**1,808**	**4,674**
***Adjusted* EBITDA**	**42,296**	**33,726**

(5) Included in the income statement under Other operating costs, Euro 398 thousand, Service costs, Euro 288 thousand, Costs for finished products, raw materials and consumables, Euro 196 thousand, Personnel costs, Euro 53 thousand.
(6) Included in the income statement under Other operating profit in the amount of Euro 48 thousand and under Costs for raw materials, finished products and consumables in the amount of Euro 3 thousand and Costs for services for Euro 2.
(7) Included in the income statement items under Personnel costs for Euro 538 thousand and under Service costs for Euro 17 thousand.

The Group has calculated *Adjusted* EBIT as follows:

In thousands of Euro	Year ended December 31,	
	2015	**2014**
Operating profit (EBIT)	34,813	25,256
Total non-recurring transactions and *special items*[8]	1,808	4,674
Adjusted EBIT	**36,621**	**29,930**

(8) See the reconciliation of *Adjusted* EBITDA.

The Group has calculated *Adjusted* net profit as follows:

In thousands of Euro	Year ended December 31,	
	2015	**2014**
Net profit	27,124	16,525
Total non-recurring transactions and *special items*	1,808	4,674
Income tax effect	(533)	(1,428)
***Adjusted* Net profit[9]**	**28,399**	**19,771**

(9) *Adjusted* net profit is therefore calculated net of the effects of non-reoccurring income and expenses and the *special items* and related tax effect.

SEASONALITY OF SALES

The Group business is impacted during the year by different distributions of revenue and expenses across the various months of the year. This trend is even more evident in 2015 due to the greater importance of the direct channels.
Most of the Group's sales in the direct channels are concentrated in the last quarter of each year, i.e. in the Christmas period.
As a result of the seasonal sale trends described above, the Group's quarterly figures may not contribute equally to the annual results of each year.

ANALYSIS OF REVENUES

Revenues increased by Euro 29,404 thousand, or 29.8%, from Euro 98,792 thousand in 2014 to Euro 128,196 thousand in 2015. *Adjusted* revenues were Euro 98,672 thousand in 2014 and increased to Euro 128,137 thousand in 2015, up 29.9%: at constant exchange rates, this increase would be 18.1%, compared with last year.

The growth in sales revenues is due to the combined effect of two factors: first, the growth in volumes, and second, the greater impact of the retail and e-Commerce channels with respect to indirect distribution.

The changes made to the American, German, Scandinavian and Spanish business models through the implementation of distribution structure, directly on the German market and indirectly on the other countries, also had a positive impact on sales.

This growth, experienced in all geographical areas and in all sales channels, as detailed in the paragraphs below, was driven by strong performance in the last quarter of the year (+28% at constant exchange rates compared with the same period last year), reflecting the growing number and positive performance of the recently developed direct channels (*e-Commerce, retail*).

REVENUES BY GEOGRAPHICAL AREA

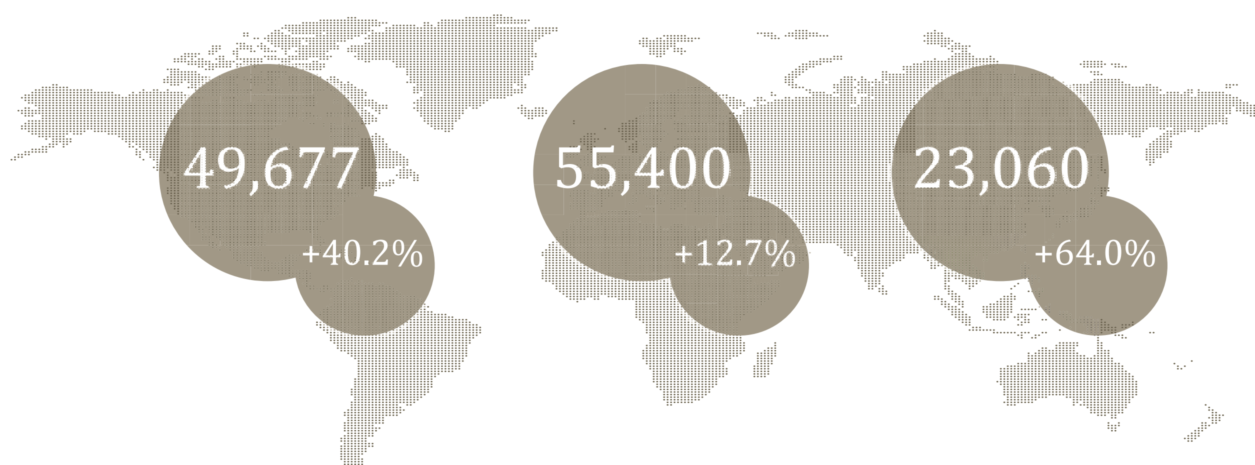
The following tables show the breakdown by geographical area of revenues and *Adjusted* revenues for the years ended December 31, 2015 and 2014:

In thousands of Euro	Year ended December 31,				Change	
Revenues by geographical area	**2015**	**%**	**2014**	**%**	**2015 vs 2014**	**%**
EMEA (Europa, Medio Oriente, Africa)	55,432	43.2%	49,270	49.9%	6,162	12.5%
Americas (USA, Canada, America Latina)	49,679	38.8%	35,440	35.9%	14,239	40.2%
APAC (Asia Pacific)	23,085	18.0%	14,082	14.2%	9,003	63.9%
Revenues	**128,196**	**100.0%**	**98,792**	**100.0%**	**29,404**	**29.8%**

ADJUSTED REVENUES BY GEOGRAPHICAL AREA

AMERICAS 38.8%	EMEA 43.2%	APAC 18.0%

In thousands of Euro



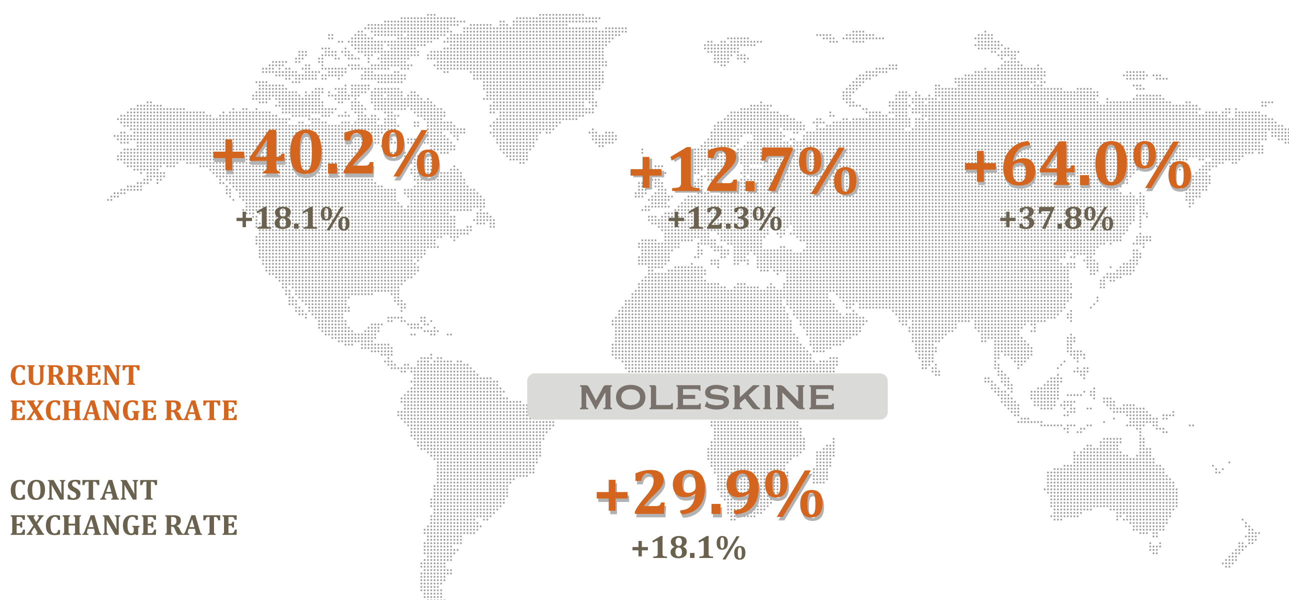
In thousands of Euro	Year ended December 31,				Change	
***Adjusted* revenues by geographical area**	**2015**	**%**	**2014**	**%**	**2015 vs 2014**	**%**
EMEA (Europa, Medio Oriente, Africa)	55,400	43.2%	49,172	49.8%	6,228	12.7%
Americas (USA, Canada, America Latina)	49,677	38.8%	35,440	35.9%	14,237	40.2%
APAC (Asia Pacific)	23,060	18.0%	14,060	14.3%	9,000	64.0%
***Adjusted* revenues**	**128,137**	**100.0%**	**98,672**	**100.0%**	**29,465**	**29.9%**

Revenues in the EMEA area came to Euro 55,432 thousand in 2015 (vs. Euro 49,270 thousand in 2014), up Euro 6,162 thousand (+12.5%) from last year, while net of the *special items*, the increase in revenues was 12.7%. This increase was driven by all distribution channels, especially the wholesale channel following the changes in distribution implemented in 2014, and the B2B channel.

Sales in the Americas increased by Euro 14,239 thousand with respect to the previous year (+40.2%), which remains unchanged even net of *special items*. All channels contributed to this growth except for e-Commerce which, however, in the last quarter performed in line with the pick-up in growth in 2016.

Lastly, the APAC area posted an increase of Euro 9,003 thousand (+63.9%); net of *special items*, this increase was 64% and was mainly driven by superior performance in B2B, strengthened by an exceptional flow of large projects and continued retail expansion.

The following is a breakdown of the growth in revenues at current and constant exchange rates by geographical area.



REVENUES BY DISTRIBUTION CHANNEL

The following tables show the breakdown of revenues and *Adjusted* revenues by distribution channel for 2015 and 2014:

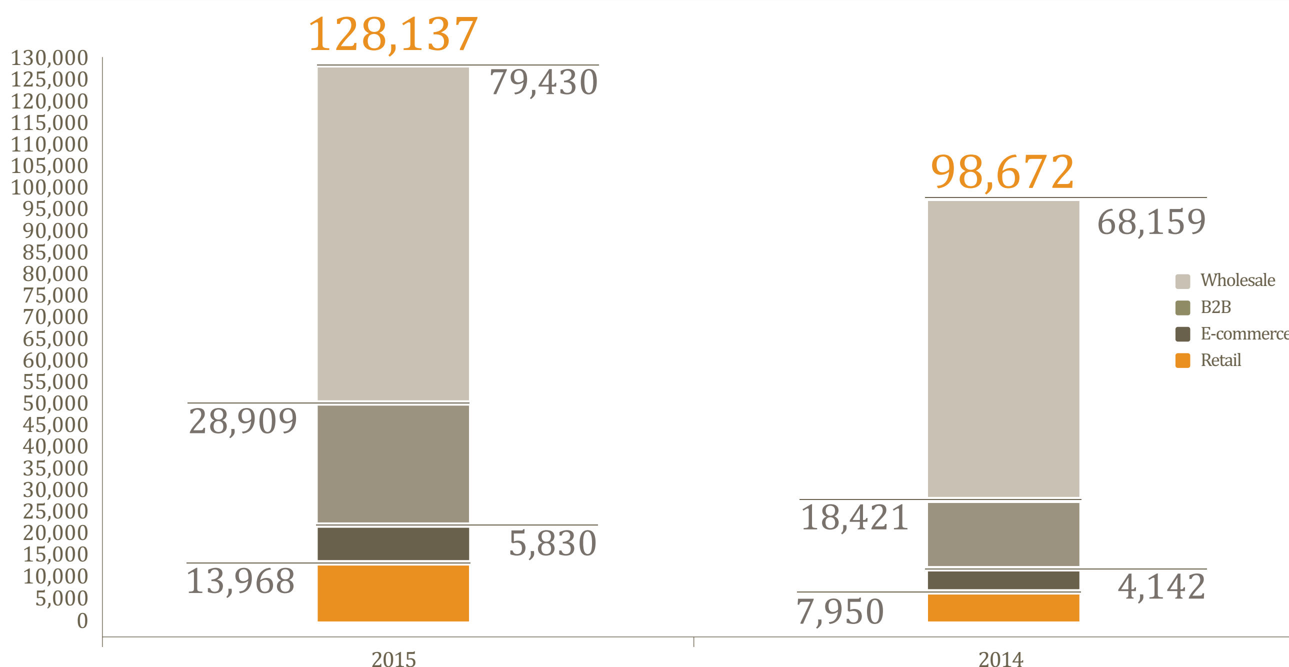
In thousands of Euro	Year ended December 31,				Change	
Revenues by distribution channel	**2015**	**%**	**2014**	**%**	**2015 vs 2014**	**%**
Wholesale(*)	79,509	62.0%	68,301	69.1%	11,208	16.4%
B2B	28,886	22.6%	18,420	18.7%	10,466	56.8%
e–Commerce(**)	5,830	4.5%	4,121	4.2%	1,709	41.5%
Retail	13,971	10.9%	7,950	8.0%	6,021	75.7%
Revenues	**128,196**	**100.0%**	**98,792**	**100%**	**29,404**	**29.8%**

(*) Revenue from royalties, in the amount of Euro 216 thousand as of December 31, 2015, were included in the wholesale channel, and were not present in 2014.
(**) Revenue from *Moleskine+* products, in the amount of Euro 144 thousand as of December 31, 2015, were included in the e-Commerce channel, and were not present in 2014.

In thousands of Euro	Year ended December 31,				Change	
***Adjusted* Revenues by distribution channel**	**2015**	**%**	**2014**	**%**	**2015 vs 2014**	**%**
Wholesale(*)	79,430	62.0%	68,159	69.1%	11,271	16.5%
B2B	28,909	22.6%	18,421	18.7%	10,488	56.9%
e–Commerce(**)	5,830	4.5%	4,142	4.2%	1,688	40.8%
Retail	13,968	10.9%	7,950	8.0%	6,018	75.7%
***Adjusted* revenues**	**128,137**	**100.0%**	**98,672**	**100.0%**	**29,465**	**29.9%**

(*) Revenue from royalties, in the amount of Euro 216 thousand as of December 31, 2015, were included in the wholesale channel, and were not present in 2014.
(**) Revenue from *Moleskine+* products, in the amount of Euro 144 thousand as of December 31, 2015, were included in the e-Commerce channel, and were not present in 2014.

ADJUSTED REVENUES BY DISTRIBUTION CHANNEL



As mentioned above, growth was recorded across all distribution channels in 2015.

WHOLESALE

Both revenues and *Adjusted* revenues for the wholesale channel increased by 16.4% and 16.5%, respectively compared to 2014, driven, in the EMEA area, by the growth in the main markets as a result of the changes in distribution implemented in 2014, partially offset by the unfavorable market dynamics in Russia due to the economic downturn; in the Americas, by our strategy to focus on key accounts via the direct management of the sales and marketing process, now in place for two years. Furthermore, there was an increase in the number of in-store exhibition structures (i.e. *Ateliers*) which, as of December 31, 2015 reached 220 installations, versus 188 at the end of last year.

B2B

Revenues through the B2B channel increased by Euro 10,466 thousand, from Euro 18,420 thousand in 2014 to Euro 28,886 thousand in 2015 (+56.8%), while *Adjusted* revenues for the B2B channel amounted to 56.9%. Growth in this area is the result of the more structured and more effective distribution strategy implemented by a focused sales force.
Good results from the direct channel, continued development of the distributor network to strengthen global reach and an exceptional flow of large projects, especially from APAC led to strong results across all areas.

E-COMMERCE

Revenues through the e-Commerce channel increased from Euro 4,121 thousand in 2014 to Euro 5,830 thousand in 2015, up 41.5%, while *Adjusted* revenues grew 40.8%, reflecting the strong performance in the EMEA and APAC areas where operational improvements implemented from the second half of 2014 delivered a positive growth of traffic and conversion rates. Stable performance in the Americas reflects a reversal of the trend due to the initial positive result following operational changes implemented mid 2015. Leverage of the online community, enhanced content strategy and a differentiated offering are all expected to sustain continued growth in the channel.

RETAIL

In the retail channel for 2015, the Group continued implementing the strategy of opening directly operated stores (DOSs), through which articles from all Moleskine product categories are distributed directly to the consumer. These new points of sale follow the Group strategy of guaranteeing consumers a broad and rich product mix, while promoting brand and product awareness, increasing proximity. Revenues generated through the retail channel in 2015 came to Euro 13,971 thousand, up Euro 6,021 thousand compared to 2014 (+75.7%). The opening of 27 stores in 2015 and 22 stores in 2014 confirms the feasibility of our plan to open about 20 stores per year. The Group will continue to invest in the organization to support the healthy development of this strategic channel to achieve long-term growth.

REVENUES BY PRODUCT LINE

The following tables show the breakdown of revenues and *Adjusted* revenues by product line for 2015:

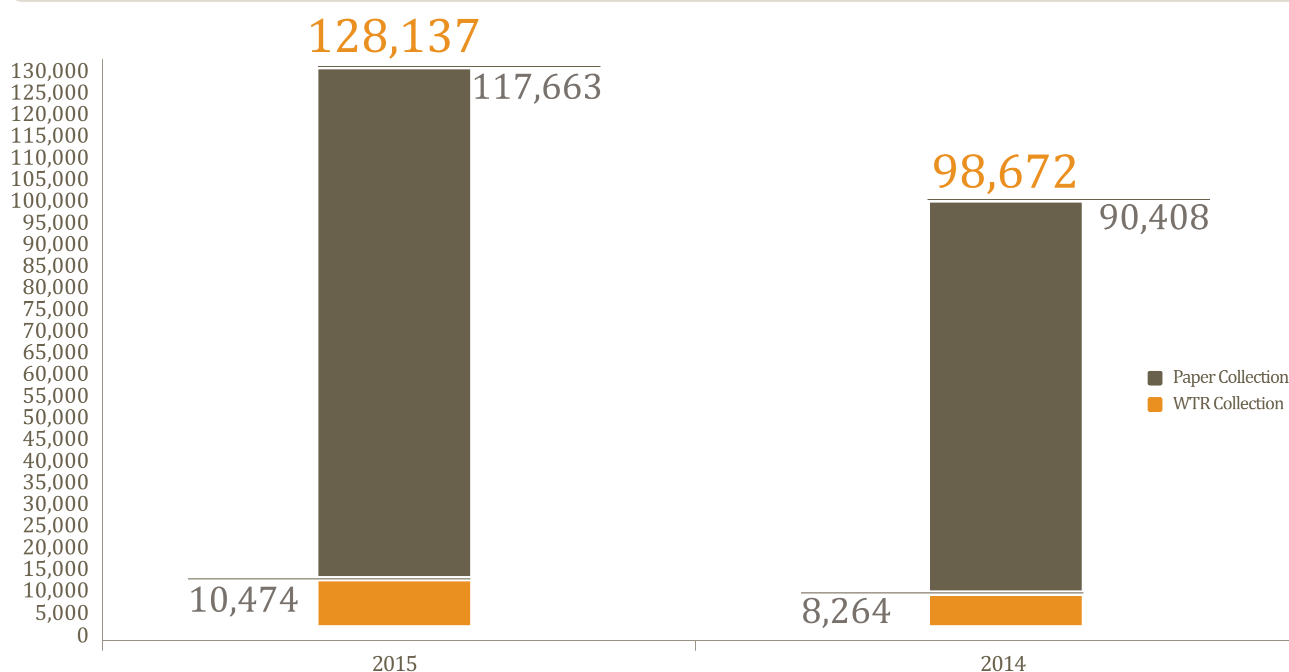
In thousands of Euro	Year ended December 31,				Change	
Revenues by product line	**2015**	**%**	**2014**	**%**	**2015 vs 2014**	**%**
Paper collection(*)	117,684	91.8%	90,518	91.6%	27,166	30.0%
WTR collection(**)	10,512	8.2%	8,274	8.4%	2,238	27.0%
Revenues	**128,196**	**100.0%**	**98,792**	**100.0%**	**29,404**	**29.8%**

(*) Revenue from *Moleskine+* products, in the amount of Euro 144 thousand as of December 31, 2015, were included in the paper collection, and were not present in 2014.
(**) Revenue from royalties, in the amount of Euro 216 thousand as of December 31, 2015, were included in the WTR collection, and were not present in 2014.

In thousands of Euro	Year ended December 31,				Change	
***Adjusted* Revenues by product line**	**2015**	**%**	**2014**	**%**	**2015 vs 2014**	**%**
Paper collection(*)	117,663	91.8%	90,408	91.6%	27,255	30.1%
WTR collection(**)	10,474	8.2%	8,264	8.4%	2,210	26.7%
Revenues	**128,137**	**100.0%**	**98,672**	**100.0%**	**29,465**	**29.9%**

(*) Revenue from *Moleskine+* products, in the amount of Euro 144 thousand as of December 31, 2015, were included in the paper collection, and were not present in 2014.
(**) Revenue from royalties, in the amount of Euro 216 thousand as of December 31, 2015, were included in the WTR collection, and were not present in 2014.

ADJUSTED REVENUES BY PRODUCT LINE



PAPER COLLECTION

In 2015, the Group continued developing the Paper Collection with the launch of new products and, in particular, the launch of the new Limited Editions, for which details are provided above on the expansion of the range of products offered.
Revenues generated by Paper Collections increased by 30%, while net of the *special items*, the growth in revenues was 30.1%, thus confirming our winning strategy to expand the brand offering.

WTR COLLECTION

The focus of the WTR collection in 2015 was to increase the depth of the bags collections by launching new models. The Classic collection was relaunched with improved functionality and in the myCloud collection; the Digital Device Bags were launched. Revenues generated by the WTR collections increased by 27%, while the growth net of the *special items* was 26.7%. In 2015, the *Writing, Travelling and Reading* Collection accounted for 8.2% of the Group's net sales, down 8.4% with respect to last year.

OTHER OPERATING INCOME

Other operating income, in the amount of Euro 4,328 thousand as of December 31, 2015, consists primarily of realized and unrealized foreign currency gains resulting from fluctuations in exchange rates that affect the operations metrics of the Group and which, at the end of 2015, came to Euro 4,117 thousand.
In order to properly interpret the impact of currency fluctuations on the Group's statement of comprehensive income, one needs to consider that the positive effect of the currency gains is in part neutralized due to exchange rate losses, realized and unrealized, accounted for in other operating costs in the amount of Euro 1,245 thousand. Therefore the "net" positive effect of fluctuations in exchange rates reflected on the Group's Statement of Comprehensive Income is Euro 2,872 thousand.

OPERATING RESULTS

The following table provides a breakdown of the operational profitability indicators EBITDA and EBIT and their respective *Adjusted* figures:

In thousands of Euro and percentage of revenues	**Year ended December 31,**	
	2015	**2014**
Operating profit (EBIT)	34,813	25,256
+ Depreciation, amortization and impairments	5,675	3,796
EBITDA(*)	40,488	29,052
+ Total non-recurring transactions and *special items*	1,808	4,674
Adjusted EBITDA	42,296	33,726
As % of *Adjusted* revenues	33.0%	34.2%
Adjusted Operating profit (EBIT)	36,621	29,930
As % of *Adjusted* revenues	28.6%	30.3%

(*) The Group defines EBITDA as operating profit (EBIT) before depreciation, amortization and impairment of non-current assets. EBITDA is not recognized as a measure of financial performance or liquidity under IFRS; therefore, it should not be considered an alternative measure for assessing the performance of Group operating profit. Since the method for calculating EBITDA is not governed by reference accounting standards, the method applied by the Group may not be the same as that adopted by others and therefore may not be comparable.

EBITDA grew 39.4%, increasing from Euro 29,052 thousand in 2014 to Euro 40,488 thousand at the end of 2015.

As of December 31, 2015, *Adjusted* EBITDA came to Euro 42,296 thousand, equal to 33% of the *Adjusted* revenues, down about 1.2 percentage points from last year.

The growth in *Adjusted* EBITDA in absolute terms is driven by the increase in sales and by the effective management of overhead costs.

The decrease in percentage of *Adjusted* EBITDA on *Adjusted* revenues was mainly due to the appreciation of the US dollar and exchange rate against the Euro in 2015 and was affected by the direct channels' greater contribution to revenues compared to the mix posted in 2014.

Operating profit (EBIT), affected by the above factors, as well as by the increase in depreciation and amortization in 2015, related to the investments made to support growth, increased from Euro 25,256 thousand in 2014 to Euro 34,813 thousand as of December 31, 2015. Net of *special items*, *Adjusted* EBIT came to Euro 36,621 thousand as of December 31, 2015 (vs. Euro 29,930 thousand as of December 31, 2014).

Below is a combined analysis of costs for finished products, raw materials and consumables and the costs for external processing for 2015 and 2014. This approach is used for a better understanding of the dynamics through which these costs accrue and their impact.

In thousands of Euro and percentage of revenues	Year ended December 31,				Change	
	2015	%	2014	%	2015 vs 2014	%
Revenues	**128,196**	**100.0%**	**98,792**	**100.0%**	**29,404**	**29.8%**
Finished products, raw materials and consumables	(28,003)	(21.8%)	(23,575)	(23.9%)	(4,428)	18.8%
Processing costs(10)	(1,555)	(1.2%)	(1,621)	(1.6%)	66	(4.1%)
Total	**(29,558)**	**(23.1%)**	**(25,196)**	**(25.5%)**	**(4,362)**	**17.3%**

(10) Included in the Income Statement item service costs.

Considering the trend of the two cost items together, they had a lower impact on revenues compared to the previous financial year (25.5% as of December 31, 2014 and 23.1% as of December 31, 2015). This impact benefits from the positive effect on the channel mix resulting from the greater weight of the direct channels, as well as the change in the distribution models in the Wholesale channel mentioned above. These effects more than offset the negative impact of exchange rates on sales costs.

The other main items contributing to operating costs regard services costs, in the amount of Euro 41,839 thousand, which includes Euro 11,331 thousand for commercial/sales costs, whose significant increase is primarily related to the change of some distribution models (including the US and Canada, Germany, Spain, and the Nordic countries), and the strengthening of the related trading platforms which, after the transition from an indirect distribution system to direct distribution on retailers, resulted in the recognition of sales commissions, directly decreasing revenues, to service commissions, included in this item in the Income statement.

Storage costs, in the amount of Euro 6,478 thousand, were also higher than last year (Euro 4,142 thousand as of December 31, 2014). This reflects the effects of the change in the distribution strategy initiated in 2014 and continued throughout 2015 in terms of downstream integration which increased the number of warehouses to ensure greater market coverage.

Customs expenses, in the amount of Euro 3,712 thousand, were higher than last year, where it amounted to Euro 2,356 thousand. This is mainly due to the increase in absolute terms of the purchase of products in the WTR collections.

It’s worth noting that Transportation, included in logistic costs, increased from Euro 1,429 thousand as of December 31, 2014 to Euro 1,979 as of December 31, 2015. This is due to the significant increase in sales volumes, especially for the direct channels where higher service levels are required in terms of delivery to the end user.

The most significant service costs included in Consulting fees (Euro 3,310 thousand) and Communication (Euro 1,922 thousand), were those for consulting and strategic communication, legal advisory services in commercial and intellectual property issues, particularly as regards the brand and trade marketing costs

linked to the expansion of the brand's presence in the various points of sale to support visual merchandising initiatives and strengthen the business partnerships with key retailers.

Rents, in the amount of Euro 5,677 thousand, increased significantly compared to 2014, mainly due to the development of the retail channel through the opening of 27 points of sale around the world.

It's worth mentioning that Royalties, in the amount of Euro 1,032 thousand as of December 31, 2015, was significantly higher than 2014 (Euro 610 thousand) mainly due to the increase in sale volumes, which is the basis for calculating royalties, along with the increase in the *Limited Edition* publishing initiatives launched in 2015.

As regards bank fees, the increase compared to 2014 is mainly attributable to growth in the direct channels, in particular the retail channel, both in terms of transaction-related commissions on the main e- money circuits, and in terms of cash handling and cash picking fees at stores.

A summary of service costs in relation to 2015 and 2014 is provided below in both absolute terms and in percentage of revenues:

In thousands of Euro and percentage of revenues	**Year ended December 31,**				**Change**	
Service costs	**2015**	**%**	**2014**	**%**	**2015 vs 2014**	**%**
Commercial/sales costs	11,331	8.8%	8,713	8.8%	2,618	30.0%
Storage costs	6,478	5.1%	4,142	4.2%	2,336	56.4%
Rents	5,677	4.4%	2,995	3.0%	2,682	89.5%
Customs expenses	3,712	2.9%	2,356	2.4%	1,356	57.6%
Consulting fees	3,310	2.6%	2,648	2.7%	662	25.0%
Sales transportation	1,979	1.5%	1,429	1.4%	550	38.5%
Marketing and communication expenses	1,922	1.5%	1,651	1.7%	271	16.4%
Processing costs	1,555	1.2%	1,621	1.6%	(66)	(4.1%)
Administrative costs	1,362	1.1%	1,197	1.2%	165	13.8%
Costs for general services	1,152	0.9%	1,040	1.1%	112	10.8%
Royalties	1,032	0.8%	610	0.6%	422	69.2%
Maintenance, repairs and assistance	876	0.7%	876	0.9%	–	0.0%
Design costs	846	0.7%	700	0.7%	146	20.9%
Bank fees	477	0.4%	279	0.3%	198	71.0%
Leasing	130	0.1%	120	0.1%	10	8.3%
Ancillary costs related to the IPO process	–	0.0%	224	0.2%	(224)	(100.0%)
Total service costs	**41,839**	**32.6%**	**30,601**	**31.0%**	**11,238**	**36.7%**

The increase in personnel costs is mainly related to the higher number of staff required to support increasing size of the organization, especially in the retail channel, as well as the new managers hired to support the Group's growth; the average number of employees was 323 units in 2015 (vs. 256 units in 2014).

Personnel costs also include the costs for incentive plans. Please see Note 7.5 Personnel costs of the Consolidated Financial Statements for further details.

The following table provides a breakdown of personnel costs:

In thousands of Euro and percentage of revenues	Year ended December 31,				Change	
Personnel costs	**2015**	**%**	**2014**	**%**	**2015 vs 2014**	**%**
Salaries and wages	12,740	9.9%	10,695	10.8%	2,045	19.1%
Social security contributions	3,214	2.5%	2,826	2.9%	388	13.7%
Post employment employee benefits	539	0.4%	515	0.5%	24	4.7%
Board of Directors' remuneration	632	0.5%	586	0.6%	46	7.8%
Other costs	1,831	1.4%	1,871	1.9%	(40)	(2.1%)
Total personnel costs	**18,956**	**14.8%**	**16,493**	**16.7%**	**2,463**	**14.9%**

Other personnel costs, in the amount of Euro 1,831 thousand, include the cost of stock option plans for management, and some severance costs related to the Group's reorganization plan in the commercial area in order to better respond to the specific needs of the target markets.

The other operating expenses, in the amount of Euro 3,238 thousand, increased with respect to 2014, where they amounted to Euro 2,351 thousand. This is mainly due to the foreign exchange losses, in turn tied to the strengthening of the US dollar against the Euro, for which most purchases of goods by the Parent company are denominated.
This trend offset the effects on the receivables of the value chain, with a positive impact on the other operating profit in the amount of Euro 4,117 thousand of foreign currency gains and a positive final effect in the amount of Euro 2,872 in terms of foreign exchange balance.
In addition to the losses on foreign exchange, there was an upsurge in gifts as part of the promotional initiatives to support sales.

Depreciation, amortization and impairments came to Euro 5,675 thousand as at December 31, 2015, posting an increase of Euro 1,879 thousand compared to last year, which was also due to the impairment of several assets, in particular the e-Commerce sales platform, relating to the previous trade partnership, whose use was concluded in 2015 and the early closing of several shops, mostly based in the United States, resulting in the recognition of the improvements made in the income statement.

The increase in amortization and depreciation is in line with the increase in investments made by the Group based on the strategy for expanding brand distribution.

NET FINANCE EXPENSE, TAXES AND NET PROFIT

In thousands of Euro and percentage of revenues	**Year ended December 31,**				**Change**	
	2015	**%**	**2014**	**%**	**2015 vs 2014**	**%**
Net finance expense	247	0.2%	1,146	1.2%	(899)	(78.4%)
Taxes	7,442	5.8%	7,585	7.7%	(143)	(1.9%)
Net profit	27,124	21.2%	16,525	16.7%	10,599	64.1%

Net finance expense totaled Euro 247 thousand as of December 31, 2015, including finance expense of Euro 921 thousand and finance income of Euro 674 thousand, the latter of which is mainly attributable to realized foreign currency gains on current accounts in foreign currency. The impact of net finance expense on revenues from sales improved significantly in 2015 (0.2%) with respect to 2014 (1.2%).

To this end, also in response to the recommendations set out in the public statement published on October 27, 2015 by the ESMA on the "European common enforcement priorities for 2015 financial statements", the Moleskine Group benefited from current market conditions in terms of the sharp decline in interest rates along with the successful refinancing of the outstanding structured debt owed to credit institutions at December 31, 2013, started in the second half of 2014 and continued in 2015, which led to the renegotiation of the terms and conditions of the agreement, not only of the amounts, but also of the loans outstanding as of December 31, 2014, with a view to optimizing its financial structure.

In particular, on April 28, 2015, the Group Holding Company entered into a medium term loan agreement with Banca Nazionale del Lavoro for a total sum of Euro 20 million, to replace the Euro 6 million line of credit previously used, which was closed on the same date of the new line granted.
On May 13, 2015, the Group Holding Company reached an agreement with Mediobanca for the application of better interest rates than those contained in the loan agreement signed on July 10, 2014. On June 4, 2015, the Euro 10 million outstanding loan with Banca Intesa was repaid and replaced by a new loan, for the same amount, but with a better maturity and interest rates.
Please see note 6.12 "Current and noncurrent financial liabilities" of the Consolidated Financial Statements for details on outstanding loans.

As regards Taxes, it should be noted that the tax rate, calculated as the ratio between the taxes and earnings before taxes, has improved, from 31.5% in 2014 to 21.5% in 2015.
For the Group Holding Company, this result benefited from several new changes in regulatory requirements, in particular the application of corporate income tax (IRES) rate reduction from 27.5% to 24% as provided for in the 2016 Stability law, starting in 2017, which led to the recalculation of several tax assets and liabilities.
This external benefit is also supported by the efforts made by management in terms of tax efficiency of the Group and the optimization of the consolidated tax system.

In light of the above, net profit for the period stands at Euro 27,124 thousand, or 21.2% of revenues, compared to Euro 16,525 thousand in 2014. Net of the effect of nonrecurring and *special items* and the relative tax effect, net profit for the period would have been Euro 28,399 thousand, or 22.2% of revenues, up 2.2 percentage points compared to the previous year, reflecting a dilution in the margin primarily tied to the heavy investments in the direct channels (the retail channel in particular), as well as the aforementioned change in the distribution models, more than offset by a lower ratio of finance expenses connected to the aforementioned debt-restructuring.

ANALYSIS OF FINANCIAL POSITION

NET WORKING CAPITAL

The breakdown of the Group's net working capital as of December 31, 2015 and December 31, 2014 is shown below:

In thousands of Euro	**As of December 31,**	
Sources and Uses	**2015**	**2014**
Uses		
Inventories	20,622	15,785
Trade receivables	24,714	22,798
Trade payables	(18,862)	(17,754)
Net commercial working capital (A)	**26,474**	**20,829**
Other current assets	2,266	1,798
Income tax paybles	(5,829)	–
Income tax receivables	–	2,081
Other current liabilities	(5,177)	(4,520)
Other components of net working capital (B)	**(8,740)**	**(641)**
Net working capital (A + B)	**17,734**	**20,188**

The impact of individual items on revenues for the year should be considered in an analysis of trade working capital trends, as shown below:

In thousands of Euro and percentage of revenues	**As of December 31,**			
Sources and Uses	**2015**	**%**	**2014**	**%**
Uses				
Inventories	20,622	16.1%	15,785	16.0%
Trade receivables	24,714	19.3%	22,798	23.1%
Trade payables	(18,862)	(14.7%)	(17,754)	(18.0%)
Net commercial working capital (A)	**26,474**	**20.7%**	**20,829**	**21.1%**

This table shows that the impact of working capital on total sales for the year improved 0.4 percentage point compared to last year due to the combined effect of the changes in the items contained therein, as detailed below:

1) inventories as at December 31, 2015, increased in relation December 31, 2014 (up 4,837 thousand, or 30.6%). The increase compared to the end of the prior year was driven by growth in business volumes for the Group, as well as the differences in the scheduling for purchasing new products related to the Chinese New Year, with an earlier date, compared to the situation in 2014, as well as the exchange rate associated with the aforementioned appreciation of the US dollar;
2) trade receivables increased by Euro 1,916 thousand (+8.4%) compared to December 31, 2014, mainly due to the solid sales performance. In terms of percentages of sales for the year, there was a decrease of about 3.8 percentage points due to the good performance of DSO (days sales outstanding), reflecting both the greater importance of the direct channels and the greater contribution by the B2B channel recorded in the third quarter of 2015;
3) trade payables as of December 31, 2015, increased in relation to December 31, 2014, and came to Euro 1,108 thousand (+6.2%). This was mainly due to greater sales volumes and the consequent increase in the purchase of goods and inventories.

CAPITAL EXPENDITURES

Net capital expenditures for 2015 came to a total of Euro 5,470 thousand (vs. Euro 5,530 thousand in 2014).
Net capital expenditures on tangible assets for 2015, in the amount of Euro 3,445 thousand, relate primarily to the investments in the retail channel for furniture, furnishings and improvements to spaces for the new points of sale opened during the year, investments in display structures/ateliers and investments in the molds required to manufacture new products for the WTR collections.
Net capital expenditures on intangible assets for 2015, in the amount of Euro 2,025 thousand, relate primarily to the implementation plans for a new ERP (SAP ECC) system, with more functions and to better meet the Group's needs for analysis and reporting, the new customer relationship management software (CRM), as well as the continuation of the data warehousing and business intelligence project started in 2014.

NET FINANCIAL INDEBTEDNESS

The following table shows a breakdown of net financial indebtedness as of December 31, 2015 and December 31, 2014, calculated in accordance with CONSOB Regulation No. 6064293 of July 28, 2006, and the ESMA/2013/319 Recommendations and connected with the Group's net financial indebtedness.

	In thousands of Euro	**As of December 31,**	
	Net financial indebtedness	**2015**	**2014**
A	Cash and cash equivalents	47,382	17,353
B	Other cash equivalents	915	6,000
C	Available-for-sales financial assets	–	–
D	**Cash (A) + (B) + (C)**	**48,297**	**23,353**
E	**Short term financial receivables**	**–**	**–**
F	Short term loans	–	–
G	Long term loans (current portion)	(7,609)	(4,856)
H	Other current financial payables	(126)	(169)
I	**Current financial position (F) + (G) + (H)**	**(7,735)**	**(5,025)**
J	**Net current financial indebtedness (I) + (E) + (D)**	**40,562**	**18,328**
K	Long term loans (non current portion)	(31,602)	(22,947)
L	Issued bonds	–	–
M	Other non-current financial payables	–	–
N	**Non current financial position (K) + (L) + (M)**	**(31,602)**	**(22,947)**
O	**Net financial indebtedness (J) + (N)**	**8,960**	**(4,619)**
Bridge with the Group net financial indebtedness:			
Non current financial receivables		5,004	–
Non current financial assets		**5,004**	**–**
Total net financial indebtedness		**13,964**	**(4,619)**

The term "net financial indebtedness" refers to gross financing net of cash, bank deposits and other liquid assets, which in general includes government notes and other highly liquid, publically listed securities, as reported in the financial statements for the respective periods and other non-current financial receivables.

By "gross financing" we mean any financial obligation, even if not yet liquid and payable and even if only contingent, that concerns:

i) the repayment of principal obtained for financing purposes (including discounting and factoring, advances against invoices, and bank collection orders) regardless of the form of such obligations and the type of the relationship between the parties and including the payment of interest and other finance costs;

ii) the principal and interest on bonds or other such securities;

iii) finance leases (as defined by IAS 17).

As of December 31, 2015, net financial indebtedness decreased by Euro 18,583 with respect to December 31, 2014, reversing the figure and came to, with a positive result, Euro 13,964.

"Other cash equivalents" includes the amount of Euro 915 thousand deposited in the liquidity account held with Exane S.A., a company forming part of BNP Paribas Securities Services, by virtue of the agreement,

entered into on July 2, 2015 (i.e. *Liquidity Agreement*), to support the liquidity of our ordinary treasury shares, as defined and disciplined by permitted practice no. 1 set forth in CONSOB resolution no. 16839 dated March 19, 2009.

As regards non current financial receivables, on December 22, 2015, the Group Holding Company signed a life insurance product with Popolare Vita S.p.A. – an insurance company started as a joint venture between the Banco Popolare Group and Fondiaria Sai – in order to diversify its investments with the aim of seeking solidity, profitability and security.
The abovementioned product is a single-premium capitalization contract, capital guaranteed and provides the possibility to make additional payments, with annual capital appreciation, for a maximum period of 5 years, which can be released after 12 months. The annual gross return is expected to be greater than 3%.

With reference to the existing loans, we would like to remind you of the aforementioned *Refinancing* operation regarding the structured debt, concluded during 2015, which led to the renegotiation of the terms and conditions of the pre-existing financing agreements with various credit institutions, in order to optimize the Groups financial structure to support its growth.

The loans outstanding as of December 31, 2015, require compliance with certain *covenant*s which, based on the financial data contained in these Consolidate Financial Statements have been complied with.

For further details on the terms and conditions governing outstanding loans, please see Note 6.12 “Current and non-current financial liabilities” in the Notes to the consolidated financial statements as of December 31, 2015.

EQUITY

The table below shows a breakdown of Shareholders' equity as of December 31, 2015 and December 31, 2014:

In thousands of Euro	As of December 31,	
Equity	**2015**	**2014**
Share capital	2,122	2,122
Share premium reserve	90,406	90,406
Other reserves	(10,120)	(19,993)
Net profit	27,124	16,525
Total equity	**109,532**	**89,060**

Share capital, in the amount of Euro 2,121,802 as of December 31, 2015, is fully paid in, and consists of 212,180,205 dematerialized ordinary shares with no nominal value per share.
Each of the Company's ordinary shares grants the right to one vote in the Company's ordinary and extraordinary shareholders' meetings, as well as other administrative rights provided under the applicable provisions of law and the Articles of Association.

Other reserves include the treasury shares reserve, posting a negative balance of Euro 85 thousand, which includes the value of the treasury shares held in the portfolio as at the end of the financial year, as well as the amount resulting from the trading of treasury shares, posted in the same item pursuant to IAS 32. This reserve is connected to the implementation of the agreement that the Group Holding Company entered into with Exane SA in 2015, to support the liquidity of its ordinary treasury shares, as defined and disciplined by permitted practice no. 1 set forth in CONSOB Resolution no. 16839 dated March 19, 2009.

As of December 31, 2015, no categories of shares with voting or other rights had been issued aside from ordinary shares. In addition, no financial instruments that provide the right to subscribe newly issued shares had been issued.

On the basis of communications provided pursuant to art. 120 of the Consolidated Law on Finance (TUF) and other information in the possession of the Company, the significant equity investments in the share capital of the parent company as of December 31, 2015 are as follows:

Declarant	**% of share capital**
APPUNTI S.A.R.L.	34.715
PENTAVEST S.A.R.L.	6.308
ALLIANZ IARD SA	5.149
JP MORGAN ASSET MANAGEMENT (UK) LIMITED	5.095
INDUMENTA PUERI SL	5.003
BIP INVESTMENT PARTNERS S.A.	2.442
Total	**58.712**

Source: Consob, internal data processing of the parent company Moleskine S.p.A.

For a full description of changes in Shareholders' equity, please refer to the dedicated statement and note 6.11 of the explanatory notes to the consolidated financial statements as of December 31, 2015.

STATEMENT OF RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR OF THE PARENT COMPANY AND CONSOLIDATED SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR

The table below shows the reconciliation between shareholders' equity and profit for the year of the parent company and consolidated shareholders' equity and profit for the year as of December 31, 2015:

In thousands of Euro	**Year ended December 31, 2015**	
	Equity	**Result**
Parent Company Financial Statements	117,808	29,352
Difference between equity of consolidated investments and their carrying	(165)	(1,375)
Elimination of intercompany operations	(8,614)	(853)
Currency translation reserve	503	
Total Consolidated Financial Statements	**109,532**	**27,124**

In thousands of Euro	**Year ended December 31, 2014**	
	Equity	**Result**
Parent Company Financial Statements	95,273	17,971
Difference between equity of consolidated investments and their carrying	883	(303)
Elimination of intercompany operations	(7,434)	(1,143)
Currency translation reserve	338	
Total Consolidated Financial Statements	**89,060**	**16,525**

MOLESKINE S.P.A.

The following tables show, for the Holding Company Moleskine S.p.A., i) the statement of comprehensive income as of December 31, 2015 compared to the previous year, ii) the sources and uses of funds statement as of December 31, 2015 compared to December 31, 2014 and iii) capital expenditures and cash flow from operating activities for the year 2015 compared to December 31, 2014.

In thousands of Euro and percentage of revenues	**Year ended December 31,**				**Change**	
	2015	**%**	**2014**	**%**	**2015 vs 2014**	**%**
Revenues	91,472	100.0%	73,466	100.0%	18,006	24.5%
Other income	4,480	4.9%	3,222	4.4%	1,258	39.0%
Finished products, raw materials and consumables	(24,460)	(26.7%)	(19,438)	(26.5%)	(5,022)	25.8%
Service costs	(16,673)	(18.2%)	(14,663)	(20.0%)	(2,010)	13.7%
Personnel costs	(11,405)	(12.5%)	(11,835)	(16.1%)	430	(3.6%)
Other operating expenses	(1,757)	(1.9%)	(1,965)	(2.7%)	208	(10.6%)
Depreciation, amortization and impairments	(3,229)	(3.5%)	(2,447)	(3.3%)	(782)	32%
Operating profit	**38,428**	**42.0%**	**26,340**	**35.9%**	**12,088**	**45.9%**
Finance expense	(872)	(1.0%)	(1,496)	(2.0%)	624	(41.7%)
Finance income	776	0.8%	422	0.6%	354	83.9%
Income before taxes	**38,332**	**41.9%**	**25,266**	**34.4%**	**13,066**	**51.7%**
Income tax expense	(8,980)	(9.8%)	(7,295)	(9.9%)	(1,685)	23.1%
Net profit	**29,352**	**32.1%**	**17,971**	**24.5%**	**11,381**	**63.3%**

In thousands of Euro	As of December 31,	
Sources and Uses	**2015**	**2014**
Uses		
Inventories	12,337	9,380
Trade receivables	40,330	39,319
Trade payables	(11,009)	(12,092)
Net commercial working capital (A)	**41,658**	**36,607**
Other current assets	1,311	1,120
Income tax paybles	(5,334)	–
Income tax receivables	–	1,822
Other current liabilities	(3,188)	(3,459)
Other components of net working capital (B)	**(7,211)**	**(517)**
Net working capital (A + B)	**34,447**	**36,090**
Property, plant and equipment	1,799	2,332
Goodwill and trademarks	76,801	76,859
Other intangible assets	3,357	3,746
Other non-current assets	714	679
Investments	17,480	3,146
Non-current assets	**100,151**	**86,762**
Net deferred taxes	(14,412)	(16,825)
Current – Non-current provision for risks and charges	(372)	(440)
Post-employment and other employee benefits	(1,721)	(1,802)
Other non-current liabilities	(100)	(170)
Current and Non-current liabilities	**(16,605)**	**(19,237)**
Net invested capital	**117,993**	**103,615**
Sources		
Net Equity	117,808	95,273
Net financial indebtedness	185	8,342
Total sources of financing	**117,993**	**103,615**

In thousands of Euro	As of December 31,	
	2015	**2014**
Capital expenditure[11]	(2,257)	(2,570)
Cash flow from operating activities	18,834	13,866

(11) Capital expenditures refer to gross investments in tangible, intangivle and financial assets.

Please refer to the Separate Financial Statements of Moleskine S.p.A. as of December 31, 2015, and the associated notes for remarks on the items shown above.

FINANCIAL INDICATORS

PROFIT RATIOS

The table below shows the value of the main profit ratios for the periods ended December 31, 2015. Figures are net of the nonrecurring and the *special items* as mentioned above.

	31/12/2015(*)
ROI – Operating profit / Net average invested capital in year	38.7%
ROS – Operating profit / Revenues	28.6%
ROA – Net profit / Total assets	14.4%

(*) Figures are calculated on *Adjusted* results.

INFORMATION ON CORPORATE GOVERNANCE

PROFILE

The Company is organized based on the traditional management and control model as defined by Articles 2380-bis et. seq. of the Italian civil code, which calls for a body of shareholders, a board of directors and a board of statutory auditors.

The Company has adopted the Corporate Governance Code of Borsa Italiana S.p.A. and follows the principles contained therein.

BOARD OF DIRECTORS

The Company's Board of Directors in office as of the date of this Report has eight members, seven of whom are non-executive and two of whom are independent. They were appointed by the Ordinary Shareholders' Meeting on November 28, 2012, with additional directors being appointed by the Ordinary Shareholders' Meeting on March 7, 2013.

The Board was appointed from the single list of candidates submitted by the shareholder Appunti S.à.r.l., in compliance with article 13.3 of the Articles of Association.

This Board took office on the date in which trading of the Issuer's shares on the MTA began, i.e., April 3, 2013.

Following the resignation of a Director in March 2015, the shareholders at their meeting held on April 15, 2015 confirmed the proposal made by the Board of Directors to appoint a new director who was co-opted in March 2015.

The Board so appointed will remain in office for three financial years, until the date of the Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2015.

In consideration of the above, the majority of the Board of Directors consists of non-executive directors who, due to their number and authority, are able to significantly influence the Issuer's board decisions.

COMMITTEES

The Board committees are the Remuneration Committee and the Control and Risk Committee. The Control & Risks Committee also provides for the functions of the committee for related party transactions.

INTERNAL CONTROLS AND RISKS MANAGEMENT

The Company has adopted the Corporate Governance Code of Borsa Italiana S.p.A. and essentially follows the principles contained therein.
In this context, the Board of Directors has determined the guidelines for the internal control and risk management system, understood as the set of processes implemented to monitor the effectiveness of company transactions, the reliability of financial reporting, compliance with laws and regulations as well as the articles of association and internal procedures, and to protect the company's assets.

In particular, in defining its internal control and risk management system for financial reporting, the Group observes the requirements of relevant standards, regulations and laws, including:

- the Consolidated Law on Finance (TUF);
- Law 262/2005 (as amended) on preparing financial reports;
- the CONSOB Issuers' regulation as regards the statement by the financial reporting manager and the delegated control bodies responsible for preparing the separate and consolidated annual and interim financial statements pursuant to article 154-bis of the TUF; and the provisions in implementation of the Transparency Directive (2004/109/EC) on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC;
- the Italian Civil Code, which extends liability for corporate matters (Article 2434), for breach of trust as a result of the giving or promise of benefits (Article 2635) and for the offence of obstructing public supervisory authorities in the performance of their functions (Article 2638) to executives in charge of financial reporting;
- Legislative Decree 231/2001 which, among other things, treats executives in charge of financial reporting as senior management.

During 2015, the Company approved the updated version of the Organization, management and control model pursuant to Italian Legislative Decree 231/01, including:

- the introduction, as part of the law concerning the administrative liability of entities, the offence of self laundering (art. 648-ter.1 of the Italian Criminal Code) through Law 186/2014 "Provisions on self laundering, regularization and return of funds held abroad, also for reinforcing the fight against tax evasion. Provisions on self laundering, the introduction of Law 68/2015 "Provisions on environmental crimes" and Law 69/2015 "Provisions on offenses against the public administration, mafia association and fraudulent corporate accounting practices";
- several organizational changes affecting the Company;
- "Confindustria guidelines for drafting organization, management and control models" updates.

The general section of the aforementioned Organization model, along with the Code of Ethics, is available on our website www.moleskine.com.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors in office as of the date of this Report was unanimously appointed by the shareholders at their ordinary meeting held on November 28, 2012. This board took office on the date on which the Issuer's shares began being traded on the MTA, i.e. April 3, 2013.

The Board of Statutory Auditors so appointed will remain in office for three financial years, i.e. until the date of the Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2015.

REPORT ON CORPORATE GOVERNANCE

The Company has prepared a report on corporate governance and ownership structure, which describes the Issuer's corporate governance system and also provides information on the ownership structure and the system of internal control and risk management. The complete report – which covers 2015 – is available on the issuer's website (www.moleskine.com) in the Investor Relations/Corporate Governance section.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant events occurred after the reporting period.

BUSINESS OUTLOOK

Based on the results achieved as of December 31, 2015, and on market trends currently under way, the forecasts for full year 2016 as published when presenting the 2014-2016 Strategic Plan on March 10, 2014, and reconfirmed in the 2016-2018 Strategic Plan, remain valid.

In particular, on the basis of the expected trends in Euro/USD and Euro/HKD exchange rates, we expect to achieve revenues between Euro 148 and Euro 153 million and an *Adjusted* EBITDA ranging between Euro 46 and Euro 48 million in 2016.

MANAGEMENT AND COORDINATION

Although Appunti S.a.r.l. (in turn controlled by Syntegra Capital Investors Ltd.) holds a 34,715% stake in the Issuer as of December 31, 2015, the latter deems that it is not subject to management and coordination by Appunti S.a.r.l.

The Company considers that it is not subject to management and coordination by Appunti S.a.r.l. as: (i) it is totally autonomous in its dealings with customers and suppliers, with no interference by anyone outside the Company; (ii) Appunti has no central financial role with the Company; (iii) the main decisions regarding management of the Company and its subsidiaries are taken within the Company itself; (iv) the Company's Board of Directors is responsible for scrutinizing and approving strategic, industrial and financial proposals and the budgets of the Company and the Group, reviewing and approving the Group's organizational structure, evaluating the adequacy of the organization, administration and accounting structure of the Company and of the Group.

RELATED-PARTY TRANSACTIONS

For a detailed description of transactions with related parties in 2015, please refer to the notes to these consolidated financial statements as of December 31, 2015.

In compliance with the regulation on related party transactions adopted by way of CONSOB Resolution no. 17221 of March 12, 2010, as amended, Moleskine S.p.A. has adopted a procedure governing such transactions (the "**Related Party Procedure**").

The Moleskine S.p.A. Board of Directors approved the procedure on April 3, 2013 with the approval of the independent directors and it became effective on the same date (April 3, 2013), corresponding to the first day of trading of Moleskine shares on the MTA.

The aim of the procedure is to ensure transparency and substantive and procedural fairness in transactions conducted with related parties. It is posted on the Company website, www. moleskine.com, under "Documents" in the "*Corporate Governance*" section.

POSSESSION AND BUYBACKS AND PURCHASES OF PARENT COMPANY SHARES

As at December 31, 2015, the Parent company holds 55,000 treasury shares with a value of Euro 84,592.84. During the year, 2,819,087 treasury shares were purchased for an amount of Euro 4,557,895.32 and 2,764,087 shares were sold for an amount of Euro 4,473,302,43.

The companies in the Group did not hold during the year, and do not currently hold, directly or indirectly, shares of the parent company.

RESEARCH & DEVELOPMENT

In 2015, the Group developed new agreements and consolidated existing ones, as part of the strategic projects to broaden the scope of application of the brand.

With the licensing agreement with CG Mobile, two new collections of accessories for mobile devices were created. They were presented at International trade fairs and successfully distributed, especially in France and Japan.

A co-branding agreement was reached with the company Driade, a leading Italian company in the design industry, to create a collection, "Moleskine by Driade", including a desk and related accessories: "portable Atelier collection".

The collection will be unveiled in Spring 2016, on the date they will be available for sale.

The first "Moleskine café" was opened at the Geneva Airport in partnership with the company Caviar House and Prunier.

PRINCIPAL RISKS AND UNCERTAINTIES FOR THE GROUP

The main business risks identified, monitored and, to the extent specified below, actively managed by the Group are as follows:

- market risk arising from the fluctuation of interest rates, commodity prices and exchange rates between the Euro and the other currencies in which the Group deals;
- credit risk arising from a possible default by a counterparty; and
- liquidity risk arising from the absence of financial resources needed to meet financial obligations.

With respect to the reference qualitative and quantitative figures concerning the uncertainty of these risks, please see the note “Financial risk management” in the consolidated financial statements as of December 31, 2015.

RISK OF INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

The Company has adopted a system to protect its intellectual property rights and has continued to invest in measures to protect the brand, and the same policy was applied to the web, intensifying monitoring and surveillance of the websites and domains relating to products/services that are identical and/or similar to those of Moleskine, increasing the number of applications to register and/or purchase domain names containing the word Moleskine, so as to acquire direct control, preventing the undue exploitation of a registered trademark and the possible dissemination of content inconsistent with the values of the brand and that could pose a threat to its image.

Attention has also been focused on copyright infringements through AdWords in the countries where such violations can be fought in court.

SOCIAL RESPONSIBILITY

ENVIRONMENT AND PERSONNEL

As regards investments to support environmental protection and enhancement, Moleskine is actively committed to taking all necessary steps to protect the environment.

To this end, Moleskine manufactures and markets its products according to the chain of custody standards (FSC – Forest Stewardship Council) that guarantee the traceability of wood-based raw materials in the transformation process and their origin in sustainably managed forests, to ensure economic viability and a wide range of environmental and social benefits. Moreover, all Moleskine notebooks are manufactured using chlorine-free paper and eco-friendly production processes.

We produce our packaging in such a way as to keep waste to a minimum. Much of it is designed to be reused, for example the B-Sides of the paper bands which are printed with useful tools, or the wallet packaging, which can be turned into environmentally-friendly photo frames.

Also in terms of contractual arrangements, it should be noted that all new general terms of procurement agreed with the key goods suppliers include a requirement of certification of the entire production chain with regard to working conditions, specifically in relation to health and safety, child labor, forced labor (exploitation), the legality of employment contracts, and the environment, in conformity with the international Social Accountability standard SA8000, as updated from time to time.

The abovementioned general terms of procurement, in addition, require that all products are in compliance with international regulations concerning the registration, evaluation, authorization and restriction of chemicals contained in the products imported into the sales territories.

The Company is a long-standing supporter of the activities carried out by FAI, Fondo per l’Ambiente Italiano (the Italian National Trust), through exhibitions and donations. FAI does extensive work to preserve and promote a legacy that’s fundamental to the Italian identity.

From designing exhibition catalogues and participating in auctions of artistic works to organizing sketchmobs and publishing a series of volumes and iPad apps dedicated to “the hand” of the designer, graphic designer and architect, Moleskine has supported, and continues to support, FAI and in particular the historic Villa Necchi in Milan in numerous ways.

Finally, during the year no serious workplace accidents, deaths, charges for damages from occupational diseases of employees or former employees were reported, nor was the Group required to appear before the court for other personnel-related claims.

No damage was caused to the environment during the year. No group companies received fines or final sentences for environmental offences or damages during the year.

SUPPORT FOR LETTERA27

The Moleskine brand’s primary ethical commitment outside of the company supports **lettera27**, a non-profit foundation working on behalf of a universal right to education and access to knowledge everywhere on earth, and especially in the world’s most deprived and underdeveloped areas.
Moleskine has made significant annual monetary contributions in support of the foundation’s projects since its creation in 2006.

Furthermore, Moleskine actively collaborates with lettera27 on a number of important international cultural initiatives. **Detour**, a special project dedicated to culture and creativity is a traveling exhibition of notebooks created by artists, writers, architects, designers, and musicians from around the world and donated to lettera27. An ongoing adventure in creativity that, through the myDetour initiative, involves young and as yet unknown talents, and speaks to all Moleskine fans around the world. **Infinite Writing** an art project by Bili Bidjocka that celebrates handwriting, was developed in collaboration with the foundation; while other projects such as **AtWork** also use the Moleskine notebook as an empowering platform.

SUPPORT FOR YOUNG CREATIVES AND EMERGING TALENTS

Just as avant-garde artists of the past, the creative populations of today also need agile tools to create freely while in the streets, in cafés and while travelling. Moleskine shares its heritage with contemporary talent through a global schools network program, supporting students by creating opportunities for the generation, development and sharing of content and ideas. Programs have taken place around the world with organizations the likes of Bevilacqua La Masa Foundation, Venice, Esterni, Milan (Associazione Culturale Aprile Onlus), ADC Young Guns, Mike Perry Studio, AfroPunk, New York, The One Club, USA and Urban Sketchers Symposiums, globally, as well as the following schools:

- Politecnico di Milano, Milan
- Domus Academy, Milan
- Parsons School of Design, New York
- New York University, New York
- School of Visual Arts, New York
- Kansas City Art Institute, Kansas City
- University of Tonji, Shanghai
- University of Bilgi, Istanbul
- University of Tokyo Zokei, Tokyo
- Venice International University, Venice

SUPPORTING SOCIAL CHANGE

The belief in the power of collective creativity has led to Moleskine supporting organizations such as Ashoka, the global network of social entrepreneurs, through their Empathy initiative and Changemakers' events, as well as cultural association **Good50x70**. Moleskine published an anthology of over 930 social communication concepts submitted to the organization over the course of five years, bringing together a rich variety of posters on themes such as global warming, environmental issues and sexual health. An exhibition of these posters continues to travel the world, spreading its message.

Moleskine has also partnered with **(RED)** to help raise awareness for the fight against AIDS. Together with the Special Edition collection, the #oneREDday campaign aims to empower creative people to explore ideas, inspire action, and spur positive social change. For every (MOLESKINE)RED Special Edition item sold, 5% of the Suggested Retail Price will go to the Global Fund to fight AIDS.

The Global Fund, the recipient of (RED) funds, is a 21st-century organization designed to accelerate the end of AIDS, tuberculosis and malaria as epidemics. As a partnership between governments, civil society, the private sector and people affected by the diseases, the Global Fund mobilizes and invests nearly US $4 billion a year to support programs run by local experts in more than 140 countries. By challenging barriers and embracing innovative approaches, partners are working together to end these epidemics. For more information about the Global Fund, visit **www.theglobalfund.org.**

COMPLIANCE WITH PRIVACY CODE REQUIREMENTS

Pursuant to Italian Legislative Decree 196/2003, the Personal data protection code, the board of directors states that the Company has adopted measures to protect personal information, in compliance with the provisions of introduced by Italian Legislative Decree 196/2003, according to the terms and procedures indicated therein.

ART. 36 ISSUERS' REGULATIONS

In compliance with the provisions of articles 36 and 39 of the Market Regulation (adopted by CONSOB resolution no. 16191 of October 29, 2007, and subsequently amended by resolution no. 16530 of June 25, 2008), the Moleskine Group has identified 2 subsidiaries, Moleskine America Inc. and Moleskine Asia Ltd, headquartered in 2 non-EU countries, which are considered to be of significant importance pursuant to paragraph 2 of the aforementioned article 36, and are therefore in the scope of application of the regulation.
With respect to the above, it is deemed that the administrative/accounting and reporting systems currently in place within the Group are adequate to ensure that the Management and Independent Auditor of the Holding Company regularly receive the income, balance sheet and cash flow data needed to prepare the Consolidated Financial Statements.
For the companies within the scope, the parent company Moleskine S.p.A. has an up-to-date copy of the Articles of Association and the composition and specification of powers of the Board of Directors and Auditors.

Moleskine Trade & Commerce Shanghai, Moleskine Singapore Pte Limited and Moleskine Japan K.K. are not considered of significant importance pursuant to article 151 of the Issuers' Regulations because their total assets are less than 2% of the group's total assets as per the Group's consolidated financial statements as of December 31, 2015, and their revenues are less than 5% of the Group's consolidated revenues for the year ended December 31, 2015.

PROPOSED RESOLUTION ON THE PROFIT FOR THE YEAR

Dear Shareholders,

We submit the following proposed resolution for your approval:

"The Moleskine S.p.A. Ordinary Shareholders' Meeting,

- having heard and approved the information provided by the Board of Directors;
- having examined the data in the separate financial statements of Moleskine S.p.A. as of December 31, 2015, and the Management Report;
- having acknowledged the report of the Board of Statutory Auditors and the independent auditors' report;
- having examined the consolidated financial statements as of December 31, 2015,

resolves

1. to approve the separate financial statements of Moleskine S.p.A. as of December 31, 2015;
2. to carry forward the reserve for unrealised exchange gains as of December 31, 2014, totalling Euro 2,114,650;
3. to approve the following allocation of the profit of Moleskine S.p.A. as of December 31, 2015, totaling Euro 29,351,799:

- Euro 652,179 to the reserve for unrealized exchange gains;
- Euro 10,054,777 as dividends;
- Euro 18,644,843 to retained earnings."

Milan, March 1, 2016

Consolidated Financial Statements as of December 31, 2015

02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of Euro		As of December 31,			
	Notes	**2015**	**Of which with related parties**	**2014**	**Of which with related parties**
Property, plant and equipment	**6.1**	6,831		6,306	
Goodwill and trademarks	**6.2**	76,801		76,859	
Other intangible assets	**6.3**	3,961		4,236	
Other non-current assets	**6.4**	2,363		2,127	
Deferred tax assets	**6.5**	6,211		3,487	
Non-current financial assets	**6.6**	5,004		–	
Total non-current assets		**101,171**		**93,015**	
Inventories	**6.7**	20,622		15,785	
Trade receivables	**6.8**	24,714		22,798	
Income tax receivables		–		2,081	
Other current assets	**6.9**	2,266		1,798	
Cash and cash equivalents	**6.10**	48,297		23,353	
Total current assets		**95,899**		**65,815**	
TOTAL ASSETS		**197,070**		**158,830**	
Share capital		2,122		2,122	
Other reserves		80,286		70,413	
Net profit		27,124		16,525	
TOTAL NET EQUITY	**6.11**	**109,532**		**89,060**	
Non-current financial liabilities	**6.12**	31,602	34	22,947	65
Other non-current liabilities	**6.13**	748		170	103
Deferred tax liabilities	**6.14**	14,415		17,102	
Post-employment and other employee benefits	**6.15**	1,721	217	1,802	438
Non-current provisions for risks and charges	**6.16**	62		–	
Total non-current liabilities		**48,548**		**42,021**	
Trade payables	**6.17**	18,862	5	17,754	
Income tax payables	**6.18**	5,829		–	
Current financial liabilities	**6.12**	7,735	30	5,025	31
Current provisions for risks and charges	**6.16**	1,387		450	
Other current liabilities	**6.19**	5,177	174	4,520	175
Total current liabilities		**38,990**		**27,749**	
TOTAL LIABILITIES		**87,538**		**69,770**	
TOTAL LIABILITIES AND EQUITY		**197,070**		**158,830**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of Euro		Year ended December 31,					
	Notes	**2015**	**of which with related parties**	**of which non-recurring**	**2014**	**of which with related parties**	**of which non-recurring**
Revenues	**7.1**	128,196			98,792		
Other income	**7.2**	4,328			3,280		
Finished products, raw materials and consumables	**7.3**	(28,003)			(23,575)		
Service costs	**7.4**	(41,839)	(98)		(30,601)	(42)	
Personnel costs	**7.5**	(18,956)	(2,630)		(16,493)	(2,956)	(167)
Other operating expenses	**7.6**	(3,238)	(158)		(2,351)	(120)	
Depreciation, amortization and impairments	**7.7**	(5,675)			(3,796)		
Operating profit		**34,813**			**25,256**		
Finance expense	**7.8**	(921)	(63)		(1,507)	(64)	
Finance income	**7.8**	674			361		
Income before taxes		**34,566**			**24,110**		
Income tax expense	**7.9**	(7,442)			(7,585)		
Net profit		**27,124**			**16,525**		
EARNINGS PER SHARE							
Basic (euro)	**7.10**	0,128			0,078		
Diluted (euro)	**7.10**	0,128			0,078		
Other comprehensive income							
– items that may be reclassified subsequently to profit or loss:							
Fair value cash flow hedge derivatives		–			196		
Fair value cash flow hedge derivatives – tax effect		–			(54)		
Foreign exchange from the translation of fin stat in currencies other than Euro		165			458		
Total items that may be reclassified subsequently to profit or loss		**165**			**600**		
– items that will not be reclassified to profit or loss:							
Actuarial gain/losses on post-employment and other employee benefits		63			(123)		
Actuarial gain/losses on post-employment and other employee benefits-tax effect		(20)			41		
Total items that will not be reclassified to profit or loss		**43**			**(82)**		
Other comprehensive income		**208**			**518**		
Total comprehensive income for the period		**27,332**			**17,043**		

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of Euro		Year ended December 31,			
	Notes	**2015**	**of which with related parties**	**2014**	**of which with related parties**
Profit before income tax		34,566		24,110	
Adjustments for:					
Depreciation and amortization of intangible assets and property, plant and equipment	**7.7**	5,675		3,796	
Accruals to provisions for risks and charges and post-employment and other employee benefits	**6.15-6.16**	1,826	84	840	93
Accruals to provision for doubtful receivables	**6.8**	225		82	
Accruals to provision for inventory obsolescence	**6.7**	1,749		788	
Net finance expense	**7.8**	247	63	1,146	64
Other non monetary changes		33		680	
Cash flow from operating activities before movements in working capital		**44,321**		**31,442**	
Changes in working capital:					
– Change in inventories	**6.7**	(5,074)		(983)	
– Change in trade receivables and other receivables	**6.8-6.9**	(4,385)		(7,389)	
– Change in trade and other payables	**6.17-6.19**	1,556	(1,548)	2,136	(1,224)
– Change in post-employment and other employee benefits and in provisions for risks and charges	**6.15-6.16**	(494)		(135)	
Cash flow absorbed from movements in working capital		**(8,397)**		**(6,371)**	
Income tax paid		(5,102)		(7,840)	
Cash flow from operating activities		**30,822**	**–**	**17,231**	**–**
Cash flow used in investing activities					
Investments:		**(5,470)**		**(5,337)**	
– Investments in intangible assets	**6.2-6.3**	(2,025)		(1,756)	
– Investments in property, plant and equipment	**6.1**	(3,445)		(3,581)	
Disposals of property, plant and equipment and intangible assets		**–**		**7**	
– Disposals in intangible assets		–		7	
– Disposals in property, plant and equipment		–		–	
Cash flow used in investing activities		**(5,470)**	**–**	**(5,330)**	
Cash flow from financing activities					
Change in long-term loans	**6.12**	30,000		28,000	
Change in short-term loans		–		–	
Repayment of medium/long-term loans	**6.12**	(18,666)		(21,883)	
Repayment of short-term loans		–		–	
Payment of ancillary costs	**6.12**	(61)	(31)	(227)	(108)
Dividends distribution	**6.11**	(7,000)		(983)	
Share buyback	**6.11**	(85)		–	
Payment net financial expenses	**7.8**	(525)		–	
Current and non-current financial assets	**6.6**	(5,004)		–	
Cash flow used in financing activities		**(1,341)**		**4,907**	
Change in cash and cash equivalents		**24,011**		**16,808**	
Cash and cash equivalents at the beginning of the year	**6.10**	23,353		5,750	
Exchange differences in cash and cash equivalents	**7.8**	933		795	
Cash and cash equivalents at the end of the period	**6.10**	48,297		23,353	

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of Euro	Notes	Share capital	Share premium reserve	Currency Translation Reserve	Cash Flow Hedge Reserve	Other reserves	Net Profit	Total Equity
As of December 31, 2013	**6.11**	**2,120**	**90,406**	**(120)**	**(142)**	**(32,633)**	**11,913**	**71,544**
Profit							16,525	16,525
Currency translation reserve				458				458
Cash flow hedge reserve changes					142			142
Actuarial gain/losses on post–employment and other employee benefits						(82)		(82)
Comprehensive income for the year		**–**	**–**	**458**	**142**	**(82)**	**16,525**	**17,043**
Allocation of net profit 2013						11,913	(11,913)	–
Share capital increase		2				(2)		–
Incentives for management						473		473
As of December 31, 2014	**6.11**	**2,122**	**90,406**	**338**	**–**	**(20,331)**	**16,525**	**89,060**
Profit							27,124	27,124
Currency translation reserve				165				165
Actuarial gain/losses on post–employment and other employee benefits						43		43
Comprehensive income for the year		**–**	**–**	**165**	**–**	**43**	**27,124**	**27,332**
Allocation of net profit 2014						9,525	(9,525)	–
Dividends distribution							(7,000)	(7,000)
Share buyback						(85)		(85)
Incentives for management						225		225
As of December 31, 2015	**6.11**	**2,122**	**90,406**	**503**	**–**	**(10,623)**	**27,124**	**109,532**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Moleskine S.p.A. (hereinafter also the “**Company**” or “**Moleskine**” or “**Group Holding Company**”) is a company incorporated and domiciled in Italy and governed by the laws of the Italian Republic. Its registered office is located in Milan (Viale Stelvio 66), Italy.

Moleskine and its subsidiaries (the “**Group**”) develop, distribute and sell a range of products under the Moleskine brand, such as notebooks, agendas, portfolios, handbags, writing tools, reading accessories, and services and applications for the digital world. The products distributed are organized into 2 lines, as follows:

i) paper collections (“**Paper Collections**”), such as notebooks, agendas, other home-office products, and gifts; This line also includes analog/digital products and services, namely belonging to the “*Moleskine+*” category, working as a “continuum” between analog and digital dimensions.

   Several examples of the products included in this category are the Smart Notebook line, developed together with Evernote, a notebook designed to work with Livescribe smartpens, as well as the notebook developed in partnership with Adobe, the leader in digital marketing and digital media solutions. This category of products now also includes the recently launched calendar app called iOS Timepage.

ii) writing, travelling & reading accessories (the “**WTR Collections**”), such as pens and pencils, bags, eyewear, and reading lights.

The Group distributes its products:

i) indirectly through a network of 76 distributors (i.e. the wholesale channel), which serve bookshops, department stores, stationers, museums and other specialty stores (i.e. retailers);

ii) through a mixed direct and indirect model for the custom editions designed for our business customers (i.e. B2B); b) through our e-Commerce site; and c) through our retail network of 58 single-brand stores (21 in China, 3 in Singapore, 5 in Hong Kong, 10 in Italy, 3 in the U.K., 5 in France, 2 in Germany and 9 in the U.S.).

The Group has a well-developed in Europe, the United States and Asia.

On the date on which these financial statements were prepared, the ordinary shares of the Group Holding Company (Moleskine S.p.A.) were listed on the Milan Stock Exchange – MTA – STAR Segment.

As of December 31, 2015, and the date on which this document was prepared, the summary of significant equity investments in Moleskine share capital is as follows:

Direct Shareholder	% of share capital
APPUNTI S.A.R.L.	34.715
PENTAVEST S.A.R.L.	6.308
ALLIANZ IARD SA	5.149
JP MORGAN ASSET MANAGEMENT (UK) LIMITED	5.095
INDUMENTA PUERI SL	5.003
BIP INVESTMENT PARTNERS S.A.	2.442
Total	**58.712**

Source: Consob, internal data processing of the parent company Moleskine S.p.A.

These consolidated financial statements were approved by the Board of Directors on March 1, 2016.

These consolidated financial statements have been audited by PricewaterhouseCoopers S.p.A., the auditors of the Company.

2. SUMMARY OF ACCOUNTING PRINCIPLES AND MEASUREMENT CRITERIA

The main accounting principles applied in the preparation of the Group's consolidated financial statements are illustrated below.

2.1 Basis of preparation

This document includes the consolidated financial statements for the year ended December 31, 2015 (the "**Consolidated Financial Statements**"), comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity and the explanatory notes.

These consolidated financial statements are prepared on the basis of international financial reporting standards (hereinafter also referred to as "IFRS") adopted by the European Union. IFRS is defined as all the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC), which at the date of approval of the separate financial statements, have been subject to approval by the European Union in accordance with European Regulation no. 1606/2002 of the European Parliament and of the Council of July 19, 2002. In particular, the IFRSs have been applied consistently for all the periods presented in this document.

These consolidated financial statements have been prepared on a going concern basis as the directors have verified the absence of indicators of financial, managerial or other critical situations that might indicate doubts about the Group's ability to meet its obligations in the foreseeable future and in particular over the next 12 months.

2.2 Form and content of the financial statements

As regards the form and content of the financial statements, the Group has made the following choices:

i) the statement of financial position is presented by showing the current and non-current assets and liabilities separately;
ii) the statement of comprehensive income is presented by nature of revenue and expense;
iii) the statement of cash flows is presented using the indirect method;
iv) the statement of changes in shareholders' equity is presented stating separately the profit of the year and all income and expense not recognized in the statement of comprehensive income, but recognized directly in shareholders' equity on the basis of specific accounting standards.

The Group has chosen to present one statement of comprehensive income which presents not only the profit for the period, but also changes in equity that are recognized directly to equity through other comprehensive income, as expressly permitted by international accounting standards.

The statements used, as specified above, are those which best represent the Group's financial performance and standing.

These consolidated financial statements have been prepared in Euros, which is the Company's functional currency.

The amounts shown in the financial statements and in the tables included in the notes are expressed in thousands of Euros, unless otherwise indicated.

2.3 Scope of and changes in consolidation

The consolidated financial statements as at December 31, 2015, include the financial statements of the parent company Moleskine S.p.A. (the "**Company**"), and those of its subsidiaries, jointly referred to as the Moleskine Group.

The table below shows the name and registered office of the subsidiaries and the Moleskine Group's direct and indirect holdings in those companies as of December 31, 2015:

Name of company	Headquarters	Currency	Share Capital	Percentage of control	
				Direct	Indirect
Moleskine America Inc.	New York, 210 Eleventh Avenue	US Dollar	100,100	100%	
Moleskine Asia Ltd	Hong Kong, 32/F, The Centrium, 60 Wyndham Street, Central	HK Dollar	73,730,622	100%	
Moleskine Trade & Commerce Shanghai Co. Ltd	Shanghai, Unit 3506, Tower 2, Grand Gateway Center, No, 3, Hong Qiao Road, Xuhui District	Renminbi (Yuan)	19,938,199		100%
Moleskine France S.à.r.l.	Paris, 39 Rue Beaureguard	Euro	1,310,000	100%	
Moleskine Germany GmbH	Colonia, Spichernstraße 73	Euro	25,000	100%	
Moleskine Singapore Pte Ltd	6001 BEACH ROAD 13-04 Golden Mile Tower Singapore (199589)	SG Dollar	1,125,000		100%
Moleskine UK Limited	London, Second floor, Cardiff House, Tilling Road	Pound	550,000	100%	
Moleskine Japan K.K.	Tokyo, 5-4-35-1301 Minami Aoyama, Minato–ku	Yen	6,010,000		100%
Moleskine America Retail LLC	2711 Centerville Road, Suite 400, in the City of Wilmington, Delaware	US Dollar	1,446,963		100%
Moleskine Denmark ApS	c/o Martinsen Revisionspartnerselskab Øster Allé 42, 4, 2100 København Ø	DKK Crown	50,000	100%	

The scope of consolidation changed in 2015 due to the establishment of the company Moleskine Denmark ApS.

Moleskine S.p.A., as the parent company, gave Moleskine UK Limited (company number 08781752 registered in England & Wales) a guarantee, pursuant to section 479A of the 2006 Companies Act in respect of 2015 so that Moleskine UK Limited is exempt from having its financial statements audited.

2.4 Consolidation principles

The scope of consolidation includes the subsidiaries for which it is possible to exercise control as defined in IFRS 10, which provides that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investments in associates (over which the company has significant influence, pursuant to IAS 28) are accounted for using the equity method while joint arrangements (i.e. an arrangement of which two or more parties have joint control in accordance with IFRS 11) are accounted for applying the equity method, if it qualifies as a joint venture, or accounting for assets, liabilities, revenues and expenses if it qualifies as a joint operation.

Subsidiaries are fully consolidated from the date on which the Group obtained control over the entity up to the date on which control is transferred to a third party. The financial statements within the scope of consolidation are those prepared for the year ended December 31, 2015, and have been *Adjusted*, where necessary, in order to ensure compliance with the Group's accounting standards.

Subsidiaries are fully consolidated on a line by line basis as follows:

- the assets and liabilities, revenues and costs of the subsidiaries are consolidated line by line and the proportionate share of shareholders' equity and net profit are allocated to non-controlling interests where applicable; equity and net profit attributable to non-controlling interests are reported separately in shareholder's equity and the statement of comprehensive income;
- the Group applies the acquisition method to business combinations. Under this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair value of the assets transferred and of the liabilities assumed by the Group on the date of acquisition and the equity instruments issued in exchange for control of the company acquired. Costs related to the acquisition are generally recorded in the statement of comprehensive income as incurred. The identifiable assets acquired and the liabilities assumed are recognized at fair value on the acquisition date, except for the following items which are recognized in accordance with their relevant accounting principle:
  - i) deferred tax assets and liabilities;
  - ii) employee benefit assets and liabilities;
  - iii) liabilities and equity-based instruments relating to share-based payments of the company acquired or to payments based on the shares of the Group, issued to replace contracts of the company acquired;
  - iv) assets held for sale and discontinued operations;
- gains and losses, with the related tax effects, arising from transactions made between fully consolidated entities, and not yet realized with third parties, are eliminated, unless the transaction provides evidence of impairment of the asset transferred. Intercompany payables and receivables, costs and revenues, and financial income and expenses are also eliminated.

Transactions with minority interests

The Group accounts for transactions with minority interests as equity transactions. This implies that, in the case of acquisitions or disposals of minority interests when the control is maintained, any difference between the cost of acquisition/disposal and the related share of net assets acquired is accounted for in shareholders' equity.

Translation of the financial statements of foreign entities

The financial statements of subsidiaries are prepared in the currency of the primary economic environment where the entities operate. The financial statements of the Group companies are translated into euros as follows:

- assets and liabilities are translated using the exchange rates at the balance sheet date;
- revenues and costs are translated using the average exchange rate for the period;
- the translation reserve, which is recorded in the statement of comprehensive income includes both the difference generated by translating income statement items at a different exchange rate from the period end rate and the differences generated by translating opening shareholders' equity amounts at a different exchange rate from the period-end rate;
- goodwill, where applicable, and fair value adjustments from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Consolidated companies included within the scope of consolidation which do not have the euro as their functional currency are Moleskine America and Moleskine America Retail (USD), Moleskine Asia (HKD), Moleskine Shanghai (CNY), Moleskine UK (GBP), Moleskine Singapore (SGD), Moleskine Japan K.K. (JPY), and Moleskine Denmark (DKK).

The exchange rates used for the translation of such foreign currency financial statements were as follows:

	As of December 31,	
Currency	**2015**	**2014**
USD	1.089	1.214
HKD	8.438	9.417
CNY	7.061	7.536
GBP	0.734	0.779
JPY	131.070	145.230
SGD	1.542	1.606
DKK	7.463	n/a

	Avarage of year ended As of December 31,	
Currency	**2015**	**2014**
USD	1.110	1.329
HKD	8.602	10.303
CNY	6.973	8.186
GBP	0.726	0.806
JPY	134.287	140.306
SGD	1.525	1.682
DKK	7.459	n/a

2.5 Translation of foreign currency denominated transactions and balances

Foreign currency transactions are translated into the functional currency using the prevailing exchange rate at the date of the transaction. Subsequently, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency based on the exchange rate as at the end of the financial year. Exchange rate gains and losses are recorded in the statement of comprehensive income as “Other income” and “Other operating expenses”.

Foreign currency denominated non monetary assets and liabilities continue to be recorded at the exchange rate of the date of the transaction.

2.6 Measurement criteria

Property, plant and equipment

Property, plant and equipment are recognized at purchase or production cost, net of accumulated depreciation and any impairment. The cost includes directly attributable costs incurred in order to condition the asset for its use and any dismantling or removal costs that will be incurred as a result of contractual obligations requiring the property to be returned in its original condition. Borrowing costs are also included within the cost of the asset if the conditions of IAS 23 are satisfied.

Expenses incurred for ordinary and/or cyclical maintenance and repairs are charged directly to the statement of comprehensive income when incurred. Costs incurred for expansion, modernization or upgrade of owned or leased assets are capitalized to the extent that they meet the requirements to be classified separately as an asset or part of an asset.

Property, plant and equipment acquired through finance leases, in which the risks and rewards of the assets are substantially transferred to the Group, are recorded as assets at the lower of the asset’s fair value or the present value of the minimum lease payments, including any purchase option. The property, plant and equipment held under finance lease is depreciated on a straight line basis over the useful life of the asset, unless the duration of the finance lease is shorter than the useful life of the assets and it is not reasonably certain that ownership of the asset will be transferred to the Group. In such instances, the asset is depreciated over the duration of the finance lease contract.

Leases where the lessor substantially retains all the risks and rewards of ownership are recorded as operating leases. Payments made under operating leases are recorded in the statement of comprehensive income on a straight-line basis over the period of the lease contract.

Depreciation is charged using the straight-line method at rates that allow depreciation of the assets until the end of their useful life.

The useful life estimated by the Group for the individual categories of property, plant and equipment is reported below:

	Depreciation rate %
Computer equipment	20%
Miscellaneous equipment	15%
Exhibition stands	25%-50%
Office furniture	12%-33%
Furniture	12%
Office equipment	20%-33%
Vehicles	25%
Mobile phones	50%
Leasehold improvements	straight-line basis over the term of the leasing contract –33%

The useful life of property, plant and equipment and their residual values are revised and updated, if necessary, at the time the financial statements are prepared.

Goodwill

Goodwill is defined as the excess between the amount of consideration transferred in a business combination, the value of shareholders' equity belonging to minority interests and the fair value of any shareholding previously held in the acquired company compared with the fair value of the net assets acquired and liabilities assumed on the date of acquisition. If the value of the net assets acquired and liabilities assumed on the date of acquisition exceeds the amount of consideration transferred, the value of the shareholders' equity belonging to minority interests and the fair value of any shareholding previously held in the acquired company, this excess is immediately recognized in the statement of comprehensive income.

Goodwill is not amortized but is tested annually for impairment. The impairment test is performed with reference to the cash generating unit (CGU) to which the goodwill is attributed. Any impairment of goodwill is recognized if the recoverable amount of the goodwill is lower than its carrying amount. Recoverable amount is understood as the greater of the fair value less costs to sell of the CGU, and the respective value in use. Revaluation of goodwill in the event of a previous write-down due to impairment is not allowed.
In the event that the impairment resulting from the test is greater than the amount of goodwill allocated to a CGU, the residual excess is allocated to the other assets included in the CGU proportionately to their carrying amount.
Impairment testing is performed at least annually or more frequently if events or changes in circumstances indicate a potential impairment.

Trademarks

The Moleskine trademark is considered as an intangible asset with indefinite useful life, as confirmed by an independent expert opinion. Accordingly, the trademark is not amortized, but is tested for impairment. The impairment test is performed with reference to the cash generating unit (CGU) to which the trademark is allocated, which in this specific case is the entire Group. The impairment testing process is described in the paragraph above relating to goodwill.

The additional costs related to the trademark are amortized based on the duration of the related registration, which is ten years by law.

Intangible assets with finite useful lives

Intangible assets are identifiable non-monetary assets that have no physical substance, which are controllable and capable of generating future economic benefits. Such assets are recognized at purchase and/or production cost, including directly attributable expenses to prepare the assets for their use, net of accumulated amortization and any impairment.

Amortization is calculated using the straight line method on the basis of the estimated useful life from the moment when the intangible asset is available for use.

Intangible assets also include the amounts paid to the prior lessees of the retail stores (i.e. "key money") for the Group to take over the related lease agreements. These intangible assets are recognized in the financial statements to the extent that their value is considered fully recoverable through the projected profitability of the relevant stores and are amortized over the period of the related lease agreement. If the amounts involved are paid as a lump-sum entry fee to the property owners of the stores instead of to the previous lessees, they are recorded in prepaid expenses and classified under "other receivables (current and non-current). These prepaid expenses are posted in the statement of comprehensive income under "Service Costs" over the period of the lease agreement.

The useful life estimated by the Group for the different categories of intangible assets is reported below:

Other intangible assets	3 years
Development costs	5 years
Sotware_licences	5 years or licence lenght
Software_development	5 years
Software_owernship	3 years
Industrial patents and intellectual property rights	Patent lenght
Key money	Leasing contract lenght

Impairment of property, plant and equipment and intangible assets

At each reporting date, the group performs analyses in order to identify the existence of indicators of the impairment of property, plant and equipment, and intangible assets which are not fully depreciated or amortized. If such indicators are identified, the recoverable amount of such assets is estimated, recording in the statement of comprehensive income any write-down compared with the carrying value. The recoverable amount of an asset is the greater of its fair value less costs to sell, and its value in use, calculated as the present value of the asset's estimated future cash flows. For an asset which does not generate broadly independent cash flows, the realization value is determined in relation to the cash-generating unit to which that asset belongs. In determining the value in use, the expected future cash flows are discounted at a discount rate which reflects the current market valuation of the cost of money, considering the period of the investment and the specific risks of the asset. Impairment is recognized in the statement of comprehensive income when the carrying value of the asset is greater than the recoverable amount. When the reasons for recording the impairment no longer exist, the impairment loss recognized is reversed to the statement of comprehensive income and the carrying amount of the asset is increased to its recoverable amount, however, the increased amount cannot exceed the carrying value that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Financial assets

Financial assets are recognized in the current and non-current assets based on their maturity dates and the forecasts on the time within which they will be converted into monetary assets. Financial assets include equity investments in other companies (other than associates and joint ventures), derivatives, and receivables, as well as cash and cash equivalents.

The Group divides, for measurement purposes, the financial assets into the following categories:

- Financial assets measured at fair value with changes recognized directly in the income statement. This category includes both financial assets held for trading and derivative instruments which do not have the characteristics for the application of hedge accounting.
- Loans and receivables. This category includes the loans and receivables comprised of non derivative financial assets with fixed or determinable maturity dates. These are included in the current assets, except for the portion falling due more than twelve months after the balance sheet date, which are recognized as non-current assets.
- Held-to-maturity financial assets. This category comprises non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group intends on holding until maturity. Recognition in current or non-current assets depends on whether they are expected to be realized within or after 12 months from the date of the financial statements.
- Available-for-sale financial assets. This is a residual category that includes non-derivative financial assets or assets that cannot be classified in any of the financial investment categories described above. These assets are included in the non-current assets, unless the entity intends to dispose of these assets within twelve months after the date of the financial statements.

The classification depends on the purpose for which a financial asset was acquired. Management determines the classification of financial assets at their initial recognition.
The financial assets, irrespective of where they are classified, are first recognized at fair value, increased by any ancillary purchasing costs.
After initial recognition, the financial assets designated at fair value with changes booked directly to the income statement and the available-for-sale financial assets are accounted for at fair value. In the first case, changes in the fair value are recognized in the income statement in the period which they occur; in the second case they are recognized in the statement of comprehensive income.
The loans and receivables and the held-to-maturity financial assets, after the initial recognition, are accounted for at amortized cost, using the effective interest rate method. Any impairment losses are recognized in the income statement as a contra entry to the value of the asset. The value of the asset previously reduced due to impairment losses is reinstated when the circumstances that previously caused the impairment no longer exist.
Financial assets are derecognized when the rights to receive cash flows associated with the financial assets have expired or have been transferred to third parties and the Group has transferred substantially all risks and benefits of ownership.

Trade receivables and Other current and non-current receivables

Trade receivables and other current and non-current receivables (financial assets) are financial instruments, primarily receivables from customers, which are not derivatives and are not quoted on an active market, for which fixed or determinable payments are expected. Trade receivables and other receivables are classified as current assets in the statement of financial position, except for those with a contractual maturity greater than 12 months from the statement of financial position date, which are classified as non-current assets.

These financial assets are recorded in the statement of financial position from the point at which the Group becomes counterparty of the related contract. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred, or when the Group has substantially transferred all the risks and rewards of ownership to a third party.

Such assets are initially recognized at fair value and subsequently at amortized cost, using the effective interest rate method, less any impairment.

If objective evidence exists that the Group will not be able to recover the receivable in accordance with the contractual terms, an impairment loss is recognized.

The amount of the write-down is measured as the difference between the carrying value of the asset and the present value of the asset's future cash flows.

Receivables are presented in the statement of financial position net of the provision.

Derivative financial instruments

All derivative financial instruments (including embedded derivatives) are recognized at fair value.

IAS 39 defines an embedded derivative as a component of a hybrid (combined) instrument that also includes a non-derivative host contract. A hybrid financial instrument is composed of a non-derivative host financial instrument and a derivative that modifies the features of the hybrid financial instrument, making its cash flow fluctuations similar to those of an independent derivative financial instrument. An embedded derivative affects the financial instrument cash flows depending on changes in interest rates, exchange rates, or other variables. Depending on the conditions, it may be necessary to separate the embedded derivative from the host contract and separately recognize its fair value.

In the Group's financial statements, embedded derivatives are present in contracts for the purchase of raw materials and finished goods in currencies other than either the euro or the supplier's reference currency. In this case, the host contract is the purchase contract in euros and the derivative financial instrument is the exposure to fluctuations of the contract currency against the euro.

Derivative financial instruments are classified as hedging instruments when the relationship between the derivative and the hedged item is formally designated and documented, and the hedging effectiveness, which is periodically tested, is high.

In this case, the following accounting policies are applied:

i) Fair value hedge – changes in the fair value of derivatives that are designated as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability.
ii) Cash flow hedge – if the derivative financial instrument is designated to hedge against the cash flow risk arising on an asset, liability or a highly probable event which could have an effect on the statement of comprehensive income, the effective portion of the gain or loss on the derivative financial instrument is recognized in shareholders' equity (through other comprehensive income). Accumulated gains and losses are reversed from shareholders' equity into the statement of comprehensive income in the same period in which the hedged event is realized. Gains and losses relating to the portion of the hedge that becomes ineffective are recorded in the statement of comprehensive income when the ineffectiveness is realized.

Changes in the fair value of derivatives that do not meet the requirements for hedge accounting are recorded in the statement of comprehensive income.

Fair value measurement of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The fair value of financial instruments which are not traded in an active market is determined by using valuation techniques based on methodologies and assumptions using market conditions at the statement of financial position date.

Inventories

Inventories is stated at the lower of purchase or production cost and the net realizable value calculated as the amount which the Group expects to obtain from its sale in the normal conduct of its business. The cost of inventories is calculated by applying the weighted average cost method.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, bank current accounts, on demand deposits and other short term highly liquid financial investments, which are readily convertible into cash or cash equivalents within 90 days of the original date of acquisition and are subject to an insignificant risk of change in value.

Financial liabilities, trade payables and other payables

Financial liabilities (other than derivative financial instruments), trade payables and other payables are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost applying the effective interest rate method. If there is a change in the expected cash flows which can be reliably determined, the value of the liabilities is recalculated to reflect this change on the basis of the present value of new expected cash flows and the internal rate of return initially calculated. Financial liabilities are classified as current liabilities, unless the Group has the unconditional right to defer payment for at least twelve months after the statement of financial position date.

Financial liabilities are derecognized at the time of their extinguishment and when the Group has transferred all the risks and charges relating to the instrument.

Post-employment and other employee benefits

Post-employment and other employee benefits paid during or after termination of the employment relationship consist primarily of post-employment benefits (Trattamento di Fine Rapporto – TFR), governed by Italian law under Article 2120 of the Italian Civil Code. TFR is considered to be a defined benefit plan, i.e. a formalized program of benefits following the end of the employment relationship constituting a future obligation and for which the Group assumes the respective actuarial and investment risks. As required by IAS 19, the Group uses the Projected Unit Credit Method to determine the present value of the obligation and the respective provision of current employment benefits; this calculation requires the use of objective actuarial hypotheses consistent with demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increases in remuneration levels). Actuarial gains and losses are recognized in shareholders' equity.

Provisions for risks and charges

Provisions are recorded for specific losses or liabilities that are certain or probable, the amounts and or timing of which cannot be determined accurately at the period end.

Provisions are recognized only when a present legal or constructive obligation exists as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation. The amount of the provision reflects the best estimate of the expenditure required to settle the obligation. The discount rate used to determine the present value of the provision takes into account market conditions and the risk profile of the associated liability.

When the time value is significant and the date of settlement can be reliably estimated, provisions are measured at the present value of the payments expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized in finance expense.

No provision is recorded for risks for which a liability is not probable, but only possible. Such risks are however disclosed as contingent liabilities.

Revenue recognition

Revenues from the sale of goods are recognized in the statement of comprehensive income at the time of transfer to the customer of the risks and benefits of the product sold, normally coinciding with delivery or shipment of the merchandise to the customer. Revenues from services are recognized in the accounting period in which the services are rendered, with reference to the completion of the service provided and in relation to the total services yet to be rendered.

Revenues are recognized at the fair value of the consideration received. Revenues are recognized net of value-added taxes, expected returns, discounts and allowances.

Recognition of costs

Costs are recognized when goods and services are purchased.

Share-based payment transactions

For share-based payments, the Group recognizes the cost of the service when the service is provided. The counter entry is recorded in shareholders' equity or as a liability depending on the transaction, and in particular whether the transaction will be settled through the issuance of shares (equity settled) or by a cash payment (cash settled).

For cash-settled share-based payments, the Group records the service received and associated liability at fair value. At the end of each reporting period until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognized in the statement of comprehensive income.

For equity-settled share-based payments, the Group assesses the fair value only at the plan's grant date. An equity settled plan is also identified where other group entities (and not the parent company) have the liability for settlement.

Taxes

Current taxes are calculated based on the taxable income for the year, applying the current tax rates on the statement of financial position date.

Deferred tax assets and liabilities are calculated for all differences emerging between the tax basis of an asset or liability and the respective carrying amount. Deferred tax assets, including those relating to tax losses not offset by deferred tax liabilities, are recognized to the extent that it is likely that future taxable income will be available against which they may be recovered. Deferred taxes are determined using the tax rates that are expected to apply in the periods in which the differences will be realized or extinguished, based on the tax rates in force or substantially in force on the statement of financial position date.

Current and deferred taxes are recognized in the income statement, except for those related to items charged or credited directly in shareholders' equity, in which case the respective tax impact is also recognized directly to shareholders' equity. Taxes are offset when they are applied by the same tax authority and there is a legal right to offset.

Earnings per share

Basic

Basic earnings per share are calculated dividing the profit attributable to the Group by the weighted average of the ordinary shares outstanding during the period, excluding any treasury shares.

Diluted

Diluted earnings per share are calculated dividing the profit attributable to the Group by the weighted average of the ordinary shares outstanding during the period, excluding any treasury shares. To calculate diluted earnings per share, the weighted average of the shares outstanding is modified assuming the conversion of all the potential shares having a dilutive effect, while the Group's net profit is *Adjusted* to take into account the effects of the conversion, net of tax.

3. ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires that management apply accounting standards and methods which, under certain circumstances, are based on difficult subjective measurements and estimates based on past experience and on assumptions considered, at various times, to be reasonable and realistic in terms of the respective circumstances. The use of such estimates and assumptions affects the amounts reported in the financial statements, as well as the information disclosed. Actual results for those areas requiring management judgment or estimates may differ from those recorded in the financial statements due to the occurrence of events and the uncertainties which characterize the assumptions and conditions on which the estimates are based.

The areas applicable to the Group that require greater subjectivity of management in making estimates and where a change in the conditions underlying the assumptions could have a significant impact on the Group's financial statements are described in brief below:

a) Goodwill and trademarks: goodwill and trademarks with indefinite useful lives are subject to an annual impairment test to ascertain whether there has been any impairment. Impairment is recognized through a write-down, when the carrying amount of the cash generating unit to which it is allocated is greater than its recoverable amount (defined as the greater of its value in use and its fair value). The calculation of these values requires management to perform subjective evaluations based on information available within

the Group and externally, as well as on past experience. When a potential impairment has been identified, the Group calculates the impairment using valuation techniques deemed suitable. The impairment test is also performed on intangible and tangible assets on identification of impairment indicators which suggest that the Group may not be able to recover the carrying value of the asset through use. The identification of impairment indicators and the estimate of the impairment depend on factors that may vary over time, influencing the measurements and estimates made by management.

b) Allowance for doubtful trade receivables: the allowance for doubtful trade receivables represents management's best estimate of losses on trade receivables. The estimate is based on the Group's expected losses, on the history of similar receivables, on receivables which are currently or were historically overdue, analyses performed on the quality of receivables and on economic and market projections.
c) Deferred tax assets: deferred tax assets are accounted for based on expectations of taxable income in future years. The valuation of expected taxable income for purposes of accounting for deferred tax assets depends on factors that may vary over time and have significant effects on the recoverability of such assets.
d) Management incentive scheme costs: the accounting for the costs of the management incentive scheme (as described in Note 7.5 "Personnel Costs") is influenced by the estimated timing of the occurrence of events related to the incentive scheme as well as the possibility of such events occurring and the expected value of the plan. These estimates depend on factors which vary over time, that are difficult for management to predict. Changes in these factors can significantly influence the costs accounted for.
e) Provisions for risks and charges: provisions are recorded for legal and tax issues, for which a negative outcome at the reporting date is probable. The amount of provisions recorded represent management's best estimates at the reporting date. These estimates involve assumptions that may vary over time and, therefore, could have a significantly different impact compared with the current estimates made by management in preparing the Group's financial statements.
f) Derivative financial instruments (refer to Note 2.6 "Measurement criteria").
g) Provision for inventory obsolescence.

4. ACCOUNTING STANDARDS

4.1 Accounting standards, amendments and interpretations applied as of January 1, 2015

The new or revised principles of the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which must be applied beginning on January 1, 2015, are indicated below.

Description	Endorsed by the EU at the date of the financial statements	Effective date
Amendment to IAS 19, 'Employee Benefits', regarding defined benefit plans	February 2015	Financial years beginning on or after January 1, 2015
Annual improvements cycles 2010-2012	February 2015	Financial years beginning on or after January 1, 2015
Annual improvements cycles 2011-2013	January 2015	Financial years beginning on or after January 1, 2015

The adoption of the accounting standards, amendments and interpretations shown in the table above had no significant effects on the Group's financial position or result.

4.2 Accounting standards, interpretations and amendments not yet applicable or not yet adopted by the Group

The table below shows the international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions included in standards or interpretations of the IASB, with an indication of those which have and have not been adopted for use in Europe at the date of these financial statements:

Description	Endorsed by the EU at the date of the financial statements	Effective date
Amendment to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets', on depreciation and amortisation	Yes	Financial years beginning on or after 1 January 2016
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation	Yes	Financial years beginning on or after 1 January 2016
IFRS 14 'Regulatory deferral accounts'	No	Financial years beginning on or after 1 January 2016
Amendment to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants	Yes	Financial years beginning on or after 1 January 2016
Annual improvements 2012-2014	Yes	Financial years beginning on or after 1 January 2016
Amendments to IAS 27, 'Separate financial statements' on the equity method	Yes	Financial years beginning on or after 1 January 2016
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'	No	Effective upon completion of IAS project on equity method
Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative	Yes	Financial years beginning on or after 1 January 2016
Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception	No	Financial years beginning on or after 1 January 2016
IFRS 15 'Revenue from contracts with customers'	No	Financial years beginning on or after 1 January 2018
IFRS 9 'Financial Instruments'	No	Financial years beginning on or after 1 January 2018
IFRS 16 'Leases'	No	Financial years beginning on or after January 1, 2019

The Group did not early adopt any accounting standards and/or interpretations whose application is obligatory for periods commencing subsequent to December 31, 2015.

The Group is assessing the effects of the application of the new standards and amendments above, which are currently not considered to be material.

5. SEGMENT REPORTING

IFRS 8 "Operating Segments" defines an operating segment as a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the entity's chief operating decision maker; and
- for which discrete financial information is available.

For the purposes of IFRS 8 "Operating Segments", the activity in which the Group engages may be classified into a single operating segment.

The Group's structure, organized by product lines, distribution channels and geographical areas, identifies a strategic, unitary vision of the business. Such representation is consistent with the manner in which the management makes decisions, allocates resources and defines the communication strategy, thus rendering a possible split of the business into segments inefficient.

In the interest of full disclosure, a breakdown of revenues by product line, distribution channel and geographical area is presented in note 7.1 "Revenues".

In accordance with the requirements of IFRS 8, paragraph 33, the following is a breakdown of property, plant and equipment and intangible assets by geographical area. assets have been allocated according to the country in which each asset operates, with the exception of trademarks and goodwill, the values of which have been included in the line "Non-allocated."

In thousands of Euro	**As of December 31,**	
Fixed assets by geographical area	**2015**	**2014**
EMEA	5,967	6,995
USA	2,843	2,345
Asia	1,982	1,202
Non allocable	76,801	76,859
Total tangible and intangible fixed assets	**87,593**	**87,401**

5.1 Major customers

Considering the Group's business model which, despite the changes made to the distribution models during 2015 (see the Management Report for details), relies largely on indirect sales through distributors, the revenues earned by the Group through the largest distributor, operating exclusively in the US market, accounted for 25% of total revenues in 2015 and 23% of total revenues in 2014.

6. NOTES TO THE STATEMENT OF FINANCIAL POSITION

6.1 Property, plant and equipment

The following tables show the changes in “Property, plant and equipment” for the years ended December 31, 2015 and 2014:

In thousands of Euro

Property, plant and equipment	As of December 31, 2014	Additions	Disposals	Impairments	Reclass	Exchange Rate differences	As of December 31, 2015
Cost							
Computer equipment	193	114	(4)		1	10	314
Miscellaneous equipment	1,128	122	(130)	(63)	(9)	8	1,056
Atelier	1,497	173	(47)	(30)		55	1,648
Exhibition stands	1,523	146		(5)		134	1,798
Industrial and commercial equipment	**4,341**	**555**	**(181)**	**(98)**	**(8)**	**207**	**4,816**
Office furniture	1,822	316	(6)	(2)		74	2,204
Furniture	195	61		(22)		11	245
Office equipment	670	167	(74)		8	23	794
Vehicles	12						12
Other assets	**2,699**	**544**	**(80)**	**(24)**	**8**	**108**	**3,255**
Leasehold improvements	**3,917**	**1,953**	**(232)**	**(427)**	**–**	**180**	**5,391**
Tangible Assets in progress	**114**	**393**	**–**	**–**	**–**	**19**	**526**
Total cost	**11,071**	**3,445**	**(493)**	**(549)**	**–**	**514**	**13,988**
Accumulated depreciation							
Computer equipment	(97)	(70)	4			(5)	(168)
Miscellaneous equipment	(493)	(166)	130		5	(5)	(529)
Atelier	(544)	(380)	47			(15)	(892)
Exhibition stands	(784)	(484)				(64)	(1,332)
Industrial and commercial equipment	**(1,918)**	**(1,100)**	**181**		**5**	**(89)**	**(2,921)**
Office furniture	(629)	(423)	6			(11)	(1,057)
Furniture	(46)	(39)				(1)	(86)
Office equipment	(460)	(131)	70		(5)	(15)	(541)
Vehicles	(5)	(3)					(8)
Other assets	**(1,140)**	**(596)**	**76**		**(5)**	**(27)**	**(1,692)**
Leasehold improvements	**(1,707)**	**(1,024)**	**236**		**–**	**(49)**	**(2,544)**
Total accumulated depreciation	**(4,765)**	**(2,720)**	**493**		**–**	**(165)**	**(7,157)**
Net book value							
Industrial and commercial equipment	2,423	(545)		(98)	(3)	118	1,895
Other assets	1,559	(52)	(4)	(24)	3	81	1,563
Leasehold improvements	2,210	929	4	(427)		131	2,847
Tangibles in progress	114	393				19	526
Property, plant and equipment	**6,306**	**725**	**–**	**(549)**	**–**	**349**	**6,831**

In thousands of Euro

Property, plant and equipment	As of December 31, 2013	Additions	Disposals	Impairments	Reclass	Exchange Rate differences	As of December 31, 2014
Cost							
Computer equipment	106	78				9	193
Miscellaneous equipment	914	190	(1)		19	6	1,128
Atelier	1,136	404	(41)	(29)	(3)	30	1,497
Exhibition stands	1,060	359				104	1,523
Industrial and commercial equipment	**3,216**	**1,031**	**(42)**	**(29)**	**16**	**149**	**4,341**
Office furniture	1,221	584	(9)	(14)		40	1,822
Furniture	23	172					195
Office equipment	536	134			(19)	19	670
Vehicles	12						12
Other assets	**1,792**	**890**	**(9)**	**(14)**	**(19)**	**59**	**2,699**
Leasehold improvements	**2,335**	**1,546**	**(7)**	**(47)**	**–**	**90**	**3,917**
Tangible Assets in progress	**–**	**114**	**–**	**–**	**–**	**–**	**114**
Total cost	**7,343**	**3,581**	**(58)**	**(90)**	**(3)**	**298**	**11,071**
Accumulated depreciation							
Computer equipment	(58)	(33)				(6)	(97)
Miscellaneous equipment	(340)	(148)	1		(1)	(5)	(493)
Atelier	(256)	(322)	41		3	(10)	(544)
Exhibition stands	(280)	(457)				(47)	(784)
Industrial and commercial equipment	**(934)**	**(960)**	**42**	**–**	**2**	**(68)**	**(1,918)**
Office furniture	(353)	(277)	9			(8)	(629)
Furniture	(19)	(26)				(1)	(46)
Office equipment	(324)	(124)			1	(13)	(460)
Vehicles	(1)	(3)				(1)	(5)
Other assets	**(697)**	**(430)**	**9**		**1**	**(23)**	**(1,140)**
Leasehold improvements	**(1,030)**	**(648)**	**7**	**–**	**–**	**(36)**	**(1,707)**
Total accumulated depreciation	**(2,661)**	**(2,038)**	**58**	**–**	**3**	**(127)**	**(4,765)**
Net book value							
Industrial and commercial equipment	2,282	71		(29)	18	81	2,423
Other assets	1,095	460		(14)	(18)	36	1,559
Leasehold improvements	1,305	898		(47)		54	2,210
Tangibles in progress	–	114					114
Property, plant and equipment	**4,682**	**1,543**	**–**	**(90)**	**–**	**171**	**6,306**

As of December 31, 2015, no property, plant and equipment were provided as a guarantee or security to third parties, nor did the company act as a lessor.

Capital expenditures came to Euro 3,445 thousand in the year ended December 31, 2015, and mainly refer to:

- investments in furniture and improvements to new points of sale, opened during the year, in the amount of Euro 2,330 thousand;
- tangible assets under construction, in the amount of Euro 393 thousand;
- ateliers in the amount of Euro 173 thousand, relating to the purchase of exhibition structures to create spaces in the retail points of sale, loaned to distributors free of charge and; exhibition stands in the amount of Euro 146 thousand, for the purchase of so-called “Islands”, loaned to retailers as an alternative solution to the ateliers described above;
- miscellaneous equipment in the amount of Euro 122 thousand, including molds for new WTR products.

6.2 Goodwill and trademarks

The following table shows a breakdown of “Goodwill and trademarks” as of December 31, 2015 and 2014:

In thousands of Euro	**As of December 31,**	
Goodwill and trademarks	**2015**	**2014**
Modo&Modo acquisition goodwill	22,290	22,290
Moleskine Trademark	54,000	54,000
Ancillary costs for Moleskine Trademark	511	569
Total goodwill and trademarks	**76,801**	**76,859**

As of December 31, 2015, “Goodwill and trademarks” amounted to Euro 76,801 thousand (vs. Euro 76,859 thousand as of December 31, 2014), which includes the Moleskine trademark in the amount of Euro 54,000 thousand, goodwill in the amount of Euro 22,290 thousand and additional costs related to the trademark, in the amount of Euro 511 thousand, relating to the costs incurred to register the existing trademark and the new logo in new countries and for new classes of products. The Moleskine trademark and goodwill mainly represents the difference between the contribution paid for the acquisition of Modo & Modo S.p.A. in October 2006 and the net fair value of the assets acquired and liabilities assumed.

The additional costs related to the trademark are amortized based on the duration of the related registration, which is ten years by law.

Both the trademark and goodwill are intangible assets with indefinite useful lives.

With specific reference to the indefinite useful life of the Moleskine trademark, based on such consideration, an analysis was performed by the Parent Company of all the significant (legal, juridical, contractual, competitive, economic and other) factors connected with the trademark: the conclusion reached is that there is not a foreseeable period of time over which the Group expects that the use of the trademark will generate cash inflows.

This assessment is also confirmed by an expert legal opinion prepared by an independent expert who states it is impossible to assign a finite useful life to this intangible asset given the absence of factors that could cause its obsolescence and in light of the life cycles of the products to which the trademark relates.

The main considerations made by directors of the parent company are detailed below:

- in the past, the Moleskine brand was applied, intensively and increasingly, to a series of products of the "Paper Collection", i.e. diaries, notebooks and address books. The remaining useful life of these products is quite long and cannot be estimated easily, and processes of product marginalization are not known or foreseeable;
- starting from the year 2010, the Moleskine trademark has increasingly been the subject of brand extension policies to product categories other than "Paper", as a result of which it has been extended to products with an individual life cycle in the "WTR Collections", such as writing instruments (pens, pencils, etc.), reading instruments (reading glasses and reading lights), and "handgoods" (backpacks, bags, laptop and smart-phone cases), to name a few;
- there are no contractual arrangements, regulations or law provisions capable of limiting the useful life, or making it difficult to extend the registration of the trademark, which on the contrary can easily be undertaken and at limited cost;
- the maintenance costs of the Moleskine trademark appear to be limited. With regard to historical products (diaries and notebooks), awareness of the brand has spread with limited promotional and advertising expenditure. The policy of extending the brand to product categories other than those in which the Group has operated since its origin (the Paper Collection) requires larger but still moderate expenditures, given the brand's ability to establish itself independently, also in non-traditional merchandise categories, which in turn originates from its high recognition.

As of December 31, 2015, goodwill and trademarks have been tested for impairment, in accordance with IAS 36, in order to determine the recoverability of the value of the trademark and goodwill. In order to perform the impairment test, the trademark was assigned to the set of cash generating units (CGUs) corresponding to the entire Moleskine Group, while goodwill was allocated to the wholesale business to consumer (B2C) CGU.

The trademark was impairment tested by comparing the net invested capital of the entire Group with the trademark's recoverable amount. The recoverable amount of the trademark is defined as the value in use, calculated using the unlevered discounted cash flow (DCF) method, discounting the unlevered free cash flow associated with the entire Moleskine Group, resulting from strategic plans covering the three years after the date of impairment test.

The long-term growth rate used in the calculations was 2%, being the average expected annual growth rates for developed economies (OECD) for the thirty-year period subsequent to the reporting date.

The discount rate for the cash flows (the weighted average cost of capital – WACC), which reflects the market's assessments of the cost of money and specific risks associated with the related business segment and geographical areas, is 7.6 %.

Likewise, goodwill was impairment tested by comparing the net invested capital of the B2C CGU to which goodwill was allocated with the CGU's recoverable amount. Also in this case, the recoverable amount has been defined as the value in use, calculated by applying the unlevered discounted cash flow (DCF) method, discounting the unlevered free cash flow associated with the wholesale CGU, as derived from strategic plans referred to previously and applying the same growth and discount rates (WACC) of 2% and 7.6%, respectively.

The test results show that the estimated recoverable amounts of the entire Moleskine Group and of the Wholesale CGU exceed their net invested capital including the trademark and goodwill.

In addition, on the basis of the sensitivity analyses conducted, the reasonable changes in the major variables involved (WACC: +0.5% e +1.0%, growth rate: 0% and 1%) did not result in potential impairment losses.

As of December 31, 2015, management of the Parent company therefore believes that the conditions have been met for maintaining the value of goodwill and the trademarks.

6.3 Other intangible assets

The following tables show a breakdown of the changes in “Other intangible assets” for the years ended December 31, 2015 and 2014:

In thousands of Euro

Other intangible assets	As of December 31, 2014	Additions	Disposals	Impairments	Reclass	Exchange Rate differences	As of December 31, 2015
Cost							
Development costs	487	152	(2)				637
Industrial patents and intellectual property rights	836	69			79		984
Concessions and licences	3,067	543	(38)	(22)		46	3,596
Other intangible assets	4,414	69	(1,346)	(458)	(117)	32	2,594
Intangibles in progress	40	1,157			38	3	1,238
Total cost	**8,844**	**1,990**	**(1,386)**	**(480)**	**–**	**81**	**9,049**
Accumulated amortization							
Development costs	(182)	(109)	2				(289)
Industrial patents and intellectual property rights	(483)	(224)			12		(695)
Concessions and licences	(1,587)	(660)	38			(20)	(2,229)
Other intangible assets	(2,356)	(837)	1,346		(12)	(16)	(1,875)
Total accumulated amortization	**(4,608)**	**(1,830)**	**1,386**	**–**	**–**	**(36)**	**(5,088)**
Net book value							
Development costs	305	43					348
Industrial patents and intellectual property rights	353	(155)			91		289
Concessions and licences	1,480	(117)		(22)		26	1,367
Other intangible assets	2,058	(768)		(458)	(129)	16	719
Intangibles in progress	40	1,157			38	3	1,238
Total Other intangible assets	**4,236**	**160**	**–**	**(480)**	**–**	**45**	**3,961**

In thousands of Euro

Other intangible assets	As of December 31, 2013	Additions	Disposals	Impairments	Reclass	Exchange Rate differences	As of December 31, 2014
Cost							
Development costs	372	115					487
Industrial patents and intellectual property rights	767	6	(2)		65		836
Concessions and licences	2,734	651	(5)		(349)	36	3,067
Intangibles in progress	106	40		(51)	(55)		40
Other intangible assets	2,689	920			784	21	4,414
Total cost	**6,668**	**1,732**	**(7)**	**(51)**	**445**	**57**	**8,844**
Accumulated amortization							
Development costs	(100)	(82)					(182)
Industrial patents and intellectual property rights	(193)	(225)			(65)		(483)
Concessions and licences	(1,468)	(505)			404	(18)	(1,587)
Other intangible assets	(746)	(805)			(784)	(21)	(2,356)
Total accumulated amortization	**(2,507)**	**(1,617)**	**–**	**–**	**(445)**	**(39)**	**(4,608)**
Net book value							
Development costs	272	33					305
Industrial patents and intellectual property rights	574	(219)	(2)				353
Concessions and licences	1,268	146	(5)		55	16	1,480
Intangibles in progress	106	40		(51)	(55)		40
Other intangible assets	1,942	114				2	2,058
Total Other intangible assets	**4,161**	**115**	**(7)**	**(51)**	**–**	**18**	**4,236**

As of December 31, 2015, based on actual trends and projections, the Group did not identify any impairment indicators with respect to other intangible assets.

Net capital expenditures on intangible assets for the year ended December 31, 2015, in the amount of Euro 1.990 thousand, relate primarily to the implementation plans for a new ERP (SAP ECC) system, with more functions and to better meet the Group's needs, the new customer relationship management software (CRM), as well as the continuation of the data warehousing and business intelligence project started in 2014.

Development costs refer to strategic projects to broaden the scope of application of the Moleskine® brand, using the merchandising-functional affinity criterion, and taking advantage of the inestimable symbolic-relational value of the brand in which certain paradigms have been identified that are capable of meeting the current and potential needs of the market segment of Moleskine users for brand application outside existing product concepts.
Please refer to the Research & Development section of the Management Report for additional information.

6.4 Non-current assets

The following table shows a breakdown of "Non-current assets" as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Other non-current assets	**2015**	**2014**
Security deposits	1,293	1,025
Advance to personnel	22	24
Tax receivables	34	34
Other	1,014	1,044
Totsl other non-current assets	**2,363**	**2,127**

"Security deposits" include the amounts paid for outstanding lease agreements. The increase for the year includes Euro 120 thousand to Moleskine Asia, mainly for deposits paid for the store in Avenue Walk, the store at the K11 mall, the shop within a shop at Eslite TST and Eslite Taikoo, as well as the deposit for the tendering procedure, later won, for the opening of POS at Hong Kong International Airport; the remaining portion, in the amount of Euro 132 thousand, is attributable to Moleskine Singapore, mainly for the security deposits paid for the WestGate and Capital stores in Singapore.

"Tax receivable", in the amount of Euro 34 thousand, refers to the refund request submitted by the Parent Company in accordance with the provisions set out in the "Anti-Crisis Decree" (Article 6, paragraph 1, of Law Decree No. 185 of 11/29/2008) with respect to overpayment of corporate income tax (IRES) and non-deduction of the Italian regional business tax (IRAP) during tax periods from 2004 to 2007.

Other receivables also include the amounts paid to the owners of the retail channel stores (i.e. Key money) due after 2016, in the amount of Euro 459 thousand (including Euro 199 thousand due after 5 years). It also includes, Euro 425 thousand for the portion recoverable after the next 12 months, of the receivable generated from the sale of products to a contractual counter party to be purchased on the basis of a purchase plan prepared by management, involving different types of products primarily related to trade marketing and construction services for stores in the retail channel.

6.5 Deferred tax assets

Deferred tax assets amounted to Euro 6,211 thousand as at December 31, 2015. Please see note 6.14 "Deferred taxes" for information on the changes to this item.

6.6 Non-current financial assets

This includes Euro 5,004 thousand for a life insurance product entered into by the Parent company with Popolare Vita S.p.A. – an insurance company started as a joint venture between the Banco Popolare Group and Fondiaria Sai – on December 22, 2015, in order to diversify its investments with the aim of seeking solidity, profitability and security.
The abovementioned product is a single-premium capitalization contract, capital guaranteed and provides the possibility to make additional payments, with annual capital appreciation, for a maximum period of 5 years, which can be released after 12 months. The annual gross return is expected to exceed 3%.

6.7 Inventories

The following table shows a breakdown of “Inventories” as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Inventories	**2015**	**2014**
Finished Products	18,699	13,594
Semi-finished products	1,489	1,058
Raw materials	3,003	2,427
Finished products, raw materials and semi-finished products	**23,191**	**17,079**
Advance payments to suppliers	**74**	**93**
Finished Products	(2,196)	(1,242)
Semi-finished products	(273)	(86)
Raw materials	(174)	(59)
Provision for inventory obsolescence	**(2,643)**	**(1,387)**
Total inventories	**20,622**	**15,785**

As of December 31, 2015, no inventories were pledged as guarantees. As of the same date, the Group had goods held by third parties for a gross value of Euro 12,435 thousand.

The following table presents the changes in the provision for inventory write-down during the years ended December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Provision for inventory obsolescence	**2015**	**2014**
Opening balance	1,387	947
Accruals	1,749	788
Uses/Releases	(493)	(348)
Final value provision for inventory obsolescence	**2,643**	**1,387**

“Uses” of the provision for inventory write-down include the disposal of products (particularly agendas) as well as the pulping of defective articles of second and third choice.

Allocations were made to cover the risk of obsolescence of agendas in inventory at the end of the year, a risk that is measured differently in relation to the reference year of the dated product and, therefore, to the forecasts of disposals for the first months of the year following the closing date, and to cover slow-moving products, for which the realizable value based on sales forecasts and initiatives was estimated to be less than the value of inventories. Products that fall under the second choice are entirely written off when they are deemed unsellable.

6.8 Trade receivables

The following table shows a breakdown of "Trade receivables" as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Trade receivables	**2015**	**2014**
Trade receivables from customers	25,405	23,097
Invoices to be issued	85	12
Credit notes	(429)	(181)
Provision for doubtful receivables	(347)	(130)
Total trade receivables	**24,714**	**22,798**

The rise in trade receivables was mainly associated with the fantastic performance in terms of sales recorded during the last quarter of 2015, which recorded an increase of 24% compared to the same period in 2014.

The following table shows the changes in the provision for doubtful receivables for the years ended December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Provision for doubtful receivables	**2015**	**2014**
Opening balance	130	65
Accruals	225	82
Uses/Releases	(8)	(17)
Final value provision for doubtful receivables	**347**	**130**

For further discussion on credit risk see Note 15, "Financial risk management".

There are no receivables due in more than five years as of the reporting dates.

The following table shows the breakdown of trade receivables by currency:

In thousands of Euro	As of December 31,	
Trade receivables	**2015**	**2014**
Euro	9,240	9,541
United States Dollars	11,168	8,370
British Pounds	2,473	1,348
Hong Kong Dollars	1,051	2,033
Chinese Yuan	554	880
Swiss Franc	219	354
Singapore Dollar	9	272
Total trade receivables	**24,714**	**22,798**

6.9 Other current assets

The following table shows a breakdown of “Other current assets” as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Other current assets	**2015**	**2014**
Tax receivables	482	442
Prepayments to suppliers	763	322
Prepayments and accrued expenses	404	529
Other receivables	617	505
Total other current assets	**2,266**	**1,798**

“Tax receivable” in the amount of Euro 482 thousand includes:

- Euro 150 thousand for VAT receivable related to monthly payments;
- Euro 171 thousand credit for corporate income taxes (IRES) paid as a result of not deducting the Italian regional business tax (IRAP) on employee-related costs in previous fiscal years (in particular 2007 to 2011) and is calculated net of the deductions of Legislative Decree no 446/97, Article 11, comma 1, letter a), 1-bis, 4-bis and 4-bis1. This receivable originates from the provisions of Article 2 of the “Salva Italia” decree (Law Decree No. 201/11) and reimbursement was requested on March 12, 2013, according to the approved methods communicated in a specific measure issued by the Italian Tax Authority;
- Euro 166 thousand, for a tax credit for research and development activities, introduced by Legislative Decree 142/2013 implemented by Ministerial Decree 27 May 2015.

“Prepayments to suppliers” includes advances to suppliers of the Parent company in the amount of Euro 390 thousand and in the amount of Euro 372 thousand for suppliers of the subsidiaries.

“Prepayments and accrued expenses” in the amount of Euro 339 thousand mainly relates to the current portion of the costs that do not apply to 2015 (mainly for insurance premiums, trade fairs, bank charges and rents) and the amounts paid to the owners of the retails stores (i.e. *key money*) in the amount of Euro 65 thousand.

"Other receivables" includes, for the portion recoverable within 2016 in the amount of Euro 340 thousand, the receivable generated from the sale of products to a contractual counter party to be purchased on the basis of a purchase plan approved by management, involving different types of products primarily related to trade marketing installations and retail store construction services. This item also includes the deposit (*caparra confirmatoria*) paid to the lessee to take over the property in Milan (Corso Buenos Aires) for the single-brand store opened in February 2016. Lastly, it includes the amount of Euro 207 thousand for the security deposit paid for the Moleskine Shanghai shops which will be recovered within the year due to the agreed end of rental agreements.

6.10 Cash and cash equivalents

"Cash and cash equivalents" (Euro 48,297 thousand as of December 31, 2015 and Euro 23,353 thousand as of December 31, 2014) mainly includes current accounts (Euro 47,341 thousand) with leading banks. It also includes Euro 915 thousand from the liquidity account held by the Parent company with Exane S.A. – a company forming part of BNP Paribas Securities Services – by virtue of the agreement, entered into on July 2, 2015, to support the liquidity of its ordinary treasury shares; it also includes cash in the amount of Euro 41 thousand, related almost entirely to the Group's stores.

As of December 31, 2015, there is no restricted cash.

The following table shows a breakdown of cash and cash equivalents by currency:

In thousands of Euro	**As of December 31,**	
Cash and cash equivalents	**2015**	**2014**
Euro	23,625	13,784
United States Dollars	18,170	7,459
British Pounds	3,384	406
Hong Kong Dollars	1,639	744
Chinese Yuan	1,046	708
Singapore Dollars	402	139
Japanese Yen	20	109
Danish crowns	7	–
Australian Dollars	4	4
Total cash and cash equivalents	**48,297**	**23,353**

6.11 Shareholders' equity

As of December 31, 2015, shareholders' equity amounted to Euro 109,532 thousand (vs. Euro 89,060 thousand as of December 31, 2014).

Share capital amounts to Euro 2,122 thousand as of December 31, 2015, (vs. Euro 2,122 thousand as of December 31, 2014) is fully paid-in and consists of 212,180,205 shares with no nominal value per share.

The share premium reserve totaling Euro 90,406 thousand is posted net of listing costs incurred, allocated to shareholders' equity based on the ratio between the number of new shares issued and the number of shares existing subsequent to the IPO, and is unchanged from the previous year.

The changes during 2015 in other reserves were as follows:

- the reserve for discounting of post-employment benefits and other employee benefits in the amount of Euro 43 thousand, which recognizes actuarial gains (losses)related to application of IAS 19;
- the IFRS 2 reserve, in the amount of Euro 225 thousand, which accounts for the fair value of management incentive plans, as detailed in note 7.5 "Personnel costs";
- retained earnings: the increase during the year, in the amount of Euro 9,525 thousand, refers to the allocation of 2014 profit;
- the treasury shares reserve, posting a negative balance of Euro 85 thousand, includes the value of the treasury shares held in the portfolio as at the end of the financial year, i.e. 55,000 shares, including the amount from the trading of treasury shares, posted in the same item pursuant to IAS 32. This reserve is connected to the implementation of the agreement that the Company entered into with Exane SA in 2015, to support the liquidity of its ordinary treasury shares, as defined and disciplined by permitted practice no. 1 set forth in CONSOB Resolution no. 16839 dated March 19, 2009.

The changes in equity during the year include the change in currency translation reserve and the distribution of dividends in the amount of Euro 7,000 thousand. In this respect, it's worth noting that the shareholders, at their meeting held on April 15, 2015, approved the distribution of a gross dividend of Euro 0.033 per eligible ordinary share, for a total amount of Euro 7 million. The ex-dividend date was April 20, 2015, with record date on April 21, 2015 and the payable date on April 22, 2015.

6.12 Current and non-current financial liabilities

The following table shows a breakdown of current and non-current financial liabilities as of December 31, 2015 and 2014:

In thousands of Euro	**As of December 31, 2015**		**As of December 31, 2014**	
Current and non-current financial liabilities	**Current**	**Non-current**	**Current**	**Non-current**
Long term loans (current portion)	7,609	31,602	4,856	22,947
Accrued interests	126		169	
Bank loans	**7,735**	**31,602**	**5,025**	**22,947**
Total current and non-current financial liabilities	**7,735**	**31,602**	**5,025**	**22,947**

As of December 31, 2015, the Group does not have any outstanding loans in currencies other than the euro.

The following table presents a breakdown of current and non-current financial liabilities as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31, 2015							
Current and non-current financial liabilities	**Interest rate**	**Notional amount**	**Commencement date**	**Maturity date**	**Book value**	**Maturing in 1 year**	**Maturing in 2-5 years**	**Maturing over 5 years**
Mediobanca Loan	(*)	12,000	2014	2019	9,333	2,667	6,666	–
Intesa Loan	*Euribor* 6 m + 110bp	10,000	2015	2019	10,000	2,500	7,500	–
BNL Loan	*Euribor* 6 m + 85bp	20,000	2015	2020	20,000	2,500	17,500	–
Borrowing costs					(122)	(58)	(64)	–
Accrued interests					126	126	–	–
Total financial liabilities (current and non-current)					**39,337**	**7,735**	**31,602**	**–**

(*) The interest rate is calculated based on the length of the related interest period and is equal to 12-month Euribor + 225bp for the period running from the date of origination to the date of the first payment scheduled for July 15, 2015, 6-month Euribor+175bp for the half-yearly installment on December 31, 2015, and 6-month Euribor + 150 bp for the subsequent half-yearly installments.

In thousands of Euro	As of December 31, 2014							
Current and non-current financial liabilities	**Interest rate**	**Notional amount**	**Commencement date**	**Maturity date**	**Book value**	**Maturing in 1 year**	**Maturing in 2-5 years**	**Maturing over 5 years**
Mediobanca Loan	(*)	12,000	2014	2019	12,000	2,666	9,334	–
Intesa Loan	*Euribor* 6 m + 225bp	10,000	2014	2019	10,000	2,222	7,778	–
BNL Loan	(**)	10,000	2014	2016	6,000		6,000	–
Borrowing costs					(197)	(32)	(165)	–
Accrued interests					169	169	–	–
Total financial liabilities (current and non-current)					**27,972**	**5,025**	**22,947**	**–**

(*) The interest rate is calculated based on the length of the related interest period and is equal to 12-month Euribor + 225bp for the period running from the date of origination to the date of the first payment scheduled for June 30, 2015, and 6-month Euribor + 225 bp for the subsequent half-yearly installments.

(**) The interest rate is calculated as 3/6 month average Euribor +200bp.

In 2015, the Group completed the refinancing operation, initiated in 2014, which involved paying back and renegotiating outstanding loans in order to optimize the Group's financial structure and also to support its strategy for growth.

The main conditions of the three outstanding loans as of December 31, 2015, are reported below which, compared with those existing as at December 31, 2014, have significant advantages for the Group in terms of a lower average cost of the debt and lengthening of the maturity date, while maintaining the more flexible financial and contractual conditions compared with those of the past, and no pledge on the trademark or any other real guarantee.

Mediobanca Loan

The loan with Mediobanca SpA, signed on July 10, 2014 for a total amount of Euro 12,000 thousand with maturity on June 30, 2019, includes a repayment schedule with nine deferred half-yearly installments of constant capital (in the amount of Euro 1,333 thousand) starting on June 30, 2015. The original interest rate, equal to the 12-month Euribor for the first year and 6-month Euribor for the second year, increased by an annual fixed nominal rate of 2.25 percentage points for the subsequent half-yearly rates, was renegotiated.

The amending agreement signed on May 13, 2015, resulted in the following changes in interest rates:

- until July 15, 2015 (inclusive) 225 bps per year;
- from July 16, 2015 (inclusive) to December 31, 2015 (inclusive), 175 bps per year;
- from January 1, 2016 (inclusive) 150 bps per year

which confirm the significantly lower interest margins.

The loan also requires compliance with certain covenants to be calculated annually and every six months beginning on December 31, 2014 in relation to the Group's consolidated IFRS financial statements, using the following figures as a reference:

- net financial indebtedness /*Adjusted* EBITDA less than or equal to 2;
- *Adjusted* EBITDA / net financial charges greater than or equal to 5.

The financial data contained in these consolidated financial statements confirm compliance with the aforementioned covenants.

In addition to the above, the loan with Mediobanca specifies a number of relevant events that, should they occur and following the period in which the Group may take corrective action, the lending bank may withdraw from the contract and demand full repayment of the loan in advance of the contractually established repayment schedule.

These events mainly relate to:

- failure to comply with the covenants described above;
- failure to comply with deadlines set forth in the principal and interest repayment schedules;
- violation of disclosure obligations;
- sending false financial documents and data required under the contract;
- termination of the listing of Moleskine shares on the screen-based stock market managed by Borsa Italiana SpA;
- insolvency of one or more companies in the Group or their involvement in insolvency proceedings.

As of December 31, 2015, the remaining principal balance of the loan in question came to Euro 9,333 thousand, whereas the interest payable came to Euro 96 thousand.

Intesa Loan

The loan with Intesa San Paolo SpA, signed on July 10, 2014, for a total amount of Euro 10,000 thousand with maturity on June 30, 2019, was repaid in full on June 4, 2015, which led to the total repayment of the financial debt, in the amount of Euro 10,000 thousand, replaced by a new loan of the same amount. The repayment plan for the new loan envisages repayment in eight deferred half-yearly installments of constant capital (amounting to Euro 1,250 thousand) starting on June 30, 2016. The interest rate is calculated for each six-month period applying a variable rate equal to the 6-month Euribor increased by an annual fixed nominal rate of 1.10 percentage points, while the spread of the previous loan was 2.25 percentage points.

The loan also requires compliance with certain covenants to be calculated annually, beginning on December 31, 2015, in relation to the Group's consolidated IFRS financial statements, using the following figures as a reference:

- net financial indebtedness /*Adjusted* EBITDA less than or equal to 2;
- *Adjusted* EBITDA / net financial charges greater than or equal to 7;
- Net financial indebtedness /Shareholders' equity less than or equal to 1.

The financial data contained in these consolidated financial statements confirm compliance with the aforementioned covenants.

In addition to the above, the loan with Intesa specifies a number of relevant events that, should they occur and following the period in which the Group may take corrective action, the lending bank may withdraw from the contract and demand full repayment of the loan in advance of the contractually established repayment schedule.

These events mainly relate to:

- failure to comply with deadlines set forth in the principal and interest repayment schedules;
- failure to comply with certain obligations of the Parent Company set out in the contract, such as compliance with the covenants, violation of disclosure obligations, and sending untrue financial documents or data;
- insolvency of one or more companies in the Group or their involvement in insolvency proceedings.

As of December 31, 2015, the remaining principal balance of the loan under review came to Euro 10,000 thousand (the first repayment of principal is scheduled for June 30, 2016).

BNL Loan

The Banca Nazionale del Lavoro (BNL) granted the Parent Company a line of credit in the amount of Euro 10,000 thousand on July 10, 2014. This line of credit is to be issued on request and may be used until January 9, 2016. An amount of Euro 6 million was used in 2014 with the interest rate calculated for each six-month period applying a variable rate equal to the average monthly 3/6-month Euribor increased by an annual fixed nominal rate of 2 percentage points.

On April 28, 2015, the Parent Company repaid this line of credit in full, which was then replaced by a new low, in the amount of Euro 20 million, having the following characteristics:

a) amount: 20.000.000;
b) interest rate: 6 month Euribor + 0.85%;
c) 60-month term;
d) 12-month pre-amortization period;
e) unsecured.

The loan also requires compliance with certain covenants to be calculated annually, beginning on December 31, 2015, in relation to the Group's consolidated IFRS financial statements, using the following figures as a reference:

- net financial indebtedness /*Adjusted* EBITDA less than or equal to 2;
- *Adjusted* EBITDA / net financial charges greater than or equal to 5.

The financial data contained in these consolidated financial statements confirm compliance with the aforementioned covenants.

In addition to the above, the line of credit specifies a number of relevant events that, should they occur and following the period in which the Group may take corrective action, the lending bank may withdraw from the contract and demand full repayment of the loan in advance of the contractually established repayment schedule.

These events mainly relate to:

- failure to comply with the covenants described above;
- failure to comply with deadlines set forth in the principal and interest repayment schedules;
- violation of disclosure obligations;
- sending false financial documents and data required under the contract;
- termination of the listing of Moleskine shares on the screen-based stock market managed by Borsa Italiana SpA;
- insolvency of one or more companies in the Group or their involvement in insolvency proceedings.

As of December 31, 2015, the remaining principal balance of the loan under review is Euro 20,000 thousand (the first repayment of principal is scheduled for October 28, 2016), whereas the interest payable came to Euro 30 thousand.

Borrowing costs

In 2015, as a result of the Intesa debt-refinancing transaction, the borrowing costs recorded in the 2014 financial statements were entirely transferred to the statement of comprehensive income with an impact on the net results for the year amounting to Euro 87 thousand.

The costs incurred by the parent company to obtain the new BNL loan during 2015 was Euro 61 thousand; these borrowing costs were recognized as a decrease to the relevant financial liabilities and subsequently recognized in the statement of comprehensive income applying the amortized cost method in accordance with IAS 39. As of December 31, 2015, the value of these costs recognized as a decrease to financial liabilities was Euro 122 thousand (vs. Euro 197 thousand as of December 31, 2014).

Derivative financial instruments

None of the three outstanding loans required signing derivative instruments to hedge against interest-rate risk and therefore the Group does not have contracts concerning these instruments.

6.13 Other non-current liabilities

This item includes Euro 748 thousand for the amount falling due after 12 months of the payables for deferred rent for renting stores and the Group's offices, calculated using the straight line method in accordance with IAS 17.

The amount beyond five years is Euro 363 thousand.

6.14 Deferred tax liabilities

Deferred tax liabilities represents the net balance of the deferred tax assets and liabilities arising on the temporary differences between the tax bases of assets and liabilities and their carrying amounts.

The following tables show the changes in deferred taxes during the years ended December 31, 2015 and 2014:

In thousands of Euro

Description	As of December 31, 2014	Release/Accruals to Profit and loss	Release/Accruals to Net equity	Exchange gains/ losses	As of December 31, 2015
Deferred tax assets					
Provision for inventory obsolescence	175	724			899
Amortization Intangible Assets (IAS 38)	245	(75)			170
Provision for returns	63	203			266
Unrealized foreign exchange losses	51	(31)			20
Provision for risks	63	(7)			56
IAS 19	56		(20)		36
Stock ICO margin	3,330	1,621			4,951
Income tax losses	121	(52)		13	82
Ancillary costs inventory	–	539			539
Other	148	245			393
Total deferred tax assets	**4,252**	**3,167**	**(20)**	**13**	**7,412**
Compensation	**(765)**				**(1,201)**
Total net deferred tax assets	**3,487**	**3,167**	**(20)**	**13**	**6,211**
Deferred taxes liabilities					
Moleskine Trademark	(16,956)	1,890			(15,066)
Other	(911)	364		(3)	(550)
Total deferred tax liabilities	**(17,867)**	**2,254**	**–**	**(3)**	**(15,616)**
Compensation	**765**				**1,201**
Total net deferred tax liabilities	**(17,102)**	**2,254**	**–**	**(3)**	**(14,415)**
Total net deferred tax	**(13,615)**	**5,421**	**(20)**	**10**	**(8,204)**

In thousands of Euro

Description	As of December 31, 2013	Release/Accruals to Profit and loss	Release/Accruals to Net equity	Exchange gains/ losses	As of December 31, 2014
Deferred tax assets					
Losses on financial loans	379	(379)			–
Provision for inventory obsolescence	232	(57)			175
Fair value derivatives (IRS and embedded)	54		(54)		–
Amortization Intangible Assets (IAS 38)	299	(54)			245
Provision for returns	99	(36)			63
Foreign exchange losses	117	(66)			51
Provision for risks	94	(31)			63
IAS 19	15		41		56
Stock ICO margin	2,887	443			3,330
Income Tax losses	130	(9)			121
Other	143	5			148
Total deferred tax assets	**4,449**	**(184)**	**(13)**	**–**	**4,252**
Compensation	**(1,432)**				**(765)**
Total net deferred tax assets	**3,017**				**3,487**
Deferred taxes liabilities					
Moleskine Trademark	(16,956)				(16,956)
Amortized cost method	(98)	98			–
Other	(421)	(485)		(5)	(911)
Total deferred tax liabilities	**(17,474)**	**(387)**	**–**	**(5)**	**(17,867)**
Compensation	**1,432**				**765**
Total net deferred tax liabilities	**(16,042)**				**(17,102)**
Total net deferred tax	**(13,025)**	**(571)**	**(13)**	**(5)**	**(13,615)**

6.15 Post-employment and other employee benefits

The following table shows the changes in “Post-employment and other employee benefits” (the “TFR”) for the years ended December 31, 2015 and 2014:

In thousands of Euro	**As of December 31,**	
Post-employment and other employee benefits	**2015**	**2014**
Opening balance	1,802	1,325
Service cost	449	452
Interest Cost	27	37
Benefit paid	(494)	(135)
Actuarial (gains)/losses	(63)	123
Total post-employment and other employee benefits	**1,721**	**1,802**

The main assumptions used to calculate the post-employment benefit liabilities are as follows:

	As of December 31,	
	2015	**2014**
Income statement assumptions		
Discount rate	1,03%	1,5%
Inflation rate	2,0%	2,0%
Rate of increase in wages	3,5%	3,5%
Demographic assumptions		
Probability of resignation	4,0%	4,0%
Probability of TFR advances	2,0%	2,0%

Information on post-employment defined benefit plans, as required by IAS 19, is provided below:

- sensitivity analyses for each relevant actuarial assumption as of the end of the year, demonstrating the effects of reasonable variations in the actuarial assumptions on said date, in absolute terms;
- the contribution for the subsequent year;
- the average financial duration of the liability for the defined benefit plan;
- expected disbursements from the plan.

	DBO(*) as of December 31, 2015
Inflation rate +0,25%	1,766
Inflation rate -0,25%	1,680
Discount rate +0,25%	1,670
Discount rate -0,25%	1,777
Turnover rate +1%	1,702
Turnover rate -1%	1,746

(*) *Defined Benefit Obligation.*

Service cost 2015	440
Duration	19.6

Years	Estimated benefits paid
1	139
2	143
3	157
4	161
5	178

6.16 Provisions for risks and charges (current and non-current)

The following tables present the changes in the provisions for risks and charges for the years ended December 31, 2015 and 2014:

In thousands of Euro

Current and non-current provision for risks and charges	As of December 31, 2014	Accruals	Uses	Provision for risks and charges non-current	Provision for risks and charges current	As of December 31, 2015
Provision for litigations and taxes	239	307	(177)	62	307	369
Provision for returns	211	1,070	(201)	–	1,080	1,080
Total current and non-current provision for risks and charges	**450**	**1,377**	**(378)**	**62**	**1,387**	**1,449**

In thousands of Euro

Current and non-current provision for risks and charges	As of December 31, 2013	Accruals	Uses	Provision for risks and charges non-current	Provision for risks and charges current	As of December 31, 2014
Provision for litigations and taxes	475	177	(413)		239	239
Provision for returns	212	211	(212)		211	211
Total current and non-current provision for risks and charges	**687**	**388**	**(625)**	**–**	**450**	**450**

"Provision for risks", in the amount of Euro 1,449 thousand as of December 31, 2015, includes the following amounts:

i) Euro 129 thousand for the estimated tax liability related to the collection of sales tax on the American subsidiary, defined and calculated with the assistance of an independent expert;

ii) Euro 178 thousand as the estimated cost for closing the store in Paris at the Quatre Temps mall, based on the early termination of the rental contract proposed by management.

In 2015, Moleskine used the entire provision for risks set aside in 2014, in the amount of Euro 177 thousand, relating to the repayment of costs for the destruction of agendas, which the Parent company agreed to recognize to several retailers based on the settlement agreement signed with the former German distributor.

“Provision for returns” amounted to Euro 1,080 thousand as of December 31, 2015. Uses of it relate to the credit notes issued for goods returned by customers from sale transactions in the previous year. The provision represents an estimate of returns of products sold during 2015, which are likely to be received subsequent to the end of the year based on commercial agreements in effect and for which the Group will issue credit notes to customers involved in the aforementioned agreements.

6.17 Trade payables

The following table shows a breakdown of trade payables as of December 31, 2015 and 2014:

In thousands of Euro	**As of December 31,**	
Trade payables	**2015**	**2014**
Trade payables to suppliers	14,195	14,417
Accrued invoices	4,533	3,066
Embedded derivatives fair value	140	313
Credit notes to be received	(6)	(42)
Total trade payables	**18,862**	**17,754**

Trade payables include payables arising as a result of the operating activities of the Group, in particular the purchase of raw materials and external processing services.

The fair value of embedded derivatives relates to the fair value of purchase/sale contracts, for the purchase of finished products, denominated in US dollars from suppliers whose functional currency is not the US dollar. The main purchases to which such derivatives relate are with suppliers based in Vietnam, China, Hong Kong and Taiwan.

The increase in trade payables primarily relates to the growth in business, the effects of which more than offset the reduction in average payment period, down compared to the previous year.

As of December 31, 2015, there were no payables due in more than 5 years.

The following table shows the breakdown of payables by currency:

In thousands of Euro	As of December 31,	
Trade payables	**2015**	**2014**
Euro	8,480	7,899
United States Dollars	9,008	8,329
British Pounds	194	438
Chinese Yuan	399	308
Hong Kong Dollars	595	478
Japanese Yen	107	21
Singapore Dollars	46	196
Swiss Franc	31	85
Danish crowns	2	–
Total trade payables	**18,862**	**17,754**

6.18 Tax payable for the year

This item includes the debit balance resulting from current taxes for the year, minus the advances paid during the year, in the amount of Euro 5,829 thousand.

6.19 Other current liabilities

The following table shows a breakdown of other current liabilities as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Other current liabilities	**2015**	**2014**
Payables to employees and directors	2,522	2,250
Customer advance payments	612	505
Other tax liabilities	588	297
Withholding taxes payable accrual for employees	579	485
Other miscellaneous liabilities	384	428
Social security payables	340	383
Payables to supplementary pension funds	86	105
Other accrued liabilities	35	43
Withholding taxes payable accrual for self-employed persons	31	24
Total other current liabilities	**5,177**	**4,520**

"Payables to employees and directors" relate to liabilities for year-end bonuses, accrued and unused vacation and leave, and loyalty and performance bonuses accrued during the year. Please see note 7.5 "Personnel costs" for information on the bonus plans.

"Customer advance payments" represent the advance invoices issued to customers who have prepayment conditions for B2B orders not yet processed and/or delivered.

"Withholding taxes payable accrual for employees" includes salary withholdings paid during January 2016, as well as the liability from the application of IFRS 2 to accrued bonus plans, details of which are provided in Note 7.5 "Personnel costs".

"Other miscellaneous payables" mainly refer to the current portion of payables due for deferred rent, payables due within the year to the previous lessor of the store in Milan (Via Dante) and an employee who was paid a leaving incentive which involves payment by installments.

6.20 Net financial indebtedness

The following table shows a breakdown of net financial indebtedness as of December 31, 2015 and 2014, calculated in accordance with the CONSOB Regulation of July 28, 2006 and the ESMA/2013/319 Recommendations:

	In thousands of Euro	**As of December 31,**	
	Net financial indebtedness	**2015**	**2014**
A	Cash and cash equivalents	47,382	17,353
B	Other cash equivalents	915	6,000
C	Available-for-sales financial assets	–	–
D	**Cash (A) + (B) + (C)**	**48,297**	**23,353**
E	**Short term financial receivables**	**–**	**–**
F	Short term loans	–	–
G	Long term loans (current portion)	(7,609)	(4,856)
H	Other current financial payables	(126)	(169)
I	**Current financial position (F) + (G) + (H)**	**(7,735)**	**(5,025)**
J	**Net current financial indebtedness (I) + (E) + (D)**	**40,562**	**18,328**
K	Long term loans (non current portion)	(31,602)	(22,947)
L	Issued bonds	–	–
M	Other non-current financial payables	–	–
N	**Non current financial position (K) + (L) + (M)**	**(31,602)**	**(22,947)**
O	**Net financial indebtedness (J) + (N)**	**8,960**	**(4,619)**
Bridge with the Group net financial indebtedness:			
Non current financial receivables		5,004	–
Non current financial assets		**5,004**	**–**
Total net financial indebtedness		**13,964**	**(4,619)**

7. NOTES TO THE STATEMENT OF INCOME

7.1 Revenues

The following table shows a breakdown of revenues by geographic area, distribution channel and product for the years ended December 31, 2015 and 2014:

In thousands of Euro	Year ended December 31,				Change	
Revenues by geographical area	**2015**	**%**	**2014**	**%**	**2015 vs 2014**	**%**
EMEA (Europe, Middle East, Africa)	55,432	43.2%	49,270	49.9%	6,162	12.5%
Americas (USA, Canada, Latin America)	49,679	38.8%	35,440	35.9%	14,239	40.2%
APAC (Asia Pacific)	23,085	18.0%	14,082	14.3%	9,003	63.9%
Revenues	**128,196**	**100.0%**	**98,792**	**100.0%**	**29,404**	**29.8%**

In thousands of Euro	Year ended December 31,				Change	
Revenues by distribution channel	**2015**	**%**	**2014**	**%**	**2015 vs 2014**	**%**
Wholesale	79,509	62.0%	68,301	69.1%	11,208	16.4%
B2B	28,886	22.6%	18,420	18.7%	10,466	56.8%
e-Commerce	5,830	4.5%	4,121	4.2%	1,709	41.5%
Retail	13,971	10.9%	7,950	8.0%	6,021	75.7%
Revenues	**128,196**	**100.0%**	**98,792**	**100%**	**29,404**	**29.8%**

In thousands of Euro	Year ended December 31,				Change	
Revenues by product line	**2015**	**%**	**2014**	**%**	**2015 vs 2014**	**%**
Paper collection	117,684	91.8%	90,518	91.6%	27,166	30.0%
WTR collection	10,512	8.2%	8,274	8.4%	2,238	27.0%
Revenues	**128,196**	**100.0%**	**98,792**	**100.0%**	**29,404**	**29.8%**

Revenues generated in Italy amounted to Euro 10,967 thousand in 2015 (vs. Euro 10,966 thousand in 2014).

For a detailed analysis of revenues and revenue trends, please refer to the dedicated section of the Management Report.

7.2 Other operating income

The following table shows a breakdown of other operating income for the full year 2015 and 2014:

In thousands of Euro	Year ended December 31,	
Other income	**2015**	**2014**
Other operating income	211	134
Exchange rate gains	4,117	3,146
Total Other income	**4,328**	**3,280**

Other income refers primarily to the result of exchange differences, revenues for expense recoveries, charge-backs to suppliers, insurance settlements and other revenues not strictly attributable to ordinary business.

The significant increase in currency gains is attributable to the depreciation of the euro, particularly affecting the second half of 2015, which resulted in recognition of exchange gains on the sales invoices expressed in US dollars and in Hong Kong dollars. The positive effect of the currency gains was in part neutralized by the exchange rate included in the other operating expenses, posted in exchange rate losses.
This item also includes, in the amount of Euro 173 thousand as of December 31, 2015, the decrease in fair value of the embedded derivatives in accordance with IAS 39.
Please see the Management Report for further details on the impact of the exchange rate on the statement of comprehensive income.

7.3 Costs for finished products, raw materials and consumables

The following table shows a breakdown of “Costs for finished products, raw materials and consumables” for the years ended December 31, 2015 and 2014:

In thousands of Euro	Year ended December 31,	
Finished products, raw materials and consumables	**2015**	**2014**
Finished and semi-finished products purchases	26,930	19,106
Raw materials purchases	4,370	3,229
Exhibition stands production	919	673
Catalogs	166	139
Packaging	151	133
Other	323	490
Change in inventories	(4,856)	(195)
Total finished products, raw materials and consumables	**28,003**	**23,575**

The cost of finished products, raw materials and consumables grew from Euro 23,575 thousand to Euro 28,003 thousand in 2015. The percent incidence on revenue went from 23.9% in 2014 to 21.8% in 2015, thanks to the positive effect on the channel mix resulting from the greater weight of the direct channels, as well as the change in the distribution models in the wholesale channel.

For greater comparability of the figures for the two years, the “finished and semi-finished product purchases” as of December 31, 2014, was stripped of the decrease in the fair value of the embedded derivatives in accordance with IAS 39, in the amount of Euro 392 thousand, and reclassified in the other operating expenses.

7.4 Service costs

The following table shows a breakdown of “Service costs” for the years ended December 31, 2015 and 2014:

In thousands of Euro	Year ended December 31,	
Service costs	**2015**	**2014**
Commercial/sales costs	11,331	8,713
Storage costs	6,478	4,142
Rents	5,677	2,995
Customs expenses	3,712	2,356
Consulting fees	3,310	2,648
Sales transportation	1,979	1,429
Marketing and communication expenses	1,922	1,651
Processing costs	1,555	1,621
Administrative costs	1,362	1,197
Costs for general services	1,152	1,040
Royalties	1,032	610
Maintenance, repairs and assistance	876	876
Design costs	846	700
Bank fees	477	279
Leasing	130	120
Ancillary costs related to the IPO process	–	224
Total service costs	**41,839**	**30,601**

The main items included in the service costs are described below.

The commercial/sales costs includes costs associated with sales and promotions to support the business: in particular, they include the costs incurred for promotional initiatives at points of sale, costs incurred to obtain privileged spaces within points of sale at retailers and the commissions for sales paid to agents in the wholesale channel and B2B channel.

Storage costs include the costs of storing merchandise in centralized hubs by Group companies. The increase compared to 2014 reflects, also in terms of logistics, the continuation of the Group’s distribution strategy aimed at downstream integration by increasing the number of warehouses to ensure greater market coverage.

Rents mainly relate primarily to the rental fees for the Group’s various offices, and the costs related to the acquisition of new points of sale in the retail channel. The substantial increase over last year reflects the significant growth in this channel. In 2015, 27 new points of sale were opened worldwide.

Customs expenses, in the amount of Euro 3,712 thousand, were higher than last year, where it came to Euro 2,356 thousand. This is mainly due to the increase in absolute terms of the purchase of products in the WTR collections, which had a large impact on the increase in custom fees. This item also includes the costs for inbound transportation costs, i.e. the cost incurred to transport products from the centralized hubs (Italy and China) to consignment distributors as well as for transport between the Group’s warehouses.

Consulting fees mainly include costs arising from consultancy services of a strategic nature, legal and notary services, personnel management advisory services and consulting services related to managing and protecting the Moleskine brand.

Transport costs mainly include the costs incurred for shipping products to end consumers.

Communication expenses relate to marketing and brand-related costs aimed at increasing brand awareness and convey its value proposition, through press releases, event sponsorship and participation in fairs.

Processing costs primarily relate to the costs incurred to personalize products on behalf of customers from the B2B channels, dedicated to special projects for companies and organizations that intend on using them as business gifts or as part of loyalty programs, special events and other celebrations.

Administrative costs include the costs incurred for independent auditing, insurance and remuneration payable to the Board of Statutory Auditors and the Supervisory Body.

Royalties increased significantly with respect to the previous year. This item includes costs for the right to use third-party trademarks as part of the Limited Edition collections, which increased significantly in terms of market launches and also in sales volumes during 2015.

7.5 Personnel costs

The following table shows a breakdown of "Personnel costs" for the years ended December 31, 2015 and 2014:

In thousands of Euro	**Year ended December 31,**	
Personnel costs	**2015**	**2014**
Salaries and wages	12,740	10,695
Social security contributions	3,214	2,826
Post employment employee benefits	539	515
Board of Directors' remuneration	632	586
Other costs	1,831	1,871
Total personnel costs	**18,956**	**16,493**

The following table shows a breakdown of the average number and year-end number of employees and collaborators by category for 2014 and 2015:

	Year ended December 31, 2015		Year ended December 31, 2014	
Number of employees	**average**	**year-end**	**average**	**year-end**
Directors	4	4	4.5	4
Executives	21	18	20.5	24
Managers	30.5	31	29	30
White collar workers	261.5	306	197	217
Collaborators	5.5	4	5	7
Total Employees and Staff	**323**	**363**	**256**	**282**

Other personnel costs were in line with the previous year and include, among other things, the costs recognized for the management incentive plans, for a total amount of Euro 361 thousand (vs. Euro 608 thousand in 2014), in addition to some severance costs incurred during the year and related to the Group's reorganization plan in the commercial area in order to better respond to the specific needs of the target markets.

Other items that comprise personnel costs, and in particular, post-employment benefits, include the service cost for liability to employees in the amount of Euro 449 thousand, and the cost for post-employment benefits (TFR) for the supplementary pension plans and for the 2015 portion paid to employees who left during the year.

A brief description of the mechanisms of the equity-settled management incentive plan outstanding as of December 31, 2015, is provided below.

Stock Option Plan

The Stock Option Plan, as approved by the shareholders in their meeting held on November 25, 2013, represents a tool for focusing the beneficiaries' attention on strategic interests, enhancing loyalty and providing incentives to remain with Group companies. Furthermore, the Stock Option Plan represents, for individuals who perform strategic roles that are critical for the success of the Group, a continuous incentive to maintain appropriate management standards and improve the Group's performance, by increasing competition and creating value for shareholders.

This Plan is reserved for individuals who, at the date the options are assigned, hold the office of Director with executive responsibilities and/or are full-time employees of Group companies. This Plan calls for the assignment, free of charge, of options which grant beneficiaries the right to subscribe to Moleskine ordinary shares (in the ratio of one (1) ordinary share for one (1) option exercised) resulting from the share capital increase against payment and in tranches no later than December 31, 2020, for a maximum amount of Euro 63,600.00, to be recognized entirely in share capital, excluding the option right, pursuant to Article 2441, paragraphs 5 and 6, of the Italian civil code, through the issue of a maximum of 6,360,000 new regularly entitled Moleskine ordinary shares with no nominal value per share, equivalent to 3% of the Company's subscribed and paid-in share capital on the date of approval of the Plan, reserved for beneficiaries of the Stock Option Plan at a subscription price corresponding to the weighted-average official closing price of Moleskine ordinary shares on the screen-based market (MTA) organized and managed by Borsa Italiana S.p.A., in the thirty trading days prior to the option assignment date.

The exercise of the Options may be dependent on reaching pre-determined and measurable performance objectives, possibly combined, such as EBITDA and/or net financial position parameters, as indicated by the Board of Directors, with input from the Remuneration Committee, for the reference period of the Company's business plan and/or budget.

The Plan envisages the right of beneficiaries to early exercise should certain events occur, including:

- change of control pursuant to Article 93 of the Consolidated Law on Finance, even if it does not result in the requirement to launch a take-over bid;
- launch of a take-over bid on the Company's shares pursuant to Articles 102 et seq. of the Consolidated Law on Finance; or
- resolution of transactions that may result in the delisting of Moleskine ordinary shares.

Additionally, as a condition for participation, the Plan envisages, the maintenance of full-time employment relationship or the office of Director with executive responsibilities with Moleskine or one of its subsidiaries, according to the beneficiary's position (the "Relationship").

Specifically, the Plan states that in the event the Relationship is terminated due to a "bad leaver" situation, all Options assigned to the beneficiary, including Options that have become effective but have not been exercised, are automatically cancelled and have no effect or validity.

The "bad leaver" assumption includes the following events, based on the individual case: (i) dismissal by the beneficiary, the beneficiary's removal from the office of Director and/or removal of its powers, or the failure to be re-appointed to the office of Director and/or to have powers re-confirmed, all for just cause; (ii) voluntary resignation by the beneficiary not justified by one of the criteria identifying the case of "good leaver".

In the event the Relationship is terminated for reasons falling under the "good leaver" assumption, the beneficiary or his/her assignees, without prejudice to compliance with the Plan's requirements, procedures and terms, will maintain the right to partially exercise the Options assigned, in consideration of the moment in which the Relationship was terminated, according to the Plan's provisions.

The following events are considered to fall under the "good leaver" assumptions, according to the individual case: (i) dismissal of the beneficiary without just cause; (ii) removal from the office of Director or failure to be reappointed, without just cause; (iii) dismissal from the role of Director if the beneficiary's powers are revoked or fail to be confirmed, without just cause, so that the Relationship with the Parent Company or its subsidiary is substantially changed; (iv) resignation from the office or termination of the employment relationship if even only one of the following applies: (a) permanent physical or mental disability of the beneficiary, due to illness or accident; (b) death of the beneficiary.

For the measurement of the plan within the scope of IFRS 2 – Share-based payment, 4 different *tranche*s were identified in the Plan, as a result of which 5,195,185 options have been awarded as of December 31, 2015, including 2,362,000 options awarded in 2015.

The Plan duration is until December 31, 2020, and there is a vesting period for the Options assigned to the Beneficiary.

The following table shows, for each tranche of option assignments, the related vesting period, i.e. the exercise date of the option and the exercise price:

	Vesting period	Exercise price
First tranche	30/04/2016	1.664
Second tranche	30/04/2017	1.632
Third tranche	30/04/2018	1.268
Fourth tranche	30/04/2018	1.640

The fair value of the stock options is represented by the value of the option determined by applying the Black-Scholes model, which takes into account the conditions for exercising the option, the current share price, the expected volatility and the risk-free interest rate and considering the non-vesting conditions.

The following assumptions were used for the fair value measurement of the options issued in the four tranches:

	Fair Value hypothesis			
	First tranche	**Second tranche**	**Third tranche**	**Fourth tranche**
Marker price at the assignment date	1.531	1.45	1.326	1.725
Volatility	30%	35.90%	34.90%	33.6%
Market interest rate	0.53%	0.69%	-0.09%	-0.10%
Dividend yeld	0.55%	0.74%	2.50%	2.50%

Based on the applicable financial reporting standard, IFRS 2, the fair value of this Plan, determined with the support of an independent expert, was recognized in the consolidated income statement for the portion vesting in the year. In detail, the portion of personnel costs related to the awarding of Moleskine shares, in the amount of Euro 361 thousand, was recorded against shareholders' equity (Euro 225 thousand) net of the tax provision to be deducted from the value of the number of shares awarded.

7.6 Other operating expenses

The following table shows a breakdown of "Other operating expenses" for the years ended December 31, 2015 and 2014:

In thousands of Euro	Year ended December 31,	
Other operating expenses	**2015**	**2014**
Gifts and donations	741	425
Other miscellaneous operating expenses	664	666
Foreign exchange losses	1,245	974
Charitable donations	210	182
Impairments of receivables	248	97
Net accruals to provision for risks and charges	130	7
Total other operating expenses	**3,238**	**2,351**

Gifts and donations relate to products distributed by the Group for promotional and marketing purposes.

The other miscellaneous operating expenses mainly refer to the amounts paid for the early closing of several stores, to the former e-Commerce distributors for the Americas area and wholesale distributors for the Nordic Countries as a result of the settlement agreements signed with the contractual counterparties.

The costs incurred for charitable donations relate primarily to donations to the non-profit foundation *Lettera27* reflecting the Group's commitment to support issues on social responsibility. Please see the management report for more details.

See Note 6.16 "Provisions for risks and charges (current and non-current)" for information on the provisions for risks during the period.

Foreing exchange losses include the negative income items resulting from the Group's transactions in foreign currencies.

7.7 Depreciation, amortization and impairment

The following table shows a breakdown of "Depreciation, amortization and impairment" for the years ended December 31, 2015 and 2014:

In thousands of Euro	**Year ended December 31,**	
Depreciation, amortization and impairments	**2015**	**2014**
Amortization of intangible assets	1,922	1,617
Depreciation of property, plant and equipment	2,727	2,038
Impairments of tangible and intangible assets	1,026	141
Total depreciation, amortization and impairments	**5,675**	**3,796**

"Impairments of tangible and intangible assets", in the amount of Euro 1,026 thousand, primarily relate to the impairment of the previous e-Commerce platform relating to the websites store.moleskine.com and moleskineus.com, as well as the writedowns for the improvements made to stores which were, or are likely to be, closed before the date set out in the contracts.

7.8 Finance income / (expense)

The following table shows a breakdown of “finance income” and “finance expense” for the years ended December 31, 2015 and 2014:

In thousands of Euro	Year ended December 31,	
Finance income (expense)	**2015**	**2014**
Bank interest earnings and other finance income	127	9
Foreign exchange gains	547	352
Total finance income	**674**	**361**
Interest expenses on bank loans	(745)	(1,226)
Foreign exchange losses	(139)	(5)
Interest expenses on derivatives	–	(196)
Other finance cost	(10)	(43)
Interests on T.F.R.	(27)	(37)
Total finance expense	**(921)**	**(1,507)**
Total finance income (expense)	**(247)**	**(1,146)**

Interest expenses on bank borrowings include not only interest expense on financial liabilities with banks, but also borrowing costs on the loans taken out with Mediobanca in July 2014, and with BNL in April 2015, initially posted as a reduction to the loans themselves in accordance with IAS 93, a portion of Euro 49 thousand of which was transferred to the statement of comprehensive income during the year. Following the refinancing operation concluded during the year, which led to the total repayment of the previous loan taken out with Banca Intesa and the granting of a new line of credit, the remainder of the ancillary charges, in the amount of Euro 87 thousand, recorded using the amortized cost method, were transferred to the statement of comprehensive income in the interest expenses on bank borrowings.

Foreign exchange gains and losses, posted in finance income/ (expense), refer solely to exchange differences realized on transactions of a financial nature, primarily relating to exchange rate adjustments to current accounts in currencies other than the functional currency of the Group companies.

The decrease in interest expenses on bank borrowings reflects the results of optimizing the Group’s financial structure (see Note 6.12 “ Current and non-current financial liabilities” for further details), plus the benefit resulting from reduction in the cost of money and therefore bank interest rates, recorded in 2015.

7.9 Tax expense

The following table shows a breakdown of "Tax expense" for the years ended December 31, 2015 and 2014:

In thousands of Euro	Year ended December 31,	
Income tax expense	**2015**	**2014**
Current tax	12,863	7,014
Deferred income tax	(5,421)	571
Total income tax expense	**7,442**	**7,585**

The following table provides a reconciliation of the theoretical tax expense to actual tax expense::

In thousands of Euro	Year ended December 31,			
Taxes	**2015**	**%**	**2014**	**%**
Profit before income tax	**34,566**		**24,110**	
Theoretical tax expense at Parent Company's nominal tax rate	9,506	27.5%	6,630	27.5%
IRAP	1,464	4.2%	1,182	4.9%
Differences in tax rates of foreign subsidiaries	(27)	(0.1%)	196	0.8%
Permanent differences and other differences	(3,501)	(10.1%)	(423)	(1.8%)
Of which adjustment Parent Company's IRES rate	*(1,884)*	*(5.5%)*		
Actual tax expense	**7,442**	**21.5%**	**7,585**	**31.5%**

In particular, we would like to point out the adjustment of the deferred tax provision relating to corporate income tax (IRES) recognized on the value of the brand, by the Parent company, from 27.5% to 24%, according to the provisions of the 2016 Stability Law, which resulted in a positive effect of Euro 1.9 million.

Below is a breakdown of the Group's situation in relation to the unused tax loss as of December 31, 2015, for which deferred tax asset was not recognized, and their expiration:

Cumulated tax losses	Not recognized DTA	Deadline
2,078,853	539,131	Indefinitely carried forward
1,556,441	389,110	2018-2021

Deferred taxes assets were not posted in the tax losses mainly due to the fact that the subsidiaries to which these losses relate to are in the start-up phase and cannot ensure, for the time being, complete visibility in terms of their tax recovery and use plans.

7.10 Earnings per share

Basic earnings per share are calculated by dividing net profit by the weighted average of shares issued during the year.

The table below shows the net profit and information on the shares used to calculate the net basic and diluted earnings per share.

	Year ended December 31, 2015	Year ended December 31, 2014
Net Result (in Euro)	27,123,765	16,524,847
Number of ordinary shares at the end of the year	212,180,205	212,180,205
Weighted average number of ordinary shares to calculate basic earnings per share	212,157,192	212,124,909
Basic earnings per share (in Euro)	0.128	0.078

	Year ended December 31, 2015
Net Result (in Euro)	27,123,765
Number of ordinary shares at the end of the year	212,180,205
Weighted average number of ordinary shares to calculate basic earnings per share	212,157,192
Weighted average number of options	2,198,627
Weighted average number of exercisable options	343,638
Weighted average number of ordinary shares to calculate diluted earnings per share	212,500,830
Diluted earnings per share (in Euro)	0.128

8. RELATED PARTY TRANSACTIONS

In 2015, the Group's related party transactions were primarily in reference to:

- fees paid to Raynaud & Partners law firm in which Attorney Daniele Raynaud, member of the Moleskine Board of Directors, is a partner, for the legal advisory services provided to the Group Holding Company;
- fees paid to the Di Tanno & Associates studio in which Mr. Fabio Brunelli, member of the Moleskine Board of Directors, is a partner, for the tax advisory services provided to the Group Holding Company;
- charitable donations made during the year to the non-profit organization *Lettera27*, in which one of the parent company's key executives is on the board;
- amounts paid to Directors and key executives.

The following tables show an analysis of the financial position, as well as the cash flows associated with the Group's transactions with related parties for the years ended December 31, 2015, and December 31, 2014, with information on the impact on the relevant item in the financial statements:

Statement of financial position balances

In thousands of Euro	As of December 31, 2015				
	Trade payables	**Other Current Liabilities**	**Othe non current Liabilities**	**Post-employment and other employee benefits**	**Current and Non current financial liabilities**
Raynaud & Partners	(5)				(64)
Board of Directors		(63)			
Key management		(111)		(217)	
Total related-party transactions	**(5)**	**(174)**	**–**	**(217)**	**(64)**
Total of statement of financial position line item	**(18,862)**	**(5,177)**	**–**	**(1,721)**	**(39,337)**
% of statement of financial position line item	**0.0%**	**3.4%**	**n/a**	**12.6%**	**0.2%**

In thousands of Euro	As of December 31, 2014				
	Trade payables	**Other Current Liabilities**	**Othe non current Liabilities**	**Post-employment and other employee benefits**	**Current and Non current financial liabilities**
Raynaud & Partners					(96)
Board of Directors		(27)			
Key management		(148)	(103)	(438)	
Total related-party transactions	**–**	**(175)**	**(103)**	**(438)**	**(96)**
Total of statement of financial position line item	**(17,754)**	**(4,520)**	**(170)**	**(1,802)**	**(27,972)**
% of statement of financial position line item	**0.0%**	**3.9%**	**60.6%**	**24.3%**	**0.3%**

Statement of comprehensive income balances

In thousands of Euro	Year ended December 31, 2015		
	Service costs and Other operating costs	**Personnel costs**	**Net finance income/ (expense)**
Fondazione ONLUS Lettera27	(158)		
Raynaud & Partners	(85)		(63)
Di Tanno e Associati	(13)		
Board of Directors		(738)	
Key management		(1,892)	
Total related-party transactions	**(256)**	**(2,630)**	**(63)**
Total of income statement line item	**(73,080)**	**(18,956)**	**(247)**
% of income statement line item	**0.3%**	**13.9%**	**25.5%**

In thousands of Euro	Year ended December 31, 2014		
	Service costs and Other operating costs	**Personnel costs**	**Net finance income/ (expense)**
Fondazione ONLUS Lettera27	(120)		
Raynaud & Partners	(42)		(64)
Board of Directors		(586)	
Key management		(2,370)	
Total related-party transactions	**(162)**	**(2,956)**	**(64)**
Total of income statement line item	**(56,527)**	**(16,493)**	**(1,146)**
% of income statement line item	**0.3%**	**17.9%**	**5.6%**

Cash flows

The cash flows shown in the following tables represent actual payments and receipts recorded with related parties, not the changes in the financial statement account balances to which they refer.

In thousands of Euro	Year ended December 31, 2015		
	Other related parties transactions	**Total cash flow**	**%**
Cash flow used in operating activities	(1,548)	30,822	(5.0%)
Cash flow used in investing activities	–	(5,470)	0.0%
Cash flow used in financing activities	(31)	(1,341)	2.3%

In thousands of Euro	Year ended December 31, 2014		
	Other related parties transactions	**Total cash flow**	**%**
Cash flow used in operating activities	(1,224)	17,231	(7.1%)
Cash flow used in investing activities	–	(5,312)	0.0%
Cash flow used in financing activities	(108)	(4,907)	2.2%

The transactions listed were conducted under normal commercial terms and conditions.

8.1 Directors' and key executives' compensation

The total amount of compensation paid to the parent company's Board of Directors for the year ended December 31, 2015, was Euro 738 thousand (vs. Euro 586 thousand for the year ended December 31, 2014).

The total amount of compensation paid to key executives for full year 2015, amounted to Euro 1,892 thousand (vs. Euro 2,370 thousand in 2014), including the amount set aside for existing incentive plans. Please see Note 7.5 "Personnel costs" for additional information.

9. BOARD OF STATUTORY AUDITORS' COMPENSATION

Compensation paid to the Board of Statutory Auditors for the year ended December 31, 2015, was Euro 44 thousand (Euro 45 thousand for the year ended December 31, 2014).

10. COMMITMENTS AND GUARANTEES

Lease commitments

As of December 31, 2015, the Group had outstanding commitments in connection with lease agreements relating to Group's different offices and the stores located in different geographical areas.

The following table shows a breakdown of the minimum payments under agreements to which the Group is a party as of December 31, 2015:

In thousands of Euro	**As of December 31, 2015**
< 1 year	6,272
1-5 years	15,843
> 5 years	5,249
Total lease commitments	**27,364**

Guarantees

As of December 31, 2015, the Parent Company has three outstanding guarantees, in the amount of Euro 2,197 thousand (vs. Euro 2,329 thousand as of December 31, 2014) provided to the lessors of the two American subsidiaries, Moleskine America Inc. and Moleskine America Retail L.L.C., in connection with future lease payments for the building where the company has its offices, a single-brand store in New York (SoHo) and a single-brand store in New York (World Trade Center).

The Group Holding Company also has three outstanding guarantees provided to lessors on behalf of the subsidiary Moleskine France in connection with lease of spaces at three points of sale in Paris, for a total of Euro 162 thousand and three guarantees provided to lessors of the subsidiary Moleskine Germany in connection with the office in Cologne, where the Company is based, and two stores: one in Berlin and the other in Hamburg, for a total of Euro 66 thousand.

As at December 31, 2015, the guarantee on behalf of Moleskine Asia is still outstanding, in the amount of Euro 55 thousand, issued to support the bank guarantee provided to the lessor of the store opened in Hong Kong at the end of 2014.

Furthermore, the Group Holding Company provided bank guarantees for the Società Esercizi Aeroportuali S.E.A. S.p.A., Aeroporti di Roma S.p.A., Grandi Stazioni S.p.A. and Studio Tollini Srl in relation to the sub-concessions of the points of sale at Milan Linate, Milan Malpensa, Rome Fiumicino airports, the Venice Santa Lucia railway station, the store in Milan (on Via Dante) and the store in Rome (Via Frattina), in the amount of Euro 190 thousand, Euro 100 thousand, Euro 59 thousand, Euro 54 thousand and Euro 123 thousand respectively, which are valid for the duration of the agreements. Furthermore, there is an outstanding bank guarantee, in the amount of Euro 167 thousand, granted to the former lessor of the store in Milan (Via Dante) to guarantee the payment of the installments not yet due relating to the key money agreed to take over the lease agreement.

Lastly, several guarantees issued to suppliers from the Far East in order to guarantee the supply of goods for a total amount of Euro 1,462 thousand, as well as a guarantee in favor of an Italian supplier in the amount of Euro 110 thousand, provided to guarantee payment for the purchase of machinery by the indirect subsidiary Moleskine Trade & Commerce Shanghai.

11. CONTINGENT LIABILITIES

Other than the information provided in note 6.16 "Provisions for risks and charges (current and non-current) there were no ongoing legal or tax proceedings.

12. TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL DEALINGS

In accordance with the CONSOB Communication of July 28, 2006, no atypical and/or unusual transactions, as defined by the Communication, took place during 2015.

13. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In accordance with the CONSOB Communication of July 28, 2006, the Group's performance for full year 2015 was not affected by non-recurring charges.

14. MATERIAL EVENTS AFTER DECEMBER 31, 2015

No significant events occurred after the year-end date.

15. FINANCIAL RISK MANAGEMENT

The main business risks identified, monitored and, to the extent specified below, actively managed by the Group are as follows:

- market risk arising from the fluctuation of interest rates, commodity prices and exchange rates between the Euro and the other currencies in which the Group deals;
- credit risk arising from a possible default by a counterparty; and
- liquidity risk arising from the absence of financial resources needed to meet financial obligations.

The following section provides qualitative and quantitative indications concerning the uncertainty of such risks.

15.1 Market risk

Foreign exchange risk

The exposure to the risk of fluctuations in exchange rates arises from the Group's trading activities, which may be conducted in currencies other than the euro. Revenues and costs denominated in a foreign currency may be influenced by fluctuations in the exchange rate, resulting in an impact on margins (economic risk), just as trade and financial payables and receivables denominated in a foreign currency may be affected by the translation rates used, impacting the statement of comprehensive income (transaction risk). Finally, exchange rate fluctuations are also reflected in consolidated net profit and equity, given that the financial statements of several companies in the Group are prepared in a currency other than the euro and then translated (translation risk).

The main exchange rates to which the Group is exposed are:

- USD, for sales and purchases in USD made on the American and Asian markets;
- EUR/GBP, in relation to sales in GBP on the UK market;
- EUR/HKD, for sales in HKD made on the Asian market.

During 2015, the total amount of operating costs exposed to exchange rate risk amounted to approximately 59.9% of total costs. During 2015, the total amount of operating costs exposed to exchange rate risk amounted to approximately 59.9% of total costs. The total amount of revenues directly exposed to exchange rate risk was equivalent to 65% of sales (57.5% in 2014). The amount of trade payables exposed to exchange rate risk was 55.0% of total trade payables, while the amount of trade receivables exposed to exchange rate risk was 62.6% of total trade receivables.

The Group does not adopt specific policies to hedge against exchange risk (e.g. entering into derivative contracts for hedging purposes) associated with its commercial activities, other than adjusting the foreign currency price list. The Group pursues a strategy that calls for purchases and sales in the same currency, which in management's opinion mitigates the risk arising from fluctuations in exchange rates. In addition, in the main distribution contracts where sales price lists are set in a currency other than the euro, the Group has established hedging clauses that provide for the financial effects of fluctuations in exchange rates beyond certain thresholds to be charged back to the customer.

Sensitivity analysis relating to exchange rate risk

For the purposes of the sensitivity analysis relating to exchange rate risk, the items of the statement of financial position (financial assets and financial liabilities) denominated in a currency other than the functional currency of each company belonging to the Group were identified. In assessing the potential effects of fluctuations in exchange rates, intragroup payables and receivables in a currency other than the accounting currency were also taken into consideration.

For the purposes of the analysis, an appreciation of 10% and a depreciation of 10% in the exchange rate between the currency in which the line item is denominated and the accounting currency were considered.

The following table presents the results of the analysis conducted:

In thousands of Euro	**Impact on Result and on Equity, net of tax effect**									
Sensitivity analisys	**USD**		**GBP**		**HKD**		**Other currencies**		**Total**	
	–10%	**+10%**	**–10%**	**+10%**	**–10%**	**+10%**	**–10%**	**+10%**	**–10%**	**+10%**
Year 2015	2,322	(1,901)	479	(392)	691	(497)	(15)	12	3,477	(2,778)
Year 2014	1,578	(1,291)	156	(116)	744	(533)	78	(160)	2,556	(2,100)

Note: positive figures reflect a gain in net profit and an increase in shareholders' equity, whereas the negative figures reflect a loss in net profit and a decrease in shareholders' equity.

Interest rate risk

The Group uses external financial resources in the form of debt and uses cash on hand in bank deposits and other products offering capital protection with a low risk profile. Changes in market interest rates influence the cost and return of the various forms of borrowing and investing and, therefore on finance income and finance expense in the income statement. The Group regularly assesses our exposure to the risk of changes in interest rates and partially manages such risk through the use of interest rate derivative financial instruments, and also in the light of the debt-refinancing transaction concluded in 2015 (see note 6.12 for additional details) which lead to a significant improvement in the net financial position of the Group and sizeable drop in financial expenses so the Group decided that it would no longer be necessary to adopt specific interest rate hedging policies.
Therefore, as of December 31, 2015, the Group does not have any hedges against the risk of interest rate fluctuations.

The interest rate to which the Group is most exposed is the Euribor.

Sensitivity analysis relating to interest rate risk

The Group's exposure to interest rate risk has been analyzed through a sensitivity analysis that considered current and non-current financial liabilities, bank deposits and the liquidity account. The following is a brief description of the method used for that analysis, along with the results achieved.

The analysis considered the effects on the Group's statement of comprehensive income and shareholders' equity for the years 2015 and 2014 resulting from a hypothetical increase and decrease in market rates of 50 bps. The calculations applied the hypothetical change to the interest rates on the average annual balance of the Group's bank accounts and the period-end balances of gross financial indebtedness, as well as the interest rates on floating-rate liabilities.

The following table presents the results of the analysis conducted:

In thousands of Euro	**Impact on Result net of tax effect**		**Impact on Net equity net of tax effect**	
Sensitivity analisys	**–50 bps**	**+50 bps**	**–50 bps**	**+50 bps**
Year 2015	113	(113)	113	(113)
Year 2014	37	(37)	37	(37)

Note: positive figures reflect a gain in net profit and an increase in shareholders' equity, whereas the negative figures reflect a loss in net profit and a decrease in shareholders' equity.

Price risk

Price risk is related to oscillations in the prices of raw materials, semi-finished and finished goods purchased. Specifically, the price risk for the Group is mainly due to the presence of a limited number of suppliers of goods and the need to guarantee procurement volumes and avoid jeopardizing inventory stocks and comprising delivery times. The Group's actions to contain price risk include promoting the development of the *network* of finished product suppliers, with the objective of not only allowing consistent access to the best pricing conditions to strengthen margins, but also diminishing the degree of dependence on specific geographical areas, China in particular, by seeking production *partner*s in new countries such as Vietnam and South Korea.

In addition, the Group further limits price risk through its procurement policy, which calls for the annual negotiation of purchase price lists with suppliers, and ensures that prices are contractually fixed for a period of at least 12 months and therefore are not affected by fluctuations relating to changes in commodity prices, which are for the most part borne entirely by the supplier.

Therefore management deems that price risk is remote.

15.2 Credit risk

The Group is exposed to credit risk from potential losses arising from the non-fulfillment of obligations assumed by trade and financial counterparties.

The total exposure to credit risk as of December 31, 2015 and 2014 is represented by the sum of financial assets, broken down by due dates as follows:

In thousands of Euro	**As of December 31, 2015**						
	Not overdue	**Overdue days**					**Total**
		0-30	**31-60**	**61-90**	**91-365**	**Over 365**	
Non-current assets	2,363						2,363
Non-current financial assets	5,004						5,004
Trade receivables	20,013	3,196	552	231	893	176	25,061
Provision for doubtful receivables					(206)	(141)	(347)
Other current assets	2,266						2,266
Advance payments received	(612)						(612)
Total exposure to credit risk	**29,034**	**3,196**	**552**	**231**	**687**	**35**	**33,735**

In thousands of Euro	As of December 31, 2014						
	Not overdue	Overdue days					Total
		0-30	31-60	61-90	91-365	Over 365	
Non-current assets	2,127						2,127
Trade receivables	16,824	4,148	711	267	873	105	22,928
Provision for doubtful receivables		(3)			(35)	(92)	(130)
Other current assets	1,798						1,798
Advance payments received	(505)						(505)
Total exposure to credit risk	**20,244**	**4,145**	**711**	**267**	**838**	**13**	**26,218**

Current and non-current receivables include tax receivables, advance payments to suppliers, advance payments of insurance and security deposits. On the whole, they present a low level of credit risk.

The risk of insolvency associated with trade receivables is monitored centrally by the Group's administrative department, which reviews the Group's credit exposure, monitors the collection of trade receivables and determines whether to accept new customers by conducting qualitative and quantitative a analyses of creditworthiness, performed partly by using databases specialized in providing corporate rating services. The Group's credit risk policy is differentiated by sales channel: B2B, Wholesale, Retail and e-Commerce.

The Group monitors the risk associated with receivables arising from the *Wholesale* channel, which accounted for 72.2% of total receivables as of December 31, 2015 (81.2% of total receivables as of December 31, 2014), by obtaining letters of credit or bank guarantees, as well as insuring receivables with a leading insurance company. The risk associated with the B2B channel, with receivables accounting for 16.7% of total receivables as of December 31, 2015 (13.3% of total receivables as of December 31, 2014), is also very limited as the Group's policy generally calls for advance payment and grants payment deferrals only if insurance guarantees have been obtained. Receivables associated with the e-Commerce channel amounted to 6.4% of total receivables as of December 31, 2015 (vs. 2.9% of total receivables as of December 31, 2014) and regard the distribution partner that manages on-line sales on behalf of the Group in the EMEA and Americas area. Receivables associated with the retail channel amounted to 4.7% of total receivables as of December 31, 2015 (2.6 % of total receivables as of December 31, 2015) and are due from partners in the capacity of management company, that manage some stores on behalf of the parent company and the subsidiaries Moleskine France and Moleskine UK.
Total insured receivables amounted to Euro 5,618 thousand as of December 31, 2015 (Euro 7,774 thousand as of December 31, 2014), whereas receivables secured, in whole or in part, by bank guarantees and letters of credit amounted to Euro 8.7 million as of December 31, 2015 (Euro 3 million as of December 31, 2014).

In addition, the Group has a significant concentration of credit risk from a single customer, from which it held a receivable as of December 31, 2015 and 2014, in the amount of Euro 6,559 thousand and Euro 4,511 thousand respectively, or 26.5% and 19.8% of total trade receivables recognized in the financial statements on the respective dates. The credit position of the above customer as of the respective dates is partly guaranteed by the aforementioned letters of credit.

As of December 31, 2015, trade receivables are concentrated due to the Group's distribution model. However, there were no specific concentration risks since the counterparties do not present solvency risk and in any event could be replaced, if required, which would not entail operational difficulties.

As shown in the above tables, receivables are presented net of the associated provision for doubtful receivables, calculated based on an analysis of positions which can be objectively deemed fully or partially non-collectible. Impaired receivables amounted to Euro 347 thousand as of December 31, 2015 and Euro 130 thousand as of December 31, 2014. Overdue receivables that have not been impaired, as there is no evidence that they will not be collected, amounted to Euro 4,701 thousand as of December 31, 2015 and Euro 5,974 thousand as of December 31, 2014.

Lastly, when investing temporary liquidity surpluses, the Group deals only with counterparties of high creditworthiness.

15.3 Liquidity risk

Liquidity risk is associated with the Group's ability to meet its obligations. Prudent management of liquidity risk arising from normal operations entails maintaining an adequate level of cash on hand, short-term securities and access to funds available through lines of credit.

Liquidity risk is managed at the central level by the Group based on guidelines established by the Group's finance department and approved by the chief executive officer. The finance department periodically monitors the Group's financial position by preparing reports of forecasted and actual cash inflows and outflows. The Group aims to ensure that its needs are adequately covered by thoroughly monitoring loans, open lines of credit and uses of such lines of credit in order to optimize its resources and manage any temporary liquidity surpluses.

The Group's goal is to implement a financial structure that ensures a level of liquidity in accordance with business objectives, minimizing opportunity costs, and strikes a balance in terms of the duration and composition of debt.

The following table breaks down financial liabilities (including trade payables and other current liabilities). Specifically, all balances presented are undiscounted nominal future cash flows determined according to residual contractual maturities of both principal and interest. Loans were included based on the contractual repayment maturities.

In thousands of Euro		Due		
As of December 31, 2015	**<1**	**2-5**	**>5**	**Total**
Non-current financial liabilities		31,326		31,326
Other non current liabilities		385	363	748
Derivative financial instruments	9,073			9,073
Trade payables	18,862			18,862
Other current liabilities	5,177			5,177
Total financial liabilities	**33,112**	**31,711**	**363**	**65,186**

In thousands of Euro	Due			
As of December 31, 2014	**<1**	**2-5**	**>5**	**Total**
Non-current financial liabilities		24,085		24,085
Other non current liabilities		170		170
Derivative financial instruments	5,670			5,670
Trade payables	17,754			17,754
Other current liabilities	4,520			4,520
Total financial liabilities	**27,944**	**24,255**	**–**	**52,199**

The following table shows the breakdown of trade payables by maturity as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31, 2015							
	Not Overdue	**Overdue days**					**Total overdue**	**Total**
		0-30	**31-60**	**61-90**	**90-365**	**Over 365**		
Trade payables	14,168	2,333	234	176	1,894	57	4,694	18,862
Total trade payables	**14,168**	**2,333**	**234**	**176**	**1,894**	**57**	**4,694**	**18,862**

In thousands of Euro	As of December 31, 2014							
	Not Overdue	**Overdue days**					**Total overdue**	**Total**
		0-30	**31-60**	**61-90**	**90-365**	**Over 365**		
Trade payables	11,099	4,418	1,244	703	263	27	6,655	17,754
Total trade payables	**11,099**	**4,418**	**1,244**	**703**	**263**	**27**	**6,655**	**17,754**

As of December 31, 2015, there are no legal disputes with suppliers, claims against Moleskine, or suspension of orders with suppliers. Therefore, we do not consider a high risk profile in this regard.

As regards the exposure associated with trade payables, the first 10 suppliers account for 42.3% of the total balance of trade payables with suppliers as of December 31, 2015, while the main supplier accounts for 10.9% of the total balance as of December 31, 2015.

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows a breakdown of financial assets and financial liabilities by category as of December 31, 2015 and December 31, 2014:

In thousands of Euro	As of December 31, 2015					
	Financial assets and liabilities measured at fair value through P&L	**Financial assets and liabilities allocated in OCI**	**Loans and receivables**	**Financial liabilities at amortized cost**	**Other**	**Total**
Other non-current assets			2,363			2,363
Non-current financial assets			5,004			5,004
Trade receivables			24,714			24,714
Other current assets			2,266			2,266
Cash and cash equivalents			48,297			48,297
Total	–	–	**82,644**	–	–	**82,644**
Non-current financial liabilities					31,602	31,602
Other non-current liabilieties					748	748
Income tax payables					5,829	5,829
Trade payables					18,862	18,862
Other current liabilities					5,177	5,177
Current financial liabilities					7,735	7,735
Total	–	–	–	–	**69,953**	**69,953**

In thousands of Euro	As of December 31, 2014					
	Financial assets and liabilities measured at fair value through P&L	**Financial assets and liabilities allocated in OCI**	**Loans and receivables**	**Financial liabilities at amortized cost**	**Other**	**Total**
Other non-current assets			2,127			2,127
Trade receivables			22,798			22,798
Income tax receivables			2,081			2,081
Other current assets			1,798			1,798
Cash and cash equivalents			23,353			23,353
Total	–	–	**52,157**	–	–	**52,157**
Non-current financial liabilities					22,947	22,947
Other non current liabilieties					170	170
Trade payables					17,754	17,754
Other current liabilities					4,520	4,520
Current financial liabilities					5,025	5,025
Total	–	–	–	–	**50,416**	**50,416**

As of December 31, 2015, the fair value of trade receivables and other financial assets, trade payables and other payables and other financial liabilities recognized under current items in the statement of financial position and measured with the amortized cost method is not different from the respective carrying amounts since these mainly relate to assets underlying short-term commercial dealings.

As of December 31, 2015, non-current financial liabilities and assets are settled at market rates and therefore their fair value is deemed essentially in line with the respective carrying amounts.

17. INFORMATION ON FAIR VALUE

The following table presents information on the method applied to determine the fair value of financial instruments designated at fair value. The methods adopted may be divided into the following levels based on the source of the information available, as described below:

- level 1: quoted prices on active markets;
- level 2: technical assessments based on observable market information, either directly or indirectly;
- level 3: not based on observable market data.

The following table presents assets and liabilities designated at fair value as of December 31, 2015 and December 31, 2014:

In thousands of Euro	As of December 31, 2015		
	Level 1	**Level 2**	**Level 3**
Embedded derivatives	–	(140)	–
Total	**–**	**(140)**	**–**

In thousands of Euro	As of December 31, 2014		
	Level 1	**Level 2**	**Level 3**
Embedded derivatives	–	(313)	–
Total	**–**	**(313)**	**–**

The fair value of embedded derivatives was calculated using forward exchange rate curves inferred from the market.

There were no transfers between the fair value hierarchy levels in 2015.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015 PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AS AMENDED

1. The undersigned Arrigo Berni, in his capacity as Chief Executive Officer, and Alessandro Poletto, in his capacity as Executive Officer in charge of the financial reports for Moleskine S.p.A., considering the requirements under article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of February 24, 1998, certify:

   - the suitability in relation to characteristics of the business and
   - the effective application

   of administrative and accounting procedures to prepare the consolidated financial statements in 2015.

2. Significant aspects did not come to light based on application of administrative and accounting procedures to prepare the consolidated financial statements as of December 31, 2015.

3. Furthermore, it is certified that:
   the consolidated financial statements:

   a) have been prepared in compliance with applicable international accounting standards endorsed in the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

   b) correspond to the results of accounting entries and records;

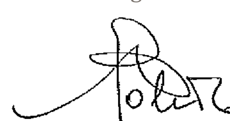
   c) can adequately provide a true and fair view of the financial position, income and cash flows of the issuer and the consolidated companies.

   The management report includes a reliable analysis of business performance and results as well as the situation of the issuer and the consolidated companies, along with a description of the main risks and uncertainties to which they are exposed.

March 1, 2016

Arrigo Berni
Chief Executive Officer

Alessandro Poletto
Executive Officer in charge of the financial reports



INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N°39 OF 27 JANUARY 2010

To the Shareholders of
Moleskine SpA

Report on the consolidated financial statements

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

Directors' responsibility for the consolidated financial statements

The directors of Moleskine SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n°38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree n°39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Moleskine Group as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n°38/2005.

Report on compliance with other laws and regulations

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

We have performed the procedures required under auditing standard (SA Italia) n°720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree n°58/1998, which are the responsibility of the directors of Moleskine SpA, with the consolidated financial statements of the Moleskine Group as of 31 December 2015. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Moleskine Group as of 31 December 2015.

Milan, 24 March 2016

PricewaterhouseCoopers SpA

Signed by
Giorgio Greco
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Separate Financial Statements as of December 31, 2015

03

STATEMENT OF FINANCIAL POSITION

Values in Euro		As of December 31,			
	Notes	**2015**	**of which with related parties**	**2014**	**of which with related parties**
Property, plant and equipment	**5.1**	1,799,049		2,332,594	
Goodwill and trademarks	**5.2**	76,800,740		76,859,163	
Other intangible assets	**5.3**	3,357,225		3,745,812	
Other non-current assets	**5.4**	714,393		678,759	
Non-current financial assets	**5.5**	5,825,681	821,998	3,154,092	3,154,092
Investments	**5.6**	17,480,093		3,145,842	
Total non current assets		**105,977,181**		**89,916,262**	
Inventories	**5.7**	12,336,995		9,380,215	
Trade receivables	**5.8**	40,330,272	29,922,661	39,318,679	29,766,554
Income tax receivables		–		1,822,199	
Other current assets	**5.9**	1,311,534		1,119,916	
Current financial assets	**5.10**	273,336	273,336	1,090,645	1,090,645
Cash and cash equivalents	**5.11**	33,813,554		15,384,830	
Total current assets		**88,065,691**		**68,116,484**	
TOTAL ASSETS		**194,042,872**		**158,032,746**	
Share capital		2,121,802		2,121,802	
Other reserves		86,334,202		75,179,925	
Result for the period		29,351,799		17,970,946	
TOTAL NET EQUITY	**5.12**	**117,807,803**		**95,272,673**	
Non-current financial liabilities	**5.13**	31,602,259	33,750	22,946,574	64,778
Other non current liabilities	**5.14**	100,144		170,074	103,407
Deferred tax	**5.15**	14,412,216		16,825,241	
Post-employment and other employee benefits	**5.16**	1,721,289	217,301	1,801,814	438,447
Non-current provisions for risks and charges	**5.17**	62,311		–	
Total non current liabilities		**47,898,219**		**41,743,703**	
Trade payables	**5.18**	11,009,278	15,700	12,092,134	58,926
Income tax payables	**5.19**	5,333,625		–	
Current financial liabilities	**5.13**	8,496,490	791,747	5,025,145	31,013
Current provisions for risks and charges	**5.17**	309,212		440,374	
Other current liabilities	**5.20**	3,188,245	173,877	3,458,717	175,245
Total current liabilities		**28,336,850**		**21,016,370**	
TOTAL LIABILITIES		**76,235,069**		**62,760,073**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**194,042,872**		**158,032,746**	

STATEMENT OF COMPREHENSIVE INCOME

Values in Euro		Year ended December 31,					
	Notes	2015	of which with related parties	of which non recurring	2014	of which with related parties	of which non recurring
Revenues	6.1	91,471,905	49,266,335		73,466,385	29,457,987	
Other income	6.2	4,480,083	260,900		3,222,294	108,530	
Finished products, raw materials and consumables	6.3	(24,459,837)			(19,438,443)		
Service costs	6.4	(16,673,381)	(369,131)		(14,663,403)	(100,521)	
Personnel costs	6.5	(11,405,010)	(2,630,059)		(11,835,100)	(2,955,782)	(166,584)
Other operating expenses	6.6	(1,756,773)	(157,500)		(1,964,458)	(120,000)	
Depreciation, amortization and impairments	6.7	(3,228,859)			(2,447,284)		
Operating profit		**38,428,128**			**26,339,991**		
Finance expense	6.8	(872,617)	(62,994)		(1,496,078)	(63,867)	
Finance income	6.8	776,196	103,371		421,880	72,699	
Profit before income tax		**38,331,707**			**25,265,793**		
Income tax expense	6.9	(8,979,908)			(7,294,847)		
Net profit		**29,351,799**			**17,970,946**		
Other comprehensive income							
– items that may be reclassified subsequently to profit or loss:							
Fair value cash flow hedge derivatives					195,825		
Fair value cash flow hedge derivatives – tax effect					(53,843)		
Total items that may be reclassified subsequently to profit or loss		–			**141,982**		
– items that will not be reclassified to profit or loss:							
Actuarial gain/(losses) on post-employment and other employee benefits		62,793			(123,197)		
Actuarial gain/(losses) on post-employment and other employee benefits – tax effect		(19,717)			41,266		
Total items that will not be reclassified to profit or loss		**43,076**			**(81,931)**		
Other comprehensive income		**43,076**			**60,051**		
Total comprehensive income for the year		**29,394,875**			**18,030,997**		

STATEMENT OF CASH FLOWS

In thousands of Euro		Year ended December 31,			
	Notes	**2015**	**of which with related parties**	**2014**	**of which with related parties**
Profit before income tax		38,332		25,266	
Adjustments for:					
Depreciation and amortization of intangible assets and property, plant and equipment	**6.7**	3,229		2,447	
Accruals to provisions for risks and charges and post-employment and other employee benefits	**5.16-5.17**	758	84	830	93
Accruals to provision for doubtful receivables	**5.8**	22		79	
Accruals to provision for inventory obsolescence	**5.7**	1,033		99	
Net finance expense	**6.8**	96	(63)	1,074	(9)
Other non monetary changes		(889)		608	
Cash flow from operating activities before movements in working capital		**42,581**		**30,403**	
Changes in working capital:					
– Change in inventories	**5.7**	(3,990)		844	
– Change in trade receivables and other receivables	**5.8-5.9**	(13,307)	39,908	(9,351)	22,285
– Change in trade and other payables	**5.18-5.20**	(1,403)	(1,746)	(831)	(1,386)
– Change in post-employment and other employee benefits and in provisions for risks and charges	**5.16-5.17**	(621)		(135)	
Cash flow absorbed from movements in working capital		**(19,321)**		**(9,473)**	
Income tax paid		(4,425)		(7,064)	
Cash flow from operating activities		**18,835**		**13,866**	
Cash flow used in investing activities					
Investments:		**(2,257)**		**(2,570)**	
– Investments in intangible assets	**5.2-5.3**	(1,676)		(1,355)	
– Investments in property, plant and equipment	**5.1**	(574)		(853)	
– Investments in financial assets	**5.6**	(7)	(7)	(362)	(362)
Cash flow used in investing activities		**(2,257)**		**(2,570)**	
Cash flow from financing activities					
Change in long-term loans	**5.13**	30,000		28,000	
Change in short-term loans					
Repayment of medium/long-term loans	**5.13**	(18,666)		(21,883)	
Repayment of shareholders' financial liabilities					
Payment of ancillary costs	**5.13**	(61)	(31)	(227)	(108)
Divdends distribution	**5.12**	(7,000)			
Share buyback	**5.12**	(85)			
Payment net financial expenses	**6.8**	(406)	118	(925)	54
Current financial assets	**5.10**	1,608	1,609	(1,091)	(1,091)
Non-current financial assets	**5.5**	(3,969)	1,030	(2,053)	(2,053)
Cash flow used in financing activities		**1,421**		**1,821**	
Change in cash and cash equivalents		**17,999**		**13,117**	
Cash and cash equivalents at the beginning of the year	**5.11**	15,385		1,927	
Exchange differences in cash and cash equivalents	**6.8**	430		341	
Cash and cash equivalents at the end of the period	**5.11**	33,814		15,385	

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of Euro	Notes	Share capital	Legal reserve	Share premium reserve	Cash Flow Hedge Reserve	Other reserves	Net Profit	Total Equity
As of December 31, 2013	**5.12**	**2,120**	**400**	**90,406**	**(142)**	**(33,222)**	**17,208**	**76,770**
Profit for the year 2014							17,971	17,971
Actuarial gain/(losses) on post-employee and other employed benifts						(82)		(82)
Cash flow hedge reserve changes					142			142
Comprehensive income for the year		**–**	**–**	**–**	**142**	**(82)**	**17,971**	**18,031**
Share capital increase		2				(2)		–
Allocation of net profit 2013			24			17,184	(17,208)	–
Incentives for management						472		472
As of December 31, 2014	**5.12**	**2,122**	**424**	**90,406**	**–**	**(15,650)**	**17,971**	**95,273**
Profit for the year 2015							29,352	29,352
Actuarial gain/(losses) on post-employee and other employed benifts						43		43
Comprehensive income for the year		**–**	**–**	**–**	**–**	**43**	**29,352**	**29,395**
Allocation of net profit 2014						10,971	(10,971)	–
Share buyback						(85)		(85)
Incentives for management						225		225
Divdends distribution							(7,000)	(7,000)
As of December 31, 2015	**5.12**	**2,122**	**424**	**90,406**	**–**	**(4,496)**	**29,352**	**117,808**

EXPLANATORY NOTES

1. GENERAL INFORMATION

Moleskine SpA (hereinafter also the "**Company**" or "**Moleskine**") is a company incorporated and domiciled in Italy and governed by the laws of the Italian Republic. Its registered office is located in Milan (Viale Stelvio 66), Italy.

The Company and its subsidiaries develop, distribute and sell a range of products under the Moleskine brand, such as notebooks, agendas, portfolios, handbags, writing tools, reading accessories, and services and applications for the digital world. The products distributed are organized into 2 lines, as follows:

i) paper collections ("**Paper Collections**"), such as notebooks, agendas, other home-office products, and gifts; This line also includes analog/digital products and services, namely belonging to the "*Moleskine+*" category, working as a "continuum" between analog and digital dimensions.

   Several examples of the products included in this category are the Smart Notebook line, developed together with Evernote, a notebook designed to work with Livescribe smartpens, as well as the notebook developed in partnership with Adobe, the leader in digital marketing and digital media solutions. This category of products now also includes the recently launched calendar app called iOS Timepage.

ii) writing, travelling & reading accessories ("**WTR Collections**"), such as pens and pencils, bags, eyewear, and reading lights.

The Company distributes its products

i) indirectly through a network of 76 distributors (i.e. the wholesale channel), which serve bookshops, department stores, stationers, museums and other specialty stores (i.e. retailers); and

ii) through a mixed direct and indirect model for the custom editions designed for our business customers (i.e. B2B); b) through our e-Commerce site; and c) through our retail network of 58 single-brand stores (21 in China, 3 in Singapore, 5 in Hong Kong, 10 in Italy, 3 in the U.K., 5 in France, 2 in Germany and 9 in the U.S.).

The Company has offices in Europe, the United States and Asia, both directly and indirectly through its subsidiaries.

On the date on which these financial statements were prepared, the ordinary shares of the Company were listed on the Milan Stock Exchange – MTA – STAR Segment.

As of December 31, 2015, and the date on which this document was prepared, the summary of significant equity investments in Moleskine share capital is as follows:

Direct Shareholder	% of share capital
APPUNTI S.A.R.L.	34.715
PENTAVEST S.A.R.L.	6.308
ALLIANZ IARD SA	5.149
JP MORGAN ASSET MANAGEMENT (UK) LIMITED	5.095
INDUMENTA PUERI SL	5.003
BIP INVESTMENT PARTNERS S.A.	2.442
Total	**58.712**

Source: Consob, internal data processing of the parent company Moleskine S.p.A.

These separate financial statements were approved by the Board of Directors on March 1, 2016.

These financial statements have been audited by PricewaterhouseCoopers S.p.A., the auditors of the Company.

2. SUMMARY OF ACCOUNTING PRINCIPLES AND MEASUREMENT CRITERIA

The main accounting principles applied in the preparation of these separate financial statements are illustrated below.

2.1 Basis of preparation

This document includes the separate financial statements for the year ended December 31, 2015 (the "**Separate Financial Statements**"), comprising the consolidated statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity and the explanatory notes.

This document is prepared on the basis of international financial reporting standards (IFRS) adopted by the European Union. IFRS is defined as all the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC), which at the date of approval of the separate financial statements, have been subject to approval by the European Union in accordance with European Regulation No 1606/2002 of the European Parliament and of the Council of July 19, 2002. In particular, the IFRSs have been applied consistently for all the periods presented in this document.

These separate financial statements have been prepared on a going concern basis as the directors have verified the absence of indicators of financial, managerial or other critical situations that might indicate doubts about the Company's ability to meet its obligations in the foreseeable future and in particular over the next 12 months.

2.2 Form and content of the financial statements

As regards the form and content of the financial statements, the Company has made the following choices:

i) the statement of financial position is presented by showing the current and non-current assets and liabilities separately;

ii) the statement of comprehensive income is presented by nature of revenue and expense;

iii) the statement of cash flows is presented using the indirect method;

iv) the statement of changes in shareholders' equity is presented stating separately the profit of the year and all income and expense not recognized in the statement of comprehensive income, but recognized directly in shareholders' equity on the basis of specific accounting standards.

The Company has chosen to present one statement of comprehensive income which presents not only the profit for the period, but also changes in equity that are recognized directly to equity through other comprehensive income, as expressly permitted by international accounting standards.

The statements used, as specified above, are those which best represent the Company's financial performance and standing.

These separate financial statements have been prepared in euros, which is the Company's functional currency.

The amounts shown in the tables included in the notes are expressed in thousands of euros, unless otherwise indicated.

2.3 Translation of foreign currency denominated transactions and balances

Foreign currency transactions are translated into the functional currency using the prevailing exchange rate at the date of the transaction. Subsequently, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency based on the exchange rate as at the end of the financial year.

Exchange rate gains and losses are recorded in the statement of comprehensive income as "Other income" and "Other operating expenses".

Foreign currency denominated non monetary assets and liabilities continue to be recorded at the exchange rate of the date of the transaction.

2.4 Measurement criteria

Property, plant and equipment

Property, plant and equipment are recognized at purchase or production cost, net of accumulated depreciation and any impairment. The cost includes directly attributable costs incurred in order to condition the asset for its use and any dismantling or removal costs that will be incurred as a result of contractual obligations requiring the property to be returned in its original condition. Borrowing costs are also included within the cost of the asset if the conditions of IAS 23 are satisfied.

Expenses incurred for ordinary and/or cyclical maintenance and repairs are charged directly to the statement of comprehensive income when incurred. Costs incurred for expansion, modernization or upgrade of owned or leased assets are capitalized to the extent that they meet the requirements to be classified separately as an asset or part of an asset.

Property, plant and equipment acquired through finance leases, in which the risks and rewards of the assets are substantially transferred to the Company, are recorded as assets at the lower of the asset's fair value or the present value of the minimum lease payments, including any purchase option. The property, plant and equipment held under finance lease is depreciated on a straight line basis over the useful life of the asset, unless the duration of the finance lease is shorter than the useful life of the assets and it is not reasonably certain that ownership of the asset will be transferred to the Group. In such instances, the asset is depreciated over the duration of the finance lease contract.

Leases where the lessor substantially retains all the risks and rewards of ownership are recorded as operating leases. Payments made under operating leases are recorded in the statement of comprehensive income on a straight-line basis over the period of the lease contract.

Depreciation is charged using the straight-line method at rates that allow depreciation of the assets until the end of their useful life.

The table below shows the useful life estimated by the Company for the individual categories of property, plant and equipment:

	% rate
Computer equipment	20%
Miscellaneous equipment	15%
Exhibition stands	25%-50%
Office furniture	12%-33%
Furniture	12%
Office equipment	20%-33%
Vehicles	25%
Mobile phone	50%
Leasehold improvements	straight-line basis over the term of the leasing contract -33%

The useful life of property, plant and equipment and their residual values are revised and updated, if necessary, at the time the financial statements are prepared.

Goodwill

Goodwill is defined as the excess between the amount of consideration transferred in a business combination, the value of shareholders' equity belonging to minority interests and the fair value of any shareholding previously held in the acquired company compared with the fair value of the net assets acquired and liabilities assumed on the date of acquisition. If the value of the net assets acquired and liabilities assumed on the date of acquisition exceeds the amount of consideration transferred, the value of the shareholders' equity belonging to minority interests and the fair value of any shareholding previously held in the acquired company, this excess is immediately recognized in the statement of comprehensive income.

Goodwill is not amortized but is tested annually for impairment. The impairment test is performed with reference to the cash generating unit (CGU) to which the goodwill is attributed. Any impairment of goodwill is recognized if the recoverable amount of the goodwill is lower than its carrying amount. Recoverable amount is understood as the greater of the fair value less costs to sell of the CGU, and the respective value in use. Revaluation of goodwill in the event of a previous write-down due to impairment is not allowed.
In the event that the impairment resulting from the test is greater than the amount of goodwill allocated to a CGU, the residual excess is allocated to the other assets included in the CGU proportionately to their carrying amount.
Impairment testing is performed at least annually or more frequently if events or changes in circumstances indicate a potential impairment.

Trademarks

The Moleskine trademark is considered as an intangible asset with indefinite useful life, as confirmed by an independent expert opinion. Accordingly, the trademark is not amortized, but is tested for impairment. The impairment test is performed with reference to the cash generating unit (CGU) to which the trademark is allocated, which in this specific case is the entire Company. The impairment testing process is described in the section above relating to goodwill.

The additional costs related to the trademark are amortized based on the duration of the related registration, which is ten years by law.

Intangible assets with finite useful lives

Intangible assets are identifiable non-monetary assets that have no physical substance, which are controllable and capable of generating future economic benefits. Such assets are recognized at purchase and/or production cost, including directly attributable expenses to prepare the assets for their use, net of accumulated amortization and any impairment.

Amortization is calculated using the straight line method on the basis of the estimated useful life from the moment when the intangible asset is available for use.

Intangible assets also include the amounts paid to the prior lessees of the retail stores (i.e. “key money”) for taking over the related lease agreements. These intangible assets are recognized in the financial statements to the extent that their value is considered fully recoverable through the projected profitability of the relevant stores and are amortized over the period of the related lease agreement. If the amounts involved are paid as a lump-sum entry fee to the property owners of the stores instead of to the previous lessees, they are recorded in prepaid expenses and classified under “Other receivables” (current and non-current). These prepaid expenses are posted in the statement of comprehensive income under “Service Costs” over the period of the lease agreement.

The table below shows the useful life estimated by the Company for the different categories of intangible assets:

Other intangible assets	3 years
Development costs	5 years
Sotware_licences	5 years or licence duration
Software_development	5 years
Software_ownership	3 years
Industrial patents and intellectual property rights	straight-line basis over the term of the industrial patents
Key money	Leasing contract lenght

Impairment of property, plant and equipment and intangible assets

At each reporting date, the group performs analyses in order to identify the existence of indicators of the impairment of property, plant and equipment, and intangible assets which are not fully depreciated or amortized. If such indicators are identified, the recoverable amount of such assets is estimated, recording in the statement of comprehensive income any write-down compared with the carrying value. The recoverable amount of an asset is the greater of its fair value less costs to sell, and its value in use, calculated as the present value of the asset’s estimated future cash flows. For an asset which does not generate broadly independent cash flows, the realization value is determined in relation to the cash-generating unit to which that asset belongs. In determining the value in use, the expected future cash flows are discounted at a discount rate which reflects the current market valuation of the cost of money, considering the period of the investment and the specific risks of the asset. Impairment is recognized in the statement of comprehensive income when the carrying value of the asset is greater than the recoverable amount. When the reasons for recording the impairment no longer exist, the impairment loss recognized is reversed to the statement of comprehensive income and the carrying amount of the asset is increased to its recoverable amount, however, the increased amount cannot exceed the carrying value that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Equity investments

Equity investments in subsidiaries are measured at purchase cost net of impairment.
Subsidiaries are companies over which it is possible to exercise control as defined by IFRS 10, which states that an investor controls another entity held when the investor enjoys rights that grant the possibility to guide significant activities by the entity, has exposure or a right to receive a variable return on the investment in the entity, and has a real possibility to exercise such power in order to influence the amount of this return on investment.
If there are indicators of impairment, the value of the equity investments is subject to impairment testing. In the impairment test, the carrying amount of the investments is compared with the recoverable amount, defined as the greater of fair value, less costs to sell, and value in use. If the impairment test indicates that the recoverable amount of an investment is lower than the carrying amount, the latter is aligned with the recoverable amount. This reduction is an impairment, which is recognized in the statement of comprehensive income. If that loss subsequently no longer applies or is reduced, the carrying amount is increased to the new estimated recoverable amount, which cannot exceed the original cost.

Financial assets

Financial assets are recognized in the current and non-current assets based on their maturity dates and the forecasts on the time within which they will be converted into monetary assets. Financial assets include equity investments in other companies (other than associates and joint ventures), derivatives, receivables, as well as cash and cash equivalents.

The Company divides, for measurement purposes, the financial assets into the following categories:

- Financial assets measured at fair value with changes recognized directly in the income statement; This category includes both financial assets held for trading and derivative instruments which do not have the characteristics for the application of hedge accounting;
- Loans and receivables. This category includes the loans and receivables comprised of non derivative financial assets with fixed or determinable maturity dates. These are included in the current assets, except for the portion falling due more than twelve months after the balance sheet date, which are recognized as non-current assets;
- Held-to-maturity financial assets. This category comprises non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company intends on holding until maturity. Recognition in current or non-current assets depends on whether they are expected to be realized within or after 12 months from the date of the financial statements;
- Available-for-sale financial assets. These financial assets are the residual category that includes non-derivative financial assets or assets that cannot be classified in any of the financial investment categories described above. These assets are included in the non-current assets, unless the entity intends to dispose of these assets within twelve months after the date of the financial statements.

The classification depends on the purpose for which a financial asset was acquired. Management determines the classification of financial assets at their initial recognition.
The financial assets, irrespective of where they are classified, are first recognized at fair value, increased by any ancillary purchasing costs.
After initial recognition, the financial assets designated at fair value with changes booked directly to the income statement and the available-for-sale financial assets are accounted for at fair value. In the first case, changes in the fair value are recognized in the income statement in the period which they occur; in the second case they are recognized in the statement of comprehensive income.

The loans and receivables and the held-to-maturity financial assets, after the initial recognition, are accounted for at amortized cost, using the effective interest rate method. Any impairment losses are recognized in the income statement as a contra entry to the value of the asset. The value of the asset previously reduced due to impairment losses is reinstated when the circumstances that previously caused the impairment no longer exist.
Financial assets are derecognized when the rights to receive cash flows associated with the financial assets have expired or have been transferred to third parties and the Company has transferred substantially all risks and benefits of ownership.

Trade receivables and Other current and non-current receivables

Trade receivables and other current and non-current receivables (financial assets) are financial instruments, primarily receivables from customers, which are not derivatives and are not quoted on an active market, for which fixed or determinable payments are expected. Trade receivables and other receivables are classified as current assets in the statement of financial position, except for those with a contractual maturity greater than 12 months from the statement of financial position date, which are classified as non-current assets.

These financial assets are recorded in the statement of financial position from the point at which the Company becomes counterparty of the related contract. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred, or when the Group has substantially transferred all the risks and rewards of ownership to a third party.

Such assets are initially recognized at fair value and subsequently at amortized cost, using the effective interest rate method, less any impairment.

If objective evidence exists that the Company will not be able to recover the receivable in accordance with the contractual terms, an impairment loss is recognized.

The amount of the write-down is measured as the difference between the carrying value of the asset and the present value of the asset’s future cash flows.

Receivables are presented in the statement of financial position net of the provision.

Derivative financial instruments

All derivative financial instruments (including embedded derivatives) are recognized at fair value.

IAS 39 defines an embedded derivative as a component of a hybrid (combined) instrument that also includes a non-derivative host contract. A hybrid financial instrument is composed of a non-derivative host financial instrument and a derivative that modifies the features of the hybrid financial instrument, making its cash flow fluctuations similar to those of an independent derivative financial instrument. An embedded derivative affects the financial instrument cash flows depending on changes in interest rates, exchange rates, or other variables. Depending on the conditions, it may be necessary to separate the embedded derivative from the host contract and separately recognize its fair value.

In the Company’s financial statements, embedded derivatives are present in contracts for the purchase raw materials and finished goods in currencies other than either the euro or the supplier’s reference currency. In this case, the host contract is the purchase contract in euros and the derivative financial instrument is the exposure to fluctuations of the contract currency against the euro.

Derivative financial instruments are classified as hedging instruments when the relationship between the derivative and the hedged item is formally designated and documented, and the hedging effectiveness, which is periodically tested, is high.

In this case, the following accounting policies are applied:

i) *Fair value hedge* – changes in the fair value of derivatives that are designated as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability;
ii) *Cash flow hedge* – if the derivative financial instrument is designated to hedge against the cash flow risk arising on an asset, liability or a highly probable event which could have an effect on the statement of comprehensive income, the effective portion of the gain or loss on the derivative financial instrument is recognized in shareholders' equity (through other comprehensive income). Accumulated gains and losses are reversed from shareholders' equity into the statement of comprehensive income in the same period in which the hedged event is realized. Gains and losses relating to the portion of the hedge that becomes ineffective are recorded in the statement of comprehensive income when the ineffectiveness is realized.

Changes in the fair value of derivatives that do not meet the requirements for hedge accounting are recorded in the statement of comprehensive income.

Fair value measurement of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The fair value of financial instruments which are not traded in an active market is determined by using valuation techniques based on methodologies and assumptions using market conditions at the statement of financial position date.

Inventories

Inventories is stated at the lower of purchase or production cost and the net realizable value calculated as the amount which the Company expects to obtain from its sale in the normal conduct of its business. The cost of inventories is calculated by applying the weighted average cost method.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, bank current accounts, on demand deposits and other short term highly liquid financial investments, which are readily convertible into cash or cash equivalents within 90 days of the original date of acquisition and are subject to an insignificant risk of change in value.

Financial liabilities, trade payables and other payables

Financial liabilities (other than derivative financial instruments), trade payables and other payables are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost applying the effective interest rate method. If there is a change in the expected cash flows which can be reliably determined, the value of the liabilities is recalculated to reflect this change on the basis of the present value of new expected cash flows and the internal rate of return initially calculated. Financial liabilities are classified as current liabilities, unless the Company has the unconditional right to defer payment for at least twelve months after the statement of financial position date.

Financial liabilities are derecognized at the time of their extinguishment and when the Company has transferred all the risks and charges relating to the instrument.

Post-employment and other employee benefits

Post-employment and other employee benefits paid during or after termination of the employment relationship consist primarily of post-employment benefits (Trattamento di Fine Rapporto – TFR), governed by Italian law under Article 2120 of the Italian Civil Code. TFR is considered to be a defined benefit plan, i.e. a formalized program of benefits following the end of the employment relationship constituting a future obligation and for which the Company assumes the respective actuarial and investment risks. As required by IAS 19, the Company uses the Projected Unit Credit Method to determine the present value of the obligation and the respective provision of current employment benefits; this calculation requires the use of objective actuarial hypotheses consistent with demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increases in remuneration levels). Actuarial gains and losses are recognized in shareholders' equity.

Provisions for risks and charges

Provisions are recorded for specific losses or liabilities that are certain or probable, the amounts and or timing of which cannot be determined accurately at the period end.

Provisions are recognized only when a present legal or constructive obligation exists as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation. The amount of the provision reflects the best estimate of the expenditure required to settle the obligation. The discount rate used to determine the present value of the provision takes into account market conditions and the risk profile of the associated liability.

When the time value is significant and the date of settlement can be reliably estimated, provisions are measured at the present value of the payments expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized in finance expense.

No provision is recorded for risks for which a liability is not probable, but only possible. Such risks are however disclosed as contingent liabilities.

Revenue recognition

Revenues from the sale of goods are recognized in the statement of comprehensive income at the time of transfer to the customer of the risks and benefits of the product sold, normally coinciding with delivery or shipment of the merchandise to the customer. Revenues from services are recognized in the accounting period in which the services are rendered, with reference to the completion of the service provided and in relation to the total services yet to be rendered.

Revenues are recognized at the fair value of the consideration received. Revenues are recognized net of value-added taxes, expected returns, discounts and allowances.

Recognition of costs

Costs are recognized when goods and services are purchased.

Share-based payment transactions

For share-based payments, the Company recognizes the cost of the service when the service is provided. The counter entry is recorded in shareholders' equity or as a liability depending on the transaction, and in particular whether the transaction will be settled through the issuance of shares (*equity settled*) or by a cash payment (*cash settled*).

For cash-settled share-based payments, the Company records the service received and associated liability at fair value. At the end of each reporting period until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognized in the statement of comprehensive income.

For equity-settled share-based payments, the Company assesses the fair value only at the plan's grant date. Equity settled plan is also identified where other group entities (and not the parent company) have the liability for settlement.

Taxes

Current taxes are calculated based on the taxable income for the year, applying the current tax rates on the statement of financial position date.

Deferred taxes are calculated for all differences emerging between the tax basis of an asset or liability and the respective carrying amount. Deferred tax assets, including those relating to tax losses not offset by deferred tax liabilities, are recognized to the extent that it is likely that future taxable income will be available against which they may be recovered. Deferred taxes are determined using the tax rates that are expected to apply in the periods in which the differences will be realized or extinguished, based on the tax rates in force or substantially in force on the statement of financial position date.

Current and deferred taxes are recognized in the statement of comprehensive income, except for those related to items charged or credited directly in shareholders' equity, in which case the respective tax impact is also recognized directly to shareholders' equity. Taxes are offset when they are applied by the same tax authority and there is a legal right to offset.

3. ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires that management apply accounting standards and methods which, under certain circumstances, are based on difficult subjective measurements and estimates based on past experience and on assumptions considered, at various times, to be reasonable and realistic in terms of the respective circumstances. The use of such estimates and assumptions affects the amounts reported in the financial statements, as well as the information disclosed. Actual results for those areas requiring management judgment or estimates may differ from those recorded in the financial statements due to the occurrence of events and the uncertainties which characterize the assumptions and conditions on which the estimates are based.

The areas applicable to the Company that require greater subjectivity of management in making estimates and where a change in the conditions underlying the assumptions could have a significant impact on the Company's financial statements are described in brief below:

a) Goodwill and trademarks: goodwill and trademarks with indefinite useful lives are subject to an annual impairment test to ascertain whether there has been any impairment. Impairment is recognized through a write-down, when the carrying amount of the cash generating unit to which it is allocated is greater than its recoverable amount (defined as the greater of its value in use and its fair value). The calculation of these values requires management to perform subjective evaluations based on information available within the Company and externally, as well as on past experience. When a potential impairment has been identified, the Company calculates the impairment using valuation techniques deemed suitable. The impairment test is also performed on intangible and tangible assets on identification of impairment indicators which suggest that the Group may not be able to recover the carrying value of the asset through use. The identification of impairment indicators and the estimate of the impairment depend on factors that may vary over time, influencing the measurements and estimates made by management.

b) Allowance for doubtful trade receivables: the allowance for doubtful trade receivables represents management's best estimate of losses on trade receivables. The estimate is based on the Company's expected losses, on the history of similar receivables, on receivables which are currently or were historically overdue, analyses performed on the quality of receivables and on economic and market projections.
c) Deferred tax assets: deferred tax assets are accounted for based on expectations of taxable income in future years. The valuation of expected taxable income for purposes of accounting for deferred tax assets depends on factors that may vary over time and have significant effects on the recoverability of such assets.
d) Management incentive scheme costs: the accounting for the costs of the management incentive scheme (as described in Note 6.5 "Personnel Costs") is influenced by the estimated timing of the occurrence of events related to the incentive scheme as well as the possibility of such events occurring and the expected value of the plan. These estimates depend on factors which vary over time, that are difficult for management to predict. Changes in these factors can significantly influence the costs accounted for.
e) Provisions for risks and charges: provisions are recorded for legal and tax issues, for which a negative outcome at the reporting date is probable. The amount of provisions recorded represent management's best estimates at the reporting date. These estimates involve assumptions that may vary over time and, therefore, could have a significantly different impact compared with the current estimates made by management in preparing the Company's financial statements.
f) Derivative financial instruments (refer to Note 2.4 "Measurement criteria").
g) Provision for inventory obsolescence.

4. ACCOUNTING STANDARDS

4.1 Accounting standards, amendments and interpretations applied as of January 1, 2015

The new and/or revised principles of the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which must be applied beginning on January 1, 2015, are shown below.

Description	Endorsed as of the date of this document	Effective date stated in the standard
Amendment to IAS 19, 'Employee Benefits', regarding defined benefit plans	February 2015	Financial years beginning on or after January 1, 2015
Annual improvements cycles 2010-2012	February 2015	Financial years beginning on or after January 1, 2015
Annual improvements cycles 2011-2013	January 2015	Financial years beginning on or after January 1, 2015

The adoption of the accounting standards, amendments and interpretations shown in the table above did not have significant effects on the Company's financial position or result.

4.2 Accounting standards, interpretations and amendments not yet applicable or not yet adopted by the Company

The table below shows the international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions included in standards or interpretations of the IASB, with an indication of those which have and have not been adopted for use in Europe at the date of these financial statements:

Description	Endorsed as of the date of this document	Effective date stated in the standard
Amendment to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets', on depreciation and amortisation	Yes	Financial years beginning on or after January 1, 2016
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation	Yes	Financial years beginning on or after January 1, 2016
IFRS 14 'Regulatory deferral accounts'	No	Financial years beginning on or after January 1, 2016
Amendment to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants	Yes	Financial years beginning on or after January 1, 2016
Annual improvements 2012-2014	Yes	Financial years beginning on or after January 1, 2016
Amendments to IAS 27, 'Separate financial statements' on the equity method	Yes	Financial years beginning on or after January 1, 2016
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'	No	To be effective upon completion of the IASB project on the equity method.
Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative	Yes	Financial years beginning on or after January 1, 2016
Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception	No	Financial years beginning on or after January 1, 2016
IFRS 15 'Revenue from contracts with customers'	No	Financial years beginning on or after January 1, 2018
IFRS 9 'Financial instruments'	No	Financial years beginning on or after January 1, 2018
IFRS 16 'Leases'	No	Financial years beginning on or after January 1, 2019

The Group did not early adopt any accounting standards and/or interpretations whose application is obligatory for periods commencing subsequent to December 31, 2015.

The Company is assessing the effects of the application of the new standards and amendments above, which are currently not considered to be material.

5. NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.1 Property, plant and equipment

The following tables show the changes in “Property, plant and equipment” for the years ended December 31, 2015 and 2014:

In thousands of Euro

Property, plant and equipment	As of December 31, 2014	Additions	Disposals/ Other movements	Impairments	As of December 31, 2015
Cost					
Computer equipment	33	26	(3)		56
Miscellaneous equipment	1,046	92	(139)	(63)	936
Atelier	1,001	91	(47)	(30)	1,015
Exhibition stands	362	93			455
Industrial and commercial equipment	**2,442**	**302**	**(189)**	**(93)**	**2,462**
Office furniture	1,123	27	(6)	(1)	1,143
Furniture	23				23
Office equipment	469	104	(66)		507
Vehicles	13				13
Other assets	**1,627**	**131**	**(72)**	**(1)**	**1,686**
Leasehold improvements	**1,391**	**76**	**(4)**	**(34)**	**1,429**
Tangibles in progress	**–**	**69**	**–**	**–**	**69**
Total cost	**5,460**	**578**	**(265)**	**(129)**	**5,645**
Accumulated depreciation					
Computer equipment	(33)	(13)	4		(42)
Miscellaneous equipment	(442)	(152)	135		(459)
Atelier	(438)	(238)	47		(629)
Exhibition stands	(281)	(104)			(385)
Industrial and commercial equipment	**(1,194)**	**(507)**	**186**		**(1,515)**
Office furniture	(548)	(267)	6		(809)
Furniture	(22)	(1)			(23)
Office equipment	(339)	(87)	65		(361)
Vehicles	(4)	(3)			(7)
Other assets	**(912)**	**(358)**	**71**		**(1,200)**
Leasehold improvements	**(1,022)**	**(114)**	**4**		**(1,132)**
Total accumulated depreciation	**(3,128)**	**(979)**	**261**		**(3,847)**
Net book value					
Industrial and commercial equipment	1,248	(205)	(3)	(93)	947
Other assets	716	(227)	(1)	(2)	486
Leasehold improvements	369	(38)		(34)	297
Tangibles in progress	–	69			69
Total property, plant and equipment	**2,333**	**(401)**	**(4)**	**(129)**	**1,799**

In thousands of Euro

Property, plant and equipment	As of December 31, 2013	Additions	Disposals/ Other movements	Impairments	As of December 31, 2014
Cost					
Computer equipment	33				33
Miscellaneous equipment	871	176	(1)		1,046
Atelier	925	149	(44)	(29)	1,001
Exhibition stands	289	73			362
Industrial and commercial equipment	**2,119**	**397**	**(45)**	**(29)**	**2,442**
Office furniture	928	219	(9)	(14)	1,123
Furniture	23				23
Office equipment	390	79			469
Vehicles	13				13
Other assets	**1,353**	**298**	**(9)**	**(14)**	**1,627**
Leasehold improvements	**1,233**	**158**	**–**	**(1)**	**1,391**
Total cost	**4,705**	**853**	**(54)**	**(44)**	**5,460**
Accumulated depreciation					
Computer equipment	(33)				(33)
Miscellaneous equipment	(310)	(133)	1		(442)
Atelier	(235)	(248)	44		(438)
Exhibition stands	(184)	(97)			(281)
Industrial and commercial equipment	**(761)**	**(478)**	**45**	**–**	**(1,194)**
Office furniture	(328)	(229)	9		(548)
Furniture	(19)	(3)			(22)
Office equipment	(249)	(90)			(339)
Vehicles	(1)	(3)			(4)
Other assets	**(597)**	**(324)**	**9**	**–**	**(912)**
Leasehold improvements	**(903)**	**(119)**	**–**	**–**	**(1,022)**
Total accumulated depreciation	**(2,261)**	**(921)**	**54**	**–**	**(3,128)**
Net book value					
Industrial and commercial equipment	1,357	(81)		(29)	1,248
Other assets	757	(26)		(14)	716
Leasehold improvements	330	40		(1)	369
Total property, plant and equipment	**2,444**	**(67)**	**–**	**(44)**	**2,333**

As of December 31, 2015, no property, plant and equipment were provided as a guarantee or security to third parties, nor did the company act as a lessor.

Capital expenditures came to Euro 578 thousand in the year ended December 31, 2015, and refer to:

- miscellaneous equipment in the amount of Euro 92 thousand, relating primarily to the purchase of molds for manufacturing items in the WTR collections;
- ateliers in the amount of Euro 91 thousand, relating to the purchase of exhibition structures at retail points of sale, loaned to distributors free of charge;
- exhibition stands in the amount of Euro 93 thousand, primarily relating to the purchase of exhibition structures (i.e. “Islands”), loaned to retailers as an alternative item of the ateliers described above;

- investments in furniture and improvements to new points of sale in Italy, opened during the year, in the amount of Euro 84 thousand;
- leasehold improvements and costs for new fixtures relating to the Company's offices in the amount of Euro 19 thousand;
- investments in new hardware material in the amount of Euro 130 thousand;
- Assets under construction relating to the purchase of a server for the new ERP system in the amount of Euro 69 thousand.

5.2 Goodwill and trademarks

The following table shows a breakdown of "Goodwill and trademarks" as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Goodwill and trademarks	**2015**	**2014**
Modo & Modo acquisition goodwill	22,290	22,290
Moleskine Trademark	54,000	54,000
Ancillary cost for Moleskine Trademark	511	569
Total goodwill and trademarks	**76,801**	**76,859**

As of December 31, 2015, the aggregate "Goodwill and trademarks" amounted to Euro 76,801 thousand (vs. Euro 76,859 thousand as of December 31, 2014), which includes the Moleskine trademark in the amount of Euro 54,000 thousand, goodwill in the amount of Euro 22,290 thousand and additional costs related to the trademark, in the amount of Euro 511 thousand, relating to the costs incurred to register the existing trademark and the new logo in new countries and for new classes of products. The Moleskine trademark and goodwill mainly represents the difference between the contribution paid for the acquisition of Modo & Modo S.p.A. in October 2006 with respect to the fair value net of the assets acquired and liabilities assumed.

The additional costs related to the trademark are amortized based on the duration of the related registration, which is ten years by law.

Both the Moleskine trademark and goodwill are intangible assets with indefinite useful lives.

With specific reference to the indefinite useful life of the Moleskine trademark, based on such consideration, an analysis was performed by the Company of all the significant (legal, juridical, contractual, competitive, economic and other) factors connected with the trademark: the conclusion reached is that there is not a foreseeable period of time over which the Company expects that the use of the trademark will generate cash inflows.

This assessment is also confirmed by an expert legal opinion prepared by an independent expert who states it is impossible to assign a finite useful life to this intangible asset given the absence of factors that could cause its obsolescence and in light of the life cycles of the products to which the trademark relates.

The main considerations made by directors of the Company are detailed below:

- in the past, the Moleskine brand was applied, intensively and increasingly, to a series of products of the "Paper Collection", i.e. diaries, notebooks and address books. The remaining useful life of these products is quite long and cannot be estimated easily, and processes of product marginalization are not known or foreseeable;

- starting from the year 2010, the Moleskine trademark has increasingly been the subject of *brand* extension policies to product categories other than “Paper”, as a result of which it has been extended to products with an individual life cycle in the “WTR Collections”, such as writing instruments (pens, pencils, etc.), reading instruments (reading glasses and reading lights), and “handgoods” (backpacks, bags, laptop and smartphone cases), to name a few;
- there are no contractual arrangements, regulations or law provisions capable of limiting the useful life, or making it difficult to extend the registration of the trademark, which on the contrary can easily be undertaken and at limited cost;
- the maintenance costs of the Moleskine trademark appear to be limited. With regard to historical products (diaries and notebooks), awareness of the brand has spread with limited promotional and advertising expenditure. The policy of extending the brand to product categories other than those in which the Company has operated since its origin (the Paper Collection) requires larger but still moderate expenditures, given the brand’s ability to establish itself independently, also in non-traditional merchandise categories, which in turn originates from its high recognition.

As of December 31, 2015, goodwill and trademarks have been tested for impairment, in accordance with IAS 36, in order to determine the recoverability of the value of the trademark and goodwill. In order to perform the impairment test, the trademark was assigned to the set of cash generating units (CGUs) corresponding to the entire Moleskine company, while goodwill was allocated to the Wholesale Business to Consumer CGU.

The trademark was impairment tested by comparing the net invested capital of the entire Moleskine company with the trademark’s recoverable amount. The recoverable amount of the trademark is defined as the value in use, calculated using the unlevered discounted cash flow (DCF) method, discounting the unlevered free cash flow associated with the entire Moleskine company, resulting from strategic plans covering the three years after the date of impairment test.

The long-term growth rate used in the calculations was 2%, being the average expected annual growth rates for developed economies (OECD) for the thirty-year period subsequent to the reporting date.

The discount rate for the cash flows (the weighted average cost of capital – WACC), which reflects the market’s assessments of the cost of money and specific risks associated with the related business segment and geographical areas, is 7.6 %.

Likewise, goodwill was impairment tested by comparing the net invested capital of the B2C CGU to which goodwill was allocated with the CGU’s recoverable amount. Also in this case, the recoverable amount has been defined as the value in use, calculated by applying the unlevered discounted cash flow (DCF) method, discounting the unlevered free cash flow associated with the wholesale CGU, as derived from strategic plans referred to previously and applying the same growth and discount rates (WACC) of 2% and 7.6%, respectively.

The test results show that the estimated recoverable amounts of the entire Moleskine company and of the “Wholesale Business to Consumer” CGU exceed their net invested capital including the trademark and goodwill.

In addition, on the basis of the sensitivity analyses conducted, the reasonable changes in the major variables involved (WACC: +0.5% e +1.0%, growth rate: 0% and 1%) did not result in potential impairment losses.

As of December 31, 2015, management therefore believes that the conditions have been met for maintaining the value of goodwill and the trademarks.

5.3 Other intangible assets

The following tables show a breakdown of the changes in “Other intangible assets” for the years ended December 31, 2015 and 2014:

In thousands of Euro

Other intangible assets	As of December 31, 2014	Additions	Impairments	Disposals/ Other movements	As of December 31, 2015
Cost					
Development costs	486	152			638
Industrial patents and intellectual property rights	837	69		78	984
Concessions and licences	2,567	334			2,901
Other intangible assets	41	1,017		38	1,096
Intangibles in progress	4,011	69	(452)	(1,455)	2,173
Total cost	**7,942**	**1,641**	**(452)**	**(1,339)**	**7,793**
Accumulated amortization					
Development costs	(181)	(108)			(289)
Industrial patents and intellectual property rights	(483)	(224)		12	(695)
Concessions and licences	(1,395)	(472)			(1,867)
Other intangible assets	(2,137)	(773)		1,327	(1,583)
Total accumulated amortization	**(4,196)**	**(1,577)**	**–**	**1,339**	**(4,434)**
Net book value					
Development costs	305	44			349
Industrial patents and intellectual property rights	354	(155)		91	289
Concessions and licences	1,172	(139)			1,033
Other intangible assets	41	1,017		38	1,096
Intangibles in progress	1,874	(704)	(452)	(129)	590
Total other intangible assets	**3,746**	**63**	**(452)**	**–**	**3,357**

In thousands of Euro

Other intangible assets	As of December 31, 2013	Additions	Disposals / Other movements	Impairments	As of December 31, 2014
Cost					
Development costs	372	114			486
Industrial patents and intellectual property rights	832	5			
Concessions and licences	2,475	441	(349)		2,567
Other intangible assets	106	40	(54)	(51)	41
Intangibles in progress	2,494	732	785		4,011
Total cost	**6,280**	**1,331**	**382**	**(51)**	**7,942**
Accumulated amortization					
Development costs	(100)	(81)			(181)
Industrial patents and intellectual property rights	(258)	(225)			(483)
Concessions and licences	(1,408)	(390)	403		(1,395)
Other intangible assets	(617)	(735)	(785)		(2,137)
Total accumulated amortization	**(2,383)**	**(1,431)**	**(382)**		**(4,196)**
Net book value					
Development costs	282	33			305
Industrial patents and intellectual property rights	574	(221)			354
Concessions and licences	1,067	51	54		1,172
Other intangible assets	106	40	(54)	(51)	41
Intangibles in progress	1,877	(3)			1,874
Total other intangible assets	**3,897**	**(100)**	**–**	**(51)**	**3,746**

In addition to the consideration set out in section 6.7 “Depreciation, amortization and impairment”, as of December 31, 2015, based on actual trends and projections, the Company did not identify any impairment indicators with respect to other intangible assets.

Net capital expenditures on intangible assets for the year ended December 31, 2015, in the amount of Euro 1,641 thousand, relate primarily to the implementation plans for a new ERP (SAP ECC) system, with more functions and to better meet the Company’s needs, the new customer relationship management software (CRM), as well as the continuation of the data warehousing and business intelligence project started in 2014.

Development costs refer to strategic projects to broaden the scope of application of the Moleskine® brand, using the merchandising-functional affinity criterion, and taking advantage of the inestimable symbolic-relational value of the brand in which certain paradigms have been identified that are capable of meeting the current and potential needs of the market segment of Moleskine users for brand application outside existing product concepts.
Please refer to the Research & Development section of the Management Report for additional information.

5.4 Non-current assets

The following table shows a breakdown of “Non-current assets” as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Other non current assets	**2015**	**2014**
Security deposits	109	109
Advance to personell	15	16
Tax receivables	34	34
Other receivable	556	520
Total other non current assets	**714**	**679**

“Security deposits” primarily include the amounts paid for outstanding lease agreements.

“Tax receivable”, in the amount of Euro 34 thousand, refers to the refund submitted by the Company in accordance with the provisions set out in the “Anti-Crisis Decree” (Article 6, paragraph 1, of Law Decree No. 185 of 11/29/2008) with respect to overpayment of corporate income tax (IRES) and non-deduction of the Italian regional business tax (IRAP) during tax periods from 2004 to 2007.

“Other receivables” refers primarily to the portion recoverable after 2016 of a receivable generated from the sale of products to a contractual counter party to be purchased on the basis of a purchase plan approved by management, involving different types of products primarily related to trade marketing installations and retail store construction services.

5.5 Non-current financial assets

The following table shows a breakdown of “Non-current financial assets” as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Non-current financial assets	**2015**	**2014**
Non current financial receivables from subsidiaries	822	3,154
Other non-current financial assets	5,004	–
Total non-current financial assets	**5,826**	**3,154**

“Non current financial receivables from subsidiaries” refers to the interest-bearing loans that the Company granted to the subsidiaries Moleskine France and Moleskine UK. These loans accrue interest on a quarterly basis and are governed by market conditions. The receivable from the subsidiary Moleskine Germany GmbH was repaid in full in 2015, while the receivables from Moleskine France and Moleskine UK and were partially converted to capital gains as detailed in section 5.6 “ Equity investments “.

"Other non-current financial assets" include Euro 5,004 thousand for a life insurance product entered into by the Company with Popolare Vita S.p.A. – an insurance company started as a joint venture between the Banco Popolare Group and Fondiaria Sai – on December 22, 2015, in order to diversify its investments with the aim of seeking solidity, profitability and security. The abovementioned product is a single-premium capitalization contract, capital guaranteed and provides the possibility to make additional payments, with annual capital appreciation, for a maximum period of 5 years, which can be released after 12 months. The annual gross return is expected to exceed 3%.

5.6 Equity investments

The following table shows a breakdown of "Equity investments" as of December 31, 2015 and 2014:

In thousands of Euro		As of December 31,	
Investments	**% of control**	**2015**	**2014**
Moleskine America Inc	100%	6,856	152
Moleskine Asia Ltd	100%	8,324	2,047
Moleskine France Sarl	100%	1,310	310
Moleskine Germany GmBh	100%	278	275
Moleskine UK Ltd	100%	705	362
Moleskine Denmark ApS	100%	7	–
Total Investments		**17,480**	**3,146**

The Company decided to recapitalize some Group companies in 2015, in order to provide them with equity more suited to its changing dimensions and more responsive to its needs of development and growth.

The equity investment in Moleskine America Inc. is recognized in the financial statements at historical cost incurred for its establishment, considering the reference exchange rate at said date, and has therefore been increased by Euro 6,667 thousand (i.e. USD 7.3 million) through the partial waiver to the trade receivable owed by them. Furthermore, the value of the equity investment increased as a result of the recognition of the cost for the stock option plan in accordance with IFRS 2, which is described in Note 6.5 "Personnel costs".

The value of the equity investment in Moleskine Asia Ltd also increased and relates to the partial waiver of the trade receivable owed by the latter and its conversion into capital for an amount of Euro 6,255 thousand (equivalent to HKD 53 million). Moreover, the value of the equity investment increased due to the recognition of the cost for the stock option plan in accordance with IFRS 2.

The equity investment in the subsidiary Moleskine France Sarl increased by Euro 1 million through the partial conversion of the interest-bearing loan owed by the latter in capital. The company is active in the retail channel through 5 stores as of December 31, 2015.

The equity investment in the subsidiary Moleskine Germany GmbH increased due to the recognition of the cost for the stock option plan in accordance with IFRS 2. The company operates in the German, Swiss and Austrian market as exclusive distributor of Moleskine SpA in the wholesale channel and also manages a direct store in Berlin.

The equity investment in the subsidiary Moleskine UK Ltd, increased by Euro 343 thousand (equivalent to GBP 250 thousand) due to the partial conversion of the interest-bearing loan owed by the latter in capital. The company operates in the retail sector and manages 3 stores as of December 31, 2015.

On November 24, 2015, the company Moleskine Denmark ApS was established. The share capital of this wholly-owned subsidiary is DKK 50,000 and fully paid-in. The forward-looking goal of the Company, which not yet operational, is to become, a business hub for the development of the Moleskine Group's wholesale business throughout Scandinavia. In addition to the wholesale channel, the new subsidiary may manage and be personally engaged in all activities linked to future openings in the retail channel for the development of single-brand stores to be opened in this area.

The table below shows key data from the subsidiaries' financial statements according to the domestic accounting standards they applied. Note that the impact associated with applying IFRS is not significant.

In thousands of Euro	**As of December 31, 2015**					
Investments	**Revenues**	**Result for the period**	**Assets**	**Liabilities**	**Equity**	**Book value**
Moleskine America Inc	49,548	2,753	40,161	26,181	13,980	6,856
Moleskine Asia Ltd	19,982	230	19,279	11,055	8,223	8,324
Moleskine France Sarl	1,116	(575)	1,261	943	318	1,310
Moleskine Germany GmbH	10,510	262	3,680	3,151	529	278
Moleskine UK Ltd	1,590	(146)	1,105	884	222	705
Moleskine Denmark ApS	–	–	7	–	7	7

As indicated in section 2.4, "Measurement criteria", if there are indicators of impairment, the value of the equity investments is subject to impairment testing.

Management verified that the value of the equity investment in Moleskine Asia, Moleskine France and Moleskine UK does not exceed its value in use, by subjecting the equity investment to impairment testing.
The impairment test was carried out based on the three-year plan, applying the discounted cash flow-equity side method. The above test showed there was no impairment of the equity investment. The forecasts developed by management indicate that viability will be restored in the business they generate and a return on the investments made for a medium-term time horizon.

As far as the subsidiaries Moleskine America, Moleskine Germany and Moleskine Denmark are concerned, there are no indicators of impairment that could reduce the value of the related equity investments.

5.7 Inventories

The following table shows a breakdown of “Inventories” as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Inventories	**2015**	**2014**
Finished products	9,984	7,030
Semi-finished products	780	498
Raw materials	2,959	2,395
Total finisehd products, semi-finished products and raw materials	**13,723**	**9,923**
Advance payments to suppliers	**29**	**93**
Finished products	(981)	(495)
Semi-finished products	(267)	(82)
Raw materials	(167)	(59)
Total provision for inventory obsolescence	**(1,415)**	**(636)**
Total inventories	**12,337**	**9,380**

As of December 31, 2015, the Company had goods held by third parties for a gross value of Euro 4,097 thousand.

As of December 31, 2015, no inventories were pledged as guarantees.

The following table presents the changes in the provision for inventory write-down during the years ended December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Provision for inventory obsolescence	**2015**	**2014**
Opening balance	636	776
Accruals	1,033	99
Releases/uses	(254)	(239)
Closing balance	**1,415**	**636**

It should be noted that the “Uses” of the provision for inventory write-down related to disposals of products (particularly agendas) made during the year and the pulping of defective articles of second and third choice.

Allocations were made to cover the risk of obsolescence of agendas in inventory at the end of the year, a risk that is measured differently in relation to the reference year of the dated product and, therefore, to the forecasts of disposals for the first months of the year following the closing date, and to cover slow-moving products, for which the realizable value based on sales forecasts and initiatives was estimated to be less than the value of inventories. Products that fall under the second choice category are entirely written off when they are deemed unsellable.

5.8 Trade receivables

The following table shows a breakdown of "Trade receivables" as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Trade receivables	**2015**	**2014**
Trade receivables from customers	10,654	9,710
Invoices to be issued	60	11
Credit notes	(166)	(42)
Trade receivables from subsidiaries	29,923	29,767
Provision for doubtful receivables	(141)	(127)
Total trade receivables	**40,330**	**39,319**

The increase in "trade receivables from customers" compared to the amount recorded in 2014 is strongly tied to the increase in revenues, in part offset by a reduction of DSOs.

"Receivables from subsidiaries" were stable compared with the previous year and are also influenced by the Euro/USD exchange rate which, at year-end 2015, resulted in the recognition of unrealized foreign exchange gains in the amount of Euro 479 thousand.

The following table shows the changes in the provision for doubtful receivables for the years ended December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Provision for doubtful receivables	**2015**	**2014**
Opening balance	127	57
Accruals	22	79
Uses/Releseases	(8)	(9)
Closing balance	**141**	**127**

For further discussion on credit risk see Note 15, "Financial risk management".

There are no receivables due in more than five years as of the reporting dates.

The following table shows the breakdown of trade receivables by currency:

In thousands of Euro	As of December 31,	
Currency	**2015**	**2014**
EUR	10,393	10,073
USD	20,106	20,561
GBP	2,031	1,302
HKD	7,800	7,383
Total trade receivables	**40,330**	**39,319**

5.9 Other current assets

The following table shows a breakdown of “Other current assets” as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Other current assets	**2015**	**2014**
Tax receivables	333	274
Prepayments to suppliers	390	219
Prepayments and accrued expenses	189	182
Other receivables	400	445
Total other current assets	**1,312**	**1,120**

“Tax receivables” includes Euro 166 thousand credit for corporate income taxes (IRES) paid as a result of not deducting the Italian regional business tax (IRAP) on employee-related costs in previous tax periods (in particular, 2007 to 2011) and is calculated net of the deductions of Legislative Decree no 446/97, Article 11, comma 1, letter a), 1-*bis*, 4-bis and 4-*bis1*. This receivable originates from the provisions of Article 2 of the “Salva Italia” decree (Law Decree No. 201/11) and reimbursement was requested on March 12, 2013, according to the approved methods communicated in a specific measure issued by the Italian Tax Authority. The remaining portion, in the amount of Euro 167 thousand, relates to the tax credit for research and development activities, introduced by Legislative Decree 142/2013 implemented by Ministerial Decree 27 May 2015, calculated on the related costs incurred in 2015.

“Prepayments to suppliers” includes advance payments made to suppliers for costs pertaining to the next financial year and mainly include the guaranteed minimums paid to the licensors and the advance payments for rent due the next financial year.

“Prepayments and accrued expenses” mainly relates to the current portion of the costs that do not apply to 2015, mainly for insurance premiums, trade fairs, bank charges and rent.

“Other receivables” includes, for the portion recoverable within 2016 in the amount of Euro 340 thousand, the receivable generated from the sale of products to a contractual counter party to be purchased on the basis of a purchase plan approved by management, involving different types of products primarily related to trade marketing installations and retail store construction services. This item also includes the deposit (caparra confirmatoria) paid to the lessee to take over the property in Milan (Corso Buenos Aires) for the single-brand store opened in February 2016.

5.10 Current financial assets

The following table shows a breakdown of "Current financial assets" as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Current financial assets	**2015**	**2014**
Financial receivables from cash pooling	260	–
Current financial receivables from subsidiaries	13	1,091
Total current financial assets	**273**	**1,091**

"Financial receivables from cash pooling" includes the related credit balance of the cash pool accounts with the subsidiary Moleskine UK. See Note 5.13 "Current and non-current financial liabilities" for more information on the cash pooling contract.

"Current financial receivables from subsidiaries" includes the current portion of interest accrued on loans to the subsidiaries Moleskine France and Moleskine UK.
As of December 31, 2014, this item included an amount of HKD 10,000 thousand for the interest-bearing loan granted to Moleskine Asia Ltd. in 2011 in order to support its start up and contribute to the development of its business. This loan was repaid in full during the year as it reached the agreed maturity date.

5.11 Cash and cash equivalents

"Cash and cash equivalents" (Euro 33,814 thousand as of December 31, 2015 and Euro 15,385 thousand as of December 31, 2014) relates to current accounts (Euro 32,888 thousand) held with leading Italian financial institutions and other cash equivalents in the amount of Euro 915 thousand. This item also includes Euro 11 thousand cash on hand relating to the Company's stores. The breakdown is presented below:

In thousands of Euro	As of December 31,	
Cash and cash equivalents	**2015**	**2014**
Cash	11	12
Bank accounts	32,888	15,373
Other cash equivalents	915	–
Total cash and cash equivalents	**33,814**	**15,385**

As of December 31, 2015, there is no restricted cash.

It should be noted that "other cash equivalents" includes a specific account, the balance of which was Euro 915 thousand as of December 31, 2015, to be used for the implementation of the agreement that Company entered into with Exane SA during the year, to support the liquidity of its ordinary treasury shares, as defined and disciplined by permitted practice no.1 set forth in CONSOB Resolution no. 16839 of March 19, 2009.

The following table shows a breakdown of cash and cash equivalents by currency:

In thousands of Euro	As of December 31,	
Currency	**2015**	**2014**
EUR	23,590	12,465
USD	6,840	2,920
GBP	3,384	–
Total cash and cash equivalents	**33,814**	**15,385**

5.12 Shareholders' equity

Shareholders' equity amounts to Euro 117,808 thousand. Changes in shareholders' equity reserves are presented in these separate financial statements.

Share capital amounts to Euro 2,122 thousand as of December 31, 2015, unchanged from the previous year, is fully paid-in and consists of 212,180,205 shares with no nominal value per share.

The legal reserve is Euro 424 thousand as of December 31, 2015. The increase during the year, in the amount of Euro 360 thousand, refers to the allocation of 2014 profit, as resolved by the shareholders at their meeting held on April 15, 2015.

The share premium reserve, totaling Euro 90,406 thousand is posted net of listing costs incurred at the IPO, allocated to shareholders' equity based on the ratio between the number of new shares issued and the number of shares existing after the listing, and is unchanged from the previous year.

Other reserves includes, in addition to the Legal reserve and the Share premium reserve, the following items:

- the reserve for discounting of post-employment benefits and other employee benefits, with a negative balance of Euro 77 thousand, which recognizes actuarial gains (losses) related to application of IAS 19, net of the related tax effect;
- the IFRS 2 reserve, in the amount of Euro 997 thousand, which accounts for the fair value of management incentive plans, as detailed in note 6.5 "Personnel costs";
- shareholder capital contributions, in the amount of Euro 51,080 thousand (unchanged from the previous year);
- the reserve for the first-time adoption of IFRS, with a negative balance of Euro 109,396 thousand, which includes the changes resulting from the application of IAS/IFRS with respect to Italian accounting standards in initial shareholders' equity as of January 1, 2012 (unchanged from the previous year);
- the reserve for unrealized exchange gains, in the amount of Euro 2,115 thousand, which includes the portion of the previous year profit that can not be distributed until the realization of the net foreign exhange gains deriving from the adjustment at year-end exchange rates of the assets and liabilities denominated in currencies other than the functional currency;
- retained earnins as of December 31, 2015, in the amount of Euro 41,201 thousand. The increase during the year refers to the allocation of 2014 profit, as resolved by the shareholders at their meeting held on April 15, 2015;
- treasury shares reserve, posting a negative balance of Euro 85 thousand, which includes the value of the treasury shares held in the portfolio as at the end of the financial year, i.e. 55,000 shares, including the amount from the trading of treasury shares, posted in the same item pursuant to IAS 32. This reserve is connected to the implementation of the agreement that the Company entered into with Exane SA in 2015, to support the liquidity of its ordinary treasury shares, as defined and disciplined by permitted practice no. 1 set forth in CONSOB Resolution no. 16839 dated March 19, 2009.

The shareholders, at their meeting held on April 15, 2015, approved the distribution of a gross dividend of Euro 0.033 per eligible ordinary share, for a total amount of Euro 7 million. The ex-dividend date was April 20, 2015, with record date on April 21, 2015 and the payable date on April 22, 2015.

The source, possibility of utilization or distribution, as well as any actual utilization of the shareholders' equity items, are presented below:

In thousands of Euro	**Amount**	**Possibility of use(*)**	**Amount available**
Share capital	2,122	B	
Legal reserve	424	B	
Share premium reserve	90,406	A. B. C	90,406
Shareholder capital contributions	51,080	A	
IAS 19 reserve	(77)		
Stock Grant reserve	997		
Unrealized exchange gains reserve	2,115	B	
Share buybavk reserve	(85)		
Reserve for first adoption of IAS/IFRS	(99,727)		
Retained earnings	41,201	A. B. C	41,201
Total	**88,456**		**131,607**

(*) A: for share capital increase B: to cover losses C: for distribution to shareholders

The Reserves were not used in the last three financial years to cover losses, while the IFRS 2 reserve was used to increase share capital in 2014 for the Stock Grant Plan.

5.13 Current and non-current financial liabilities

The following table shows a breakdown of current and non-current financial liabilities as of December 31, 2015 and 2014:

In thousands of Euro	**As of December 31, 2015**		**As of December 31, 2014**	
Current and non-current financial liabilities	**Current**	**Non-current**	**Current**	**Non-current**
Long term loans	7,609	31,602	4,856	22,947
Accrued interest	126		169	
Bank Loans	***7,735***	***31,602***	***5,025***	***22,947***
Cash pooling	761	–	–	–
Cash pooling	***761***	***–***	***–***	***–***
Total current and non-current financial liabilities	**8,496**	**31,602**	**5,025**	**22,947**

As of December 31, 2015, the Company does not have any outstanding loans in currencies other than the euro.

The following table presents a breakdown of current and non-current financial liabilities as of December 31, 2015 and 2014:

In thousands of Euro			As of December 31, 2015					
Financial liabilities (current and non-current)	**Interest rate**	**Notional amount**	**Commencement date**	**Maturity date**	**Book value**	**Maturing in 1 year**	**Maturing in 2-5 years**	**Maturing over 5 years**
Mediobanca Loan	(*)	12,000	2014	2019	9,333	2,667	6,666	–
Intesa Loan	*Euribor* 6 m + 110bp	10,000	2015	2019	10,000	2,500	7,500	–
BNL Loan	*Euribor* 6 m + 85bp	20,000	2015	2020	20,000	2,500	17,500	–
Borrowing cost					(122)	(58)	(64)	–
Accrued interest					126	126	–	–
Cash pooling	(**)		2015	1 year (automatically renewed)	761	761		
Total financial liabilities (current and non-current)					**40,098**	**8,496**	**31,602**	**–**

(*) The interest rate is calculated based on the length of the related interest period and is equal to 12-month Euribor + 225bp for the period running from the date of origination to the date of the first payment scheduled for July 15, 2015, 6-month Euribor+175bp for the half-yearly instalment on December 31, 2015, and 6-month Euribor + 150 bp for the subsequent half-yearly instalments.

(**) The interest rate is equal to 3-month Euribor +97.5bp for the balances expressed in euro, while it is equalt to 3 month Libor +112bp for balances expressed in pounds.

In thousands of Euro			As of December 31, 2014					
Financial liabilities (current and non-current)	**Interest rate**	**Notional amount**	**Commencement date**	**Maturity date**	**Book value**	**Maturing in 1 year**	**Maturing in 2-5 years**	**Maturing over 5 years**
Mediobanca Loan	(*)	12,000	2014	2019	12,000	2,666	9,334	–
Intesa Loan	*Euribor* 6 m + 225bp	10,000	2014	2019	10,000	2,222	7,778	–
BNL Loan	(**)	10,000	2014	2016	6,000		6,000	–
Borrowing costs					(197)	(32)	(165)	–
Accrued interests					169	169	–	–
Total financial liabilities (current and non-current)					**27,972**	**5,025**	**22,947**	**–**

(*) The interest rate is calculated based on the length of the related interest period and is equalt to 12-month Euribor + 225bp for the period running from the date of origination to the date of the first payment scheduled for June 30, 2015, and 6-month Euribor + 225 bp for the subsequent half-yearly instalments.

(**) The interest rate is calculated as 3/6 month average Euribor +200bp.

In 2015, the Company concluded the refinancing operation, initiated in 2014, which involved paying back and renegotiating outstanding loans in order to optimize the Group's financial structure and also to support it's strategy for growth.

The main conditions of the three outstanding loans as of December 31, 2015, are reported below which, compared with those existing as at December 31, 2014, have significant advantages for the Company in terms of a lower average cost of the debt and lengthening of the maturity date, while maintaining the more flexible financial and contractual conditions compared with those of the past, and no pledge on the trademark or any other real guarantee.

Mediobanca Loan

The loan with Mediobanca SpA, signed on July 10, 2014 for a total amount of Euro 12,000 thousand and maturity on June 30, 2019, includes a repayment schedule with nine deferred half-yearly installments of constant capital (equal to Euro 1,333 thousand) starting on June 30, 2015. The original interest rate, equal to the 12-month Euribor for the first year and 6-month Euribor for the second year, increased by an annual fixed nominal rate of 2.25 percentage points for the subsequent half-yearly rates, was renegotiated.
The amending agreement signed on May 13, 2015, resulted in the following changes in interest rates:

- until July 15, 2015 (inclusive) 225 bps per year;
- from July 16, 2015 (inclusive) to December 31, 2015 (inclusive), 175 bps per year;
- from January 1, 2016 (inclusive) 150 bps per year;

which confirm the significantly lower interest margins.

The loan also requires compliance with certain covenants to be calculated annually and every six months beginning on December 31, 2014 in relation to the Group's consolidated IFRS financial statements, using the following figures as a reference:

- net financial indebtedness /*Adjusted* EBITDA less than or equal to 2;
- *Adjusted* EBITDA / net financial charges greater than or equal to 5.

The financial data contained in the Moleskine Group Consolidated Financial Statements as at December 31, 2015, confirm compliance with the aforementioned covenants.

In addition to the above, the loan with Mediobanca specifies a number of relevant events that, should they occur and following the period in which the Company may take corrective action, the lending bank may withdraw from the contract and demand full repayment of the loan in advance of the contractually established repayment schedule.

These events mainly relate to:

- failure to comply with the covenants described above;
- failure to comply with deadlines set forth in the principal and interest repayment schedules;
- violation of disclosure obligations;
- sending false financial documents and data required under the contract;
- termination of the listing of Moleskine shares on the screen-based stock market managed by Borsa Italiana SpA;
- insolvency of one or more companies in the Group or their involvement in insolvency proceedings.

As of December 31, 2015, the remaining principal balance of the loan in question came to Euro 9,333 thousand, whereas the interest payable came to Euro 96 thousand.

Intesa Loan

The loan with Intesa San Paolo SpA, signed on July 10, 2014, for a total amount of Euro 10,000 thousand with maturity on June 30, 2019, was repaid in full on June 4, 2015, which led to the total repayment of the financial debt, in the amount of Euro 10,000 thousand, replaced by a new loan of the same amount. The repayment plan for the new loan envisages repayment in eight deferred half-yearly installments of constant capital (amounting to Euro 1,250 thousand) starting on June 30, 2016. The interest rate is calculated for each six-month period applying a variable rate equal to the 6-month Euribor increased by an annual fixed nominal rate of 1.10 percentage points, while the spread of the previous loan was 2.25 percentage points.

The loan also requires compliance with certain covenants to be calculated annually, beginning on December 31, 2015, in relation to the Group's consolidated IFRS financial statements, using the following figures as a reference:

- net financial indebtedness /*Adjusted* EBITDA less than or equal to 2;
- *Adjusted* EBITDA / net financial charges greater than or equal to 7;
- Net financial indebtedness /Shareholders' equity less than or equal to 1.

The financial data contained in the Moleskine Group Consolidated Financial Statements as at December 31, 2015, confirm compliance with the aforementioned covenants.

In addition to the above, the loan with Intesa specifies a number of relevant events that, should they occur and following the period within which the Company may take corrective action, the lending bank may withdraw from the contract and demand full repayment of the loan in advance of the contractually established repayment schedule.

These events mainly relate to:

- failure to comply with deadlines set forth in the principal and interest repayment schedules;
- failure to comply with certain obligations of the Company set out in the contract, such as compliance with the covenants, violation of disclosure obligations, and sending untrue financial documents or data;
- insolvency of one or more companies in the Group or their involvement in insolvency proceedings.

As of December 31, 2015, the remaining principal balance of the loan under review came to Euro 10,000 thousand (the first repayment of principal is scheduled for June 30, 2016).

BNL Loan

The Banca Nazionale del Lavoro (BNL) granted the Company a line of credit in the amount of Euro 10,000 thousand on July 10, 2014. This line of credit is to be issued on request and may be used until January 9, 2016. An amount of Euro 6 million was used in 2014 with the interest rate calculated for each six-month period applying a variable rate equal to the average monthly 3/6-month Euribor increased by an annual fixed nominal rate of 2 percentage points.

On April 28, 2015, the Company repaid this line of credit in full, which was then replaced by a new loan, in the amount of Euro 20 million, having the following characteristics:

a) amount: 20.000.000;
b) interest rate: 6 month Euribor + 0,85%;
c) 60-month term;
d) 12-month pre-amortization period;
e) unsecured.

The loan also requires compliance with certain covenants to be calculated annually, beginning on December 31, 2015, in relation to the Group's consolidated IFRS financial statements, using the following figures as a reference:

- net financial indebtedness /*Adjusted* EBITDA less than or equal to 2;
- *Adjusted* EBITDA / net financial charges greater than or equal to 5.

The financial data contained in the Moleskine Group Consolidated Financial Statements as at December 31, 2015, confirm compliance with the aforementioned covenants.

In addition to the above, the line of credit specifies a number of relevant events that, should they occur and following the period in which the Group may take corrective action, the lender may withdraw from the contract and demand full repayment of the loan in advance of the contractually established repayment schedule.

These events mainly relate to:

- failure to comply with the covenants described above;
- failure to comply with deadlines set forth in the principal and interest repayment schedules;
- violation of disclosure obligations;
- sending false financial documents and data required under the contract;
- termination of the listing of Moleskine shares on the screen-based stock market managed by Borsa Italiana SpA;
- insolvency of one or more companies in the Group or their involvement in insolvency proceedings.

As of December 31, 2015, the remaining principal balance of the loan under review is Euro 20,000 thousand (the first repayment of principal is scheduled for October 27, 2016), whereas the interest payable came to Euro 30 thousand.

Borrowing costs

In 2015, as a result of the aforementioned Intesa debt-refinancing transaction, the borrowing costs recorded in the 2014 financial statements were entirely transferred to the statement of comprehensive income with an impact on the net results for the year amounting to Euro 87 thousand.

The costs incurred by the Company to obtain the new BNL loan during 2015 came to Euro 61 thousand; these borrowing costs were recognized as a decrease to the relevant financial liabilities and subsequently recognized in the statement of comprehensive income applying the amortized cost method in accordance with IAS 39. As of December 31, 2015, the total value of these borrowing costs recognized as a decrease to financial liabilities was Euro 122 thousand (vs. Euro 197 thousand as of December 31, 2014).

Derivative financial instruments

None of the three outstanding loans required signing derivative instruments to hedge against interest-rate risk and for which the Company does not have contracts concerning these instruments.

Cash pooling payables

This item includes the cash pooling debit balance with regard to the subsidiaries Moleskine France and Moleskine Germany.

During the year the Company entered into a zero balancing cash pooling agreement with several Group companies (Moleskine Germany, Moleskine France and Moleskine UK). The purpose of which is to optimize the management of the Group's cash flows through the centralized cash management.
The Company acts as the pool leader while the credit and debit balance in the individual current accounts held by the pool members are transferred daily to a specific current account held by the Company.
These transactions are carried out under market conditions according to the following interest rate scheme:

- for interest income in Euro 1 bps;
- for interest income in GBP 1 month Libor interest rate - 15bps;
- for interest expense in Euro 3-month Euribor + 97,5bps;
- for interest expense in GBP 3 month Libor + 112bps;
- for interest expense in USD 3 month Libor + 114bps;

5.14 Other non-current liabilities

Other non-current liabilities (Euro 100 thousand as of December 31, 2015 and Euro 170 thousand as of December 31, 2014) refer to the linearization of rents, i.e. deferred rent, in accordance with IAS 17 of the stores in Milan (Via Dante) and in Rom (Via Frattina).

The amount beyond five years is Euro 33 thousand.

5.15 Deferred tax assets and liabilities

Deferred tax assets and liabilities represent the net balance of the deferred tax assets and deferred tax liabilities arising on the temporary differences between the tax bases of assets and liabilities and their carrying amounts.

The following tables show the changes in deferred taxes during the years ended December 31, 2015 and 2014:

In thousands of Euro

Description	Value as of December 31, 2014	Releases / accruals to P&L	Releases / accruals to equity	Value as of December 31, 2015
Deferred tax assets				
Provision for inventory obsolescence	174	214		388
Amortization intangible (IAS 38)	244	(75)		169
Provision for returns	63	34		97
Unrealized foreign exchange loss	51	(31)		20
Provision for risks	62	(62)		–
IAS 19	56		(20)	36
Other	114	28		142
Total deferred tax assets	**765**	**108**	**(20)**	**853**
Deferred tax liabilities				
Moleskine trademark	(16,956)	1,890		(15,066)
Unrealized foreign exchange gain	(634)	435		(199)
Total deferred tax liabilities	**(17,590)**	**2,325**	**–**	**(15,265)**
Total net deferred tax	**(16,825)**	**2,433**	**(20)**	**(14,412)**

In thousands of Euro				
Description	**Value as of December 31, 2013**	**Releases / accruals to P&L**	**Releases / accruals to equity**	**Value as of December 31, 2014**
Deferred tax assets				
Elimination of capitalized borrowing costs	379	(379)		–
Provision for inventory obsolescence	213	(39)		174
Derivatives fair value (IRS and embedded)	54		(54)	–
Amortization intangible (IAS 38) and IPO Cost (IAS 32)	299	(55)		244
Provision for returns	67	(4)		63
Unrealized foreign exchange loss	117	(66)		51
Provision for risks	94	(32)		62
IAS 19	15		41	56
Other	134	(20)		114
Total deferred tax assets	**1,373**	**(596)**	**(13)**	**765**
Deferred tax liabilities				
Moleskine trademark	(16,956)			(16,956)
Amortized cost	(97)	97		–
Other	(29)	(605)		(634)
Total deferred tax liabilities	**(17,082)**	**(508)**	**–**	**(17,590)**
Total net deferred tax	**(15,709)**	**(1,104)**	**(13)**	**(16,825)**

5.16 Post-employment and other employee benefits

The following table shows the changes in "Post-employment and other employee benefits" (the "TFR") for the years ended December 31, 2015 and 2014:

In thousands of Euro	**As of December 31,**	
Post-employment and other employee benefits	**2015**	**2014**
Opening balance	1,802	1,325
Service cost	449	452
Interest Cost	27	37
Benefits paid	(494)	(135)
Actuarial (gains)/losses	(63)	123
Total post-employment and other employee benefits	**1,721**	**1,802**

The main assumptions used to calculate the post-employment benefit liabilities are as follows:

	As of December 31,	
	2015	**2014**
Income statement assumptions		
Discount rate	1.03%	1.5%
Inflation rate	2.0%	2.0%
Rate of increase in wages	3.5%	3.5%
Demographic assumptions		
Probability of resignation	4.0%	4.0%
Probability of TFR advances	2.0%	2.0%

Information on post-employment defined benefit plans, as required by IAS 19, is provided below:

- sensitivity analyses for each relevant actuarial assumption as of the end of the year, demonstrating the effects of reasonable variations in the actuarial assumptions on said date, in absolute terms;
- the contribution for the subsequent year;
- the average financial duration of the liability for the defined benefit plan;
- expected disbursements from the plan.

	DBO(*) as of December 31, 2015
Inflation rate +0,25%	1,766
Inflation rate -0,25%	1,680
Discount rate +0,25%	1,670
Discount rate +0,25%	1,777
Turnover rate +1%	1,702
Turnover rate -1%	1,746

(*) *Defined Benefit Obligation.*

Service cost 2015	440
Lenght	19,6

Years	Estimated benefits paid
1	139
2	143
3	157
4	161
5	178

5.17 Provisions for risks and charges (current and non-current)

The following tables present the changes in the provisions for risks and charges for the years ended December 31, 2015 and 2014:

In thousands of Euro

Provision for risks and charges (current and non-current)	As of December 31, 2014	Accruals	Use	Provision for risks and charges non-current	Provision for risks and charges current	As of December 31, 2015
Provision for litigation and taxes	239	–	(177)	62	–	62
Provision for returns	201	309	(201)	–	309	309
Total provision for risks and charges (current and non-current)	**440**	**309**	**(378)**	**62**	**309**	**371**

In thousands of Euro

Provision for risks and charges (current and non-current)	As of December 31, 2013	Accruals	Use	Provision for risks and charges non-current	Provision for risks and charges current	As of December 31, 2014
Provision for litigation and taxes	467	177	(405)	–	239	239
Provision for returns	212	201	(212)	–	201	201
Total provision for risks and charges (current and non-current)	**679**	**378**	**(617)**	**–**	**440**	**440**

In 2015, the entire provision for risks set aside in 2014, was used to reimburse the costs for the destruction of agendas, which the Company agreed to pay to several retailers based on the settlement agreement signed with the former German distributor.

“Provision for returns” amounted to Euro 309 thousand as of December 31, 2015. Uses of it relate to the credit notes issued for goods returned by customers from sale transactions in the previous year. The provision

represents an estimate of returns of products sold during 2015, which are likely to be received subsequent to the end of the year based on commercial agreements in effect and for which the Company will issue credit notes to customers involved in the aforementioned agreements.

5.18 Trade payables

The following table shows a breakdown of trade payables as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Trade payables	**2015**	**2014**
Trade payables with suppliers	9,438	10,727
Trade payables with subsidiaries	11	59
Accrued invoices	1,421	1,018
Embedded derivatives fair value	140	313
Credit notes to be received	(1)	(25)
Total trade payables	**11,009**	**12,092**

Trade payables include payables arising as a result of the operating activities of the Company, in particular the purchase of raw materials and external processing services.

The fair value of embedded derivatives relates to the fair value of purchase/sale contracts, for the purchase of finished products, denominated in US dollars from suppliers whose functional currency is not the US dollar. The main purchases to which such derivatives relate are with suppliers based in Vietnam, China, Hong Kong and Taiwan.

As of December 31, 2015, there were no payables due in more than 5 years.

The following table shows the breakdown of payables by currency:

In thousands of Euro	As of December 31,	
Currency	**2015**	**2014**
EUR	7,512	7,089
USD	3,432	4,891
GBP	65	69
Other currencies	–	43
Total trade payables	**11,009**	**12,092**

5.19 Tax payable for the year

This item includes the debit balance resulting from current taxes for the period, minus the advances paid during the year, in the amount of Euro 5,334 thousand.

5.20 Other current liabilities

The following table shows a breakdown of "other current liabilities" as of December 31, 2015 and 2014:

In thousands of Euro	As of December 31,	
Other current liabilities	**2015**	**2014**
Payables to employees and directors	1,591	1,605
Customer advance payments	237	403
Social security payables	309	367
Withholding taxes payable accrual for employees	579	485
Payables to supplementary pension funds	86	105
Withholding taxes payable accrual for self-employed persons	31	24
Other miscellaneous liabilities	256	427
Other tax liabilities	65	–
Prepaid expenses	34	43
Total other current liabilities	**3,188**	**3,459**

"Payables to employees and directors" relate to liabilities for year-end bonuses, accrued and unused vacation and leave, and loyalty and performance bonuses accrued during the year.

"Customer advance payments" mainly include the advances received from customers as a down payment for the production of customized products for the B2B channel.

"Withholding taxes payable accrual for employees" include salary withholdings paid during January 2016, as well as the liability from the application of IFRS 2 to accrued bonus plans, details of which are provided in Note 6.5 "Personnel costs".

"Other miscellaneous liabilities" mainly refer to payables due within the year to the previous lessor of the store in Milan (on Via Dante) and an employee who was paid a leaving incentive which involves payment by installments.

"Other tax liabilities" include the amounts payable resulting from VAT for the month of December.

5.21 Net financial indebtedness

The following table shows a breakdown of net financial indebtedness as of December 31, 2015 and December 31, 2014, calculated in accordance with CONSOB Regulation No. 6064293 of July 28, 2006, and the ESMA/2013/319 Recommendations and connected with the Company's net financial indebtedness.

	In thousands of Euro	**As of December 31,**	
	Net financial indebtedness	**2015**	**2014**
A	Cash and cash equivalents	32,899	9,385
B	Other cash equivalents	915	6,000
C	Trading securities	–	–
D	**Liquidity (A) + (B) + '(C)**	**33,814**	**15,385**
E	**Short term financial receivables**	**273**	**1,091**
F	Short term loans		
G	Long term loans (current portion)	(7,609)	(4,856)
H	Other current financial liabilities	(887)	(169)
I	**Current financial position (F) + (G) + (H)**	**(8,496)**	**(5,025)**
J	**Net current financial indebtedness (I) + (E) + (D)**	**25,591**	**11,451**
K	Long term loans (non current portion)	(31,602)	(22,947)
L	Bonds issued	–	–
M	Other medium/long term financial liabilities	–	–
N	**Non-current financial liabilities (K) + (L) + (M)**	**(31,602)**	**(22,947)**
O	**Net financial indebtedness (J) + (N)**	**(6,011)**	**(11,496)**
Bridge with the Company net financial indebtedness:			
Non current financial receivables		5,826	3,154
Non current financial assets		**5,826**	**3,154**
Total net financial indebtedness		**(185)**	**(8,342)**

6. NOTES TO THE STATEMENT OF INCOME

6.1 Revenues

The following table shows a breakdown of revenues by geographic area, distribution channel and product for the years ended December 31, 2015 and 2014:

In thousands of Euro	Year ended December 31,	
Revenues by geographical area	**2015**	**2014**
EMEA (Europe, Middle East, Africa)	49,687	46,468
Americas (USA, Canada, Latin America)	31,322	20,123
APAC (Asia Pacific)	10,463	6,875
Total revenues	**91,472**	**73,466**

In thousands of Euro	Year ended December 31,	
Revenues by distribution channel	**2015**	**2014**
Wholesale	73,540	58,383
B2B	11,355	9,583
e-Commerce	2,925	1,958
Retail	3,652	3,542
Total revenues	**91,472**	**73,466**

In thousands of Euro	Year ended December 31,	
Revenues by product line	**2015**	**2014**
Paper collections	83,148	66,193
WTR collections	8,324	7,273
Total revenues	**91,472**	**73,466**

Net of the intercompany revenues, the wholesale channel experienced a healthy growth in sales led by the core markets also following the distribution changes implemented in 2014.

The increase in revenues generated in the B2B channel is linked to the continued development of the distributor network to strengthen global reach and an exceptional flow of large projects. The growth in sales in the e-Commerce channel is due to the operational improvements implemented in the second half of 2014 with our new distributor, which generated a positive growth of traffic and conversion rates.

The revenue generated by the retail channel grew compared to the previous year. Net of intercompany revenues it increased considerably due to the higher average revenue for each point of sale.

Revenues generated in Italy amounted to Euro 10,967 thousand in 2015 (vs. Euro 10,966 thousand in 2014).

6.2 Other operating income

The following table shows a breakdown of “Other operating income” for the years ended December 31, 2015 and 2014:

In thousands of Euro	Year ended December 31,	
Other operating income	**2015**	**2014**
Other operating income	427	242
Exchange rate gain	4,053	2,980
Total other operating income	**4,480**	**3,222**

Other income refers primarily to the result of exchange differences, revenues for expense recoveries, chargebacks to suppliers, insurance settlements and other revenues not strictly attributable to ordinary business.

The significant increase in currency gains is attributable to the depreciation of the euro, particularly affecting the first half of 2015, which resulted in recognition of exchange gains on the sales invoices expressed in US dollars and in Hong Kong dollars. This positive effect was in partially offset by the negative impact of exchange rate losses on the purchase of goods and services in US dollars.
This item also includes, in the amount of Euro 173 thousand as of December 31, 2015, the decrease in fair value of the embedded derivatives in accordance with IAS 39.

Please see the Management Report for further details on the impact of the exchange rate on the statement of comprehensive income.

6.3 Costs for finished products, raw materials and consumables

The following table shows a breakdown of “Costs for finished products, raw materials and consumables” for the years ended December 31, 2015 and 2014:

In thousands of Euro	Year ended December 31,	
Finished products, raw materials and consumables	**2015**	**2014**
Finished and semi-finished products purchases	22,288	14,346
Raw materials purchases	4,363	3,226
Exhibition stands production	405	241
Catalogs	163	132
Packaging	146	129
Other	116	354
Change in inventories	(3,021)	1,010
Total finished products, raw materials and consumables	**24,460**	**19,438**

For greater comparability of the figures for the two years, the “finished and semi-finished product purchases” as of December 31, 2014, was stripped of the decrease in the fair value of the embedded derivatives in accordance with IAS 39, in the amount of Euro 392 thousand, and reclassified in the other operating expenses. The increase in purchases of raw materials and finished products is strongly tied to the growth in the Company’s turnover.

The change in inventories has increased also due to flunctuations in the US dollar exchange rate, the currency used by the Company to make purchases.

6.4 Service costs

The following table shows a breakdown of “Service costs” for the years ended December 31, 2015 and 2014:

In thousands of Euro	**Year ended December 31,**	
Service costs	**2015**	**2014**
Commercial/sales costs	4,129	3,582
Consulting fees	1,901	1,475
Customs expenses	1,661	1,077
Storage costs	1,549	1,313
Rents	1,092	728
Royalties	1,027	600
Marketing and communication expenses	859	682
Sales transportation	837	943
Design costs	830	697
Maintenance, repairs and assistance	716	764
Processing costs	703	972
Administrative Costs	628	703
Costs for general services	485	708
Bank Fees	183	118
Leasing	73	77
Ancillary costs related to the IPO process	–	224
Total service costs	**16,673**	**14,663**

The main items included in the service costs are described below.

Commercial/sales costs include costs associated with sales and promotions, including the costs incurred for promotional initiatives at points of sale, costs incurred to obtain privileged spaces within points of sale and for the commissions paid to distributors for identifying commercial opportunities in the *B2B* channel and the agent managing part of the Spanish market in the B2C channel.

Consulting fees mainly include costs arising from tax, legal and notary services, personnel management (personnel search and training) advisory services and consulting related to managing and protecting the Moleskine brand.

Customs expenses mainly include the costs incurred for transporting products from the centralized hubs (Italy and China) as well as transport between the different warehouses of the Company.

Storage costs include the costs of storing merchandise in centralized *hub*s (Italy and China).

Rents include both the costs incurred for the offices where the Company is based as well as rental fees for stores.

Royalties includes the amounts recognized to licensors as remuneration for use of their trademark in the limited editions produced by the Company.

Marketing and communication expenses relate to marketing and brand-related costs aimed at increasing brand awareness through press releases, event sponsorship and participation in fairs.

Transport costs mainly include the costs incurred for shipping products to distributors and end consumers.

Processing costs primarily relate to the costs incurred to personalize products on behalf of customers from the B2B sales channel.

Administrative costs include the independent audit expenses, insurance, external payroll processing fees and fees for statutory auditors and the Supervisory Body.

Costs for general service mainly include telephone, cleaning, utility, postal, etc. expenses

The increase in bank fees is mainly due to the growth experienced in the retail channel and the bank charges relating to store operations as well as the fees related to the guarantees provided to several lessors and suppliers.

6.5 Personnel costs

The following table shows a breakdown of “Personnel costs” for the years ended December 31, 2015 and 2014:

In thousands of Euro	**Year ended December 31,**	
Personnel costs	**2015**	**2014**
Salaries and wages	7,498	7,780
Social security contributions	1,997	1,961
Post employment employee benefits	539	515
Board of Directors’ remuneration	632	586
Other personnel costs	739	993
Total personnel costs	**11,405**	**11,835**

The following table shows a breakdown of the average number and period-end number of employees and collaborators by category for 2015 and 2014:

	Year ended December 31, 2015		**Year ended December 31, 2014**	
Units	**average**	**year-end**	**average**	**year-end**
Directors	4	4	4.5	4
Executive	12	10	12	13
Managers	31	31	29	30
White collar workers	105	112	99	98
Collaborators	6	4	5	7
Total employees and collaborators	**158**	**161**	**149.5**	**152**

Post-employment benefits also includes the service cost for for liability to employees in the amount of Euro 449 thousand, and the cost for post-employment benefits (TFR) for the supplementary pension plans and for the 2015 portion paid to employees who left during the year.

Other personnel costs mainly include the leaving incentives paid to employees with whom the consensual termination of employment was agreed, as well as the costs recognized for management incentive plans, both cash and equity settled, for a total amount of Euro 298 thousand (vs. Euro 516 thousand in 2014).

A brief description of the mechanisms of the equity-settled management incentive plan outstanding as of December 31, 2015, is provided below.

Stock Option Plan

The Stock Option Plan, as approved by the shareholders in their meeting held on November 25, 2013, represents a tool for focusing the beneficiaries' attention on strategic interests, enhancing loyalty and providing incentives to remain with Group companies. Furthermore, the Stock Option Plan represents, for individuals who perform strategic roles that are critical for the success of the Group, a continuous incentive to maintain appropriate management standards and improve the Group's performance, by increasing competition and creating value for shareholders.

This Plan is reserved for individuals who, at the date the options are assigned, hold the office of Director with executive responsibilities and/or are full-time employees of Group companies. The stock option plan calls for the assignment, free of charge, of options which grant beneficiaries the right to subscribe to Moleskine ordinary shares (in the ratio of one (1) ordinary share for one (1) option exercised) resulting from the share capital increase against payment and in tranches no later than December 31, 2020, for a maximum amount of Euro 63,600.00, to be recognized entirely in share capital, excluding the option right, pursuant to Article 2441, paragraphs 5 and 6, of the Italian civil code, through the issue of a maximum of 6,360,000 new regularly entitled Moleskine ordinary shares with no nominal value per share, equivalent to 3% of the Company's subscribed and paid-in share capital on the date of approval of the Plan, reserved for beneficiaries of the Stock Option Plan at a subscription price corresponding to the weighted-average official closing price of Moleskine ordinary shares on the screen-based market (MTA) organized and managed by Borsa Italiana S.p.A., in the thirty trading days prior to the option assignment date.

The exercise of the options may be dependent on reaching pre-determined and measurable performance objectives, possibly combined, such as EBITDA and/or net financial position parameters, as indicated by the Board of Directors, with input from the Remuneration Committee, for the reference period of the Company's business plan and/or budget.

The Plan envisages the right of beneficiaries to early exercise should certain events occur, including:

- change of control pursuant to Article 93 of the Consolidated Law on Finance, even if it does not result in the requirement to launch a take-over bid;
- launch of a take-over bid on the Company's shares pursuant to Articles 102 et seq. of the Consolidated Law on Finance; or
- resolution of transactions that may result in the delisting of Moleskine ordinary shares.

Additionally, as a condition for participation, the Plan envisages, the maintenance of full-time employment relationship or the office of Director with executive responsibilities with Moleskine or one of its subsidiaries, according to the beneficiary's position (the "Relationship").

Specifically, the Plan states that, in the event the Relationship is terminated due to a "bad leaver" situation, all Options assigned to the beneficiary, including Options that have become effective but have not been exercised, are automatically cancelled and have no effect or validity.

The “bad leaver” assumption includes the following events, based on the individual case: (i) dismissal by the beneficiary, the beneficiary’s removal from the office of Director and/or removal of its powers, or the failure to be re-appointed to the office of Director and/or to have powers re-confirmed, all for just cause; (ii) voluntary resignation by the beneficiary not justified by one of the criteria identifying the case of “good leaver”.

In the event the Relationship is terminated for reasons falling under the “good leaver” assumption, the beneficiary or his/her assignees, without prejudice to compliance with the Plan’s requirements, procedures and terms, will maintain the right to partially exercise the Options assigned, in consideration of the moment in which the Relationship was terminated, according to the Plan’s provisions.

The following events are considered to fall under the “good leaver” assumptions, according to the individual case: (i) dismissal of the beneficiary without just cause; (ii) removal from the office of Director or failure to be reappointed, without just cause; (iii) dismissal from the role of Director if the beneficiary’s powers are revoked or fail to be confirmed, without just cause, so that the Relationship with the Company or its subsidiary is substantially changed; (iv) resignation from the office or termination of the employment relationship if even only one of the following applies: (a) permanent physical or mental disability of the beneficiary, due to illness or accident; (b) death of the beneficiary.

For the measurement of the plan within the scope of IFRS 2 – *Share-based payment*, 4 different *tranche*s were identified in the Plan, as a result of which 5,195,185 options have been awarded as of December 31, 2015, including 2,362,000 options awarded in 2015.

The Plan duration is until December 31, 2020, and there is a vesting period for the Options assigned to the Beneficiary.

The following table shows, for each tranche of option assignments, the related vesting period, i.e. the exercise date of the option and the exercise price:

	Vesting period	Exercise price
First tranche	30/04/2016	1.664
Second tranche	30/04/2017	1.632
Third tranche	30/04/2018	1.268
Fourth tranche	30/04/2018	1.640

The fair value of the stock options is represented by the value of the option determined by applying the Black-Scholes model, which takes into account the conditions for exercising the option, the current share price, the expected volatility and the risk-free interest rate and considering the non-vesting conditions.

The following assumptions were used for the fair value measurement of the options issued in the four tranches:

	Assumptions in fair value			
	First tranche	Second tranche	Third tranche	Fourth tranche
Market price on the date of assignment	1.531	1.45	1.326	1.725
Volatility	30%	35.90%	34.90%	33.6%
Market interest rate	0.53%	0.69%	(0.09%)	(0.10%)
Dividend yield	0.55%	0.74%	2.50%	2.50%

Based on the applicable financial reporting standard, IFRS 2, the fair value of this Plan, determined with the support of an independent expert, was recognized in the statement of comprehensive income for the portion vesting in the year. In detail, the portion of personnel costs related to the awarding of Moleskine shares, in the amount of Euro 298 thousand, was recorded against shareholders' equity (Euro 173 thousand) net of the tax provision to be deducted from the value of the number of shares awarded.

6.6 Other operating expenses

The following table shows a breakdown of "Other operating expenses" for the years ended December 31, 2015 and 2014:

In thousands of Euro	Year ended December 31,	
Other operating expenses	**2015**	**2014**
Other miscellaneous operating expenses	259	609
Gifts and donations	457	322
Charitable donations	158	123
Accruals to provision for risks and charges	(177)	7
Exchange rate losses	1,038	821
Impairments of receivables	22	82
Total other operating expenses	**1,757**	**1,964**

The other miscellaneous operating expenses refer to the amounts paid for membership fees (Euro 127 thousand) and for the amount recognized to the former distributor in Scandinavia with which a settlement agreement was signed that provided for the early termination of the contract against payment in full and final settlement of any disputes between the parties.

Gifts and donations relate to products distributed by the Company for promotional and marketing purposes.

Charitable donations relate primarily to donations to the non-profit organisation Lettera 27.

See Note 5.17 "Provisions for risks and charges (current and non-current)" for information on the release of provisions for risks.

Exchange losses includes the negative income items resulting from the Company's transactions in foreign currencies.

6.7 Depreciation, amortization and impairment

The following table shows a breakdown of "Depreciation, amortization and impairment" for the years ended December 31, 2015 and 2014:

In thousands of Euro	Year ended December 31,	
Depreciation, amortization and impairment	**2015**	**2014**
Amortization of intangible assets	1,669	1,431
Depreciation of property, plant and equipment	979	921
Impairment of tangible and intangible assets	581	95
Total depreciation, amortization and impairment	**3,229**	**2,447**

The increase in depreciation is related to the greater level of investment in property, plant and equipment and intangible assets, in particular since 2013.

"Impairment of tangible and intangible assets" mainly includes the amount posted to the income statement for the impairment of the old e-Commerce platform following its final closing.

6.8 Finance income / (expense)

The following table shows a breakdown of "Finance income" and "Finance expense" for the years ended December 31, 2015 and 2014:

In thousands of Euro	**Year ended December 31,**	
Finance income/(expense)	**2015**	**2014**
Bank interest earnings and other finance income	126	8
Foreign exchange gains	547	341
Finance income toward subsidiaries	103	73
Total finance income	**776**	**422**
Interest expenses on bank loans	(746)	(1,226)
Foreign exchange losses	(91)	(1)
Interest expenses on TFR	–	(196)
Interest expenses on derivatives	(27)	(37)
Other finance cost	(8)	(35)
Total finance expense	**(872)**	**(1,496)**
Net finance income/(expense)	**(96)**	**(1,074)**

Interest expenses on bank borrowings include not only interest expense on financial liabilities with banks, but also borrowing costs on the Mediobanca and BNL loans, initially posted as a reduction to the loans themselves, a portion of Euro 49 thousand of which was transferred to the statement of comprehensive income during the year. Furthermore, following the renegotiation of the Intesa loan, the remainder of the borrowing costs, in the amount of Euro 87 thousand, recorded using the amortized cost method, were transferred to the statement of comprehensive income. These costs were included in the item "interest expenses on bank borrowings".

The reduction in finance expenses incurred by the Company in 2015 compared to 2014, despite the higher average level of financial indebtedness, is the result of the loan renegotiations carried out by the Company during the year, which resulted in a significant reduction in the interest rates applied. See section 5.13 "Current and non-current financial liabilities" for more information.

Foreign exchange gains and losses included within finance income and expense refer solely to exchange differences realized on transactions of a financial nature.

6.9 Tax expense

The following table shows a breakdown of "Tax expense" for the years ended December 31, 2015 and 2014:

In thousands of Euro	**Year ended December 31,**	
Tax expense	**2015**	**2014**
Current tax	11,413	6,191
Deferred income tax	(2,433)	1,104
Total tax expense	**8,980**	**7,295**

The following table provides a reconciliation of the theoretical tax expense to actual tax expense:

In thousands of Euro	**Year ended December 31,**			
Description	**2015**	**%**	**2014**	**%**
Profit before income tax expense	**38,332**		**25,266**	
Theoretical taxes	10,541	27.5%	6,948	27.5%
IRAP	1,464	3.8%	1,182	4.7%
Permanent differecences and other differences:	(3,025)	(7.9%)	(835)	(3.3%)
Of which adjustment IRES rate	*(1,884)*	*(4.9%)*	–	*0.0%*
Actual tax expense	**8,980**	**23.4%**	**7,295**	**28.9%**

In particular, we would like to point out the adjustment to the deferred tax provision relating to corporate income tax (IRES) recognized on the value of the brand, went from 27.5% to 24%, according to the provisions of the 2016 Stability Law, which resulted in a positive effect of Euro 1.9 million.

7. RELATED PARTY TRANSACTIONS

In 2015, the Company's related party transactions were primarily in reference to:

- commercial and financial transactions with the subsidiaries Moleskine America, Moleskine Asia, Moleskine France, Moleskine Germany and Moleskine UK;
- fees paid to Raynaud & Partners law firm in which Attorney Daniele Raynaud, member of the Moleskine Board of Directors, is a partner, for the legal advisory services provided to the Company;
- fees paid to the Di Tanno & Associates studio in which Mr. Fabio Brunelli, member of the Moleskine Board of Directors, is a partner, for the tax advisory services provided to the Company;
- charitable donations made during the year to the non-profit organization Lettera 27, in which one of the Company's key executives is on the board;
- amounts paid to Directors and key executives.

The following tables show an analysis of the financial position, profit and loss impact and cash flow balances associated with the Company's transactions with related parties for the years ended December 31, 2015 and 2014:

Statement of financial position balances

In thousands of Euro	As of December 31, 2015							
	Trade receivables	**Financial non-current assets**	**Financial current assets**	**Trade payables**	**Other Current Liabilities**	**Other non-current Liabilities**	**Post-employment and other employee benefits**	**Non current and current financial liabilities**
Moleskine America	20,109							
Moleskine Asia	7,800							
Moleskine Germany	1,877							(556)
Moleskine UK	75	327	265					
Moleskine France	62	495	8	(11)				(205)
Raynaud & Partners				(5)				(64)
Board of Directors					(63)			
Key management					(111)		(217)	
Total related-party transactions	**29,923**	**822**	**273**	**(16)**	**(174)**	**–**	**(217)**	**(825)**
Total of statement of financial position line item	**40,330**	**5,826**	**273**	**(11,009)**	**(3,188)**	**(100)**	**(1,721)**	**(40,099)**
% of statement of financial position line item	**74.2%**	**14.1%**	**100.0%**	**0.1%**	**5.5%**	**n/a**	**12.6%**	**2.1%**

In thousands of Euro	As of December 31, 2014							
	Trade receivables	**Financial non-current assets**	**Financial current assets**	**Trade payables**	**Other Current Liabilities**	**Other non-current Liabilities**	**Post-employment and other employee benefits**	**Non current and current financial liabilities**
Moleskine America	20,529							
Moleskine Asia	7,383		1,073					
Moleskine Germany	1,442	1,280	8	(59)				
Moleskine UK	266	629	3					
Moleskine France	147	1,245	7					
Raynaud & Partners								(96)
Board of Directors					(27)			
Key management					(148)	(103)	(438)	
Total related-party transactions	**29,767**	**3,154**	**1,091**	**(59)**	**(175)**	**(103)**	**(438)**	**(96)**
Total of statement of financial position line item	**39,319**	**3,154**	**1,091**	**(12,092)**	**(3,459)**	**(170)**	**(1,802)**	**(27,972)**
% of statement of financial position line item	**75.7%**	**100.0%**	**100.0%**	**0.5%**	**5.1%**	**60.6%**	**24.3%**	**0.3%**

Statement of comprehensive income balances

In thousands of Euro	As of December 31, 2015				
	Revenues	**Other income**	**Service costs and Other operating costs**	**Personnel costs**	**Net finance income/ (expense)**
Moleskine America	31,321	200			
Moleskine Asia	10,463	52	(7)		35
Moleskine Germany	7,140	9	(169)		17
Moleskine UK	180				18
Moleskine France	162		(95)		34
Fondazione ONLUS Lettera27			(158)		
Raynaud & Partners			(85)		(63)
Di Tanno e associati			(13)		
Board of Directors				(738)	
Key management				(1,892)	
Total related-party transactions	**49,266**	**261**	**(527)**	**(2,630)**	**(41)**
Total of statement of financial position line item	**91,472**	**4,480**	**(42,890)**	**(11,405)**	**(96)**
% of statement of financial position line item	**53.9%**	**5.8%**	**1.2%**	**23.1%**	**(42.7%)**

In thousands of Euro	As of December 31, 2014				
	Revenues	**Other income**	**Service costs and Other operating costs**	**Personnel costs**	**Net finance income/ (expense)**
Moleskine America	20,060	66			
Moleskine Asia	6,798	24			40
Moleskine Germany	2,194	19	(59)		12
Moleskine UK	280				3
Moleskine France	126				18
Fondazione ONLUS Lettera27			(120)		
Di Tanno e Associati			(42)		(64)
Board of Directors				(586)	
Key management				(2,370)	
Total related-party transactions	**29,458**	**109**	**(221)**	**(2,956)**	**9**
Total of statement of financial position line item	**73,466**	**3,222**	**(36,066)**	**(11,835)**	**(1,074)**
% of statement of financial position line item	**40.1%**	**3.4%**	**0.6%**	**25.0%**	**(0.8%)**

Cash flows

The cash flows shown in the following tables represent actual payments and receipts recorded with related parties, not the changes in the financial statement account balances to which they refer.

In thousands of Euro	As of December 31, 2015				
	Relationship between intercompany subsidiaries companies	**Other related parties transactions**	**Total related parties**	**Total cash flow**	**%**
Cash flow used in operating activities	39,710	(1,548)	38,162	18,834	202.6%
Cash flow used in investing activities	(7)	–	(7)	(2,257)	0.3%
Cash flow used in financing activities	2,757	(31)	2,726	1,421	191.8%

In thousands of Euro	As of December 31, 2014				
	Relationship between intercompany subsidiaries companies	**Other related parties transactions**	**Total related parties**	**Total cash flow**	**%**
Cash flow used in operating activities	22,123	(1,224)	20,899	13,866	150.7%
Cash flow used in investing activities	(362)	–	(362)	(2,570)	14.1%
Cash flow used in financing activities	(3,090)	(108)	(3,198)	1,821	(175.6%)

7.1 Directors' and key executives' compensation

The total amount of compensation paid to the Company's Board of Directors for the year ended December 31, 2015, was Euro 738 thousand (Euro 586 thousand for the year ended December 31, 2014).

The total amount of compensation paid to key executives for full year 2015, amounted to Euro 1,892 thousand, including the amount set aside for existing incentive plans. For further information, please refer to Note 6.5 "Personnel costs".

8. BOARD OF STATUTORY AUDITORS' COMPENSATION

Compensation paid to the Board of Statutory Auditors for the year ended December 31, 2015, was Euro 44 thousand (Euro 45 thousand for the year ended December 31, 2014).

9. INDEPENDENT AUDITORS' FEES

Details of the fees paid to the independent auditors and other companies belonging to its network is reported below, in accordance with Article 149-duodecies of the Implementation Regulation of Italian Legislative Decree no. 58 of February 24, 1998:

In thousands of Euro	**Year ended December 31,**	
	2015	**2014**
Compensation of external audit company for audit services:		
for the Parent Company Moleskine S.p.A.	140	122
for the subsidiaries companies		
for the subsidiaries companies (services provided through network)	67	60
Compensation of external audit company for certification:		
for the Parent Company Moleskine S.p.A.	–	5
for the subsidiaries companies		
for the subsidiaries companies (services provided through network)	7	–
Compensation of external audit company for other services:		
for the Parent Company Moleskine S.p.A.	–	8
for the subsidiaries companies		
Compensation of external audit network companies for other services:		
for the Parent Company Moleskine S.p.A.	29	34
for the subsidiaries companies	45	28

10. COMMITMENTS AND GUARANTEES

Lease commitments

As of December 31, 2015, the Company had outstanding commitments in connection with lease agreements relating to the properties located in Milan (Viale Stelvio 66 and 70) and the stores located in Italy.

The following table shows a breakdown of the minimum payments under agreements to which the Company is a party as of December 31, 2015:

In thousands of Euro	**As of December 31,**	
	2015	**2014**
< 1 year	843	879
1-5 years	3,817	3,114
> 5 years	2,838	2,448
Total	**7,498**	**6,441**

Guarantees

As of December 31, 2015, the Company has three outstanding guarantees, in the amount of Euro 2,197 thousand (vs. Euro 2,329 thousand as of December 31, 2014) provided to the lessors of the two American subsidiaries, Moleskine America Inc. and Moleskine America Retail L.L.C., in connection with future lease payments for the headquarters, a single-brand store in New York (Soho) and a single-brand store in New York (World Trade Center).

The Company also has three outstanding guarantees provided to lessors on behalf of the subsidiary Moleskine France in connection with the spaces at three points of sale in Paris, for a total of Euro 162 thousand and three guarantees provided to lessors of the subsidiary Moleskine Germany in connection with the office in Cologne, where the Company is based, and two stores: one in Berlin and the other in Hamburg, for a total of Euro 66 thousand.

The Company also has an outstanding guarantee, in the amount of Euro 55 thousand, granted to the subsidiary Moleskine Asia which was used by the latter to issue a bank guarantee to the lessor of the single-brand store in Hong Kong.

Furthermore, the Company provided bank guarantees for the Società Esercizi Aeroportuali S.E.A. S.p.A., Aeroporti di Roma S.p.A., Grandi Stazioni S.p.A., Immobiliare Camperio Srl and Afim Srl in relation to the sub-concessions of the points of sale at Milan Linate, Milan Malpensa, Rome Fiumicino airports, the Venice Santa Lucia railway station and the store in Milan (on Via Dante) and in Rome (Via Frattina) in the amount of Euro 190 thousand, Euro 100 thousand, Euro 59 thousand, Euro 54 thousand and Euro 123 thousand respectively, which are valid for the duration of the agreements. Furthermore, there is an outstadning bank guarantee, in the amount of Euro 167 thousand, granted to the former lessor of the store in Milan (Via Dante) to guarantee the payment of the installments not yet due relating to the key money agreed to takeover the lease agreement.

Lastly, several guarantees issued to suppliers from the Far East in order to guarantee the supply of goods for a total amount of Euro 1,462 thousand, as well as a guarantee in favor of an Italian supplier in the amount of Euro 110 thousand, provided to guarantee payment for the purchase of machinery by the indirect subsidiary Moleskine Trade & Commerce Shanghai.

11. CONTINGENT LIABILITIES

Other than the information provided in note 5.17 "Provisions for risks and charges (current and non-current) there were no ongoing legal or tax proceedings.

12. TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL DEALINGS

In accordance with the CONSOB Communication of July 28, 2006, no atypical and/or unusual transactions, as defined by the Communication, took place during 2015.

13. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In accordance with the CONSOB Communication of July 28, 2006, the Company's performance for full year 2015 was not affected by non-recurring charges.

14. MATERIAL EVENTS AFTER DECEMBER 31, 2015

No significant events occurred after the year-end date.

15. FINANCIAL RISK MANAGEMENT

Moleskine, also from a Group-wide perspective, manages the exposure to varying degrees of financial risks associated with its business activities, specifically attributable to market risk, which can be further broken down into:

- market risk arising from the fluctuation of interest rates, commodity prices and exchange rates between the euro and the other currencies in which the Company deals;
- credit risk arising from a possible default by a counterparty; and
- liquidity risk arising from the absence of financial resources needed to meet financial obligations.

Financial risks are managed based on guidelines defined by the Company, in line with the objectives defined by central offices. This allows the Company to control and coordinate the transactions of individual subsidiaries, through more effective financial planning and control, to systematically monitor the Group's level of financial risk exposure and treasury performance, and to provide useful indications to optimize relationship management with reference to credit institutions.

According to these directives, the individual financial risks are specifically managed, acting with the objective of minimizing the related impact.

Financial liabilities primarily consist of trade payables and bank loans. These liabilities are managed chiefly to finance the Company's operations.

The following section provides qualitative and quantitative indications concerning the uncertainty of such risks.

15.1 Market risk

Foreign exchange risk

The exposure to the risk of fluctuations in exchange rates arises from trading activities, which may be conducted in currencies other than the euro. Revenues and costs denominated in a foreign currency may be influenced by fluctuations in the exchange rate, resulting in an impact on margins (economic risk), just as trade and financial payables and receivables denominated in a foreign currency may be affected by the translation rates used, impacting the statement of comprehensive income (transaction risk).

The main exchange rates to which the Company is exposed are:

- EUR/USD, in relation to sales in USD for the subsidiary Moleskine America and purchases carried out in USD on the Asian market;
- EUR/GBP, in relation to sales in GBP on the UK market;
- EUR/HKD, in relation to sales in HKD for the subsidiary Moleskine Asia.

During 2015, the total amount of operating costs exposed to exchange rate risk amounted to approximately one-third of total costs. During 2015, the total amount of operating costs exposed to exchange rate risk amounted to approximately one-third of total costs. The total amount of revenues directly exposed to exchange rate risk was equivalent to 54.1% of sales (45.3% in 2014). The amount of trade payables exposed to exchange rate risk was 31.8% of total trade payables, while the amount of trade receivables exposed to exchange rate risk was 74.2% of total trade receivables.

The Company does not adopt specific policies to hedge against exchange risk associated with its commercial activities, other than adjusting the foreign currency price list. The Company pursues a strategy that calls

for purchases and sales in the same currency, which in management's judgment mitigates the risk arising from fluctuations in exchange rates. In addition, in distribution contracts where sales price lists are set in a currency other than the euro, the Company has established hedging clauses that provide for the financial effects of fluctuations in exchange rates beyond certain thresholds to be charged back to the customer.

Sensitivity analysis relating to exchange rate risk

For the purposes of the sensitivity analysis relating to exchange rate risk, the items of the statement of financial position (financial assets and financial liabilities) denominated in a currency other than the Company's functional currency were identified.

For the purposes of the analysis, an appreciation of 10% and a depreciation of 10% in the exchange rate between the currency in which the line item is denominated and the accounting currency were considered.

The following table presents the results of the analysis conducted:

In thousands of Euro	Impact on Result and on Equity, net of tax effect									
Sensitivity analysis	**USD**		**GBP**		**HKD**		**Other currencies**		**Total**	
	–10%	**+10%**	**–10%**	**+10%**	**–10%**	**+10%**	**–10%**	**+10%**	**–10%**	**+10%**
Year 2015	1,921	(1,572)	479	(392)	628	(514)	–	–	3,028	(2,478)
Year 2014	1,497	(1,225)	150	(122)	681	(557)	(3)	3	2,325	(1,901)

Note: positive figures reflect a gain in net profit and an increase in shareholders' equity, whereas the negative figures reflect a loss in net profit and a decrease in shareholders' equity.

The significant exposure to fluctuations in exchange rates in 2015 was primarily attributable to the receivables due from the subsidiaries Moleskine America and Moleskine Asia, as well as the foreign currency bank accounts.

Interest rate risk

The Company uses external financial resourses in the form of debt and uses cash on hand in bank deposits and other products offering capital protection with a low risk profile. Changes in market interest rates influence the cost and return of the various forms of borrowing and investing and, therefore, the Company's finance income and finance expense. The Company regularly assesses its exposure to the risk of changes in interest rates. Up until the last period, the Company managed such risk to a certain extent through the use of interest rate derivative financial instruments, namely interest rate swaps (IRSs), used for hedging purposes only, adopting hedge accounting rules. The debt-refinancing transaction carried out in 2014 and concluded in 2015 (see note 5.13 for details) and the improvement in the Company's financial standing resulted in a sizeable drop in finance expenses so the Company decided that it would no longer be necessary to rely on interest rate derivative financial instruments.

The interest rate to which the Company is most exposed is the Euribor.

Sensitivity analysis relating to interest rate risk

The Company's exposure to interest rate risk has been analyzed through a sensitivity analysis that considered current and non-current financial liabilities. The following is a brief description of the method used for that analysis, along with the results achieved.

The analysis considered the effects on the Company's statement of comprehensive income and shareholders' equity for the years 2015 and 2014 resulting from a hypothetical increase and decrease in market rates of 50 bps. The calculations applied the hypothetical change to the interest rates on the average annual balance of the Company's bank deposits and the period-end balances of gross financial indebtedness, as well as the interest rates on floating-rate liabilities.

The following table presents the results of the analysis conducted:

In thousands of Euro	**Impact on result net of tax effect**		**Impact on result net of tax effect**	
Sensitivity analisys	**–50 bps**	**+50 bps**	**–50 bps**	**+50 bps**
Year 2015	106	(106)	106	(106)
Year 2014	29	(29)	29	(29)

Note: positive figures reflect a gain in net profit and an increase in shareholders' equity, whereas the negative figures reflect a loss in net profit and a decrease in shareholders' equity.

Price risk

Price risk is related to oscillations in the prices of raw materials, semi-finished and finished goods purchased. Specifically, the price risk mainly arising from the presence of a limited number of suppliers of goods and the need to guarantee procurement volumes and avoid jeopardizing inventory stocks and comprising delivery times. The Company's actions to contain price risk in 2015 included promoting the development of the network of finished product suppliers, with the objective of not only allowing consistent access to the best pricing conditions to strengthen margins, but also diminishing the degree of dependence on specific geographical areas, China in particular, by seeking production partners in new countries such as Vietnam and South Korea.
In addition, the Company further limits price risk through its procurement policy, which calls for the annual negotiation of purchase price lists with suppliers, and ensures that prices are contractually fixed for a period of at least 12 months and therefore are not affected by fluctuations relating to changes in commodity prices, which are largely borne by the supplier.
Therefore management deems that price risk is remote.

15.2 Credit risk

The Company is exposed to credit risk from potential losses arising from the non-fulfillment of obligations assumed by trade and financial counterparties.

The total exposure to credit risk as of December 31, 2015 and 2014 is represented by the sum of financial assets, broken down by due dates as follows:

In thousands of Euro	As of December 31, 2015						
	Not overdue	Overdue days					Total
		0-30	31-60	61-90	91-365	over 365	
Other non-current assets	714						714
Non-current financial assets	5,826						5,826
Trade receivables	22,897	2,224	1,253	3,229	10,720	148	40,471
Provision for doubtful receivables					(1)	(140)	(141)
Other current assets	1,312						1,312
Current financial assets	273						273
Advances received	(237)						(237)
Total exposure to credit risk	**30,786**	**2,224**	**1,253**	**3,229**	**10,719**	**8**	**48,218**

In thousands of Euro	As of December 31, 2015						
	Not overdue	Overdue days					Total
		0-30	31-60	61-90	91-365	over 365	
Other non-current assets	679						679
Non-current financial assets	3,154						3,154
Trade receivables	15,781	6,805	2,354	2,911	11,494	100	39,446
Provision for doubtful receivables					(35)	(92)	(127)
Other current assets	1,120						1,120
Current financial assets	1,091						1,091
Advances received	(343)						(343)
Total exposure to credit risk	**21,482**	**6,805**	**2,354**	**2,911**	**11,459**	**8**	**45,019**

Current and non-current receivables include tax receivables, advance payments to suppliers, advance payments of insurance and security deposits. Current and non-current financial assets include the intragroup loans, financial receivables for cash pooling arrangements, as well as the life insurance product signed in December 2015, as detailed in section 5.5 “Non-current financial assets”. On the whole, they present a low level of credit risk.

The risk of insolvency associated with trade receivables is monitored centrally by the administrative department, which reviews the Company’s credit exposure, monitors the collection of trade receivables and determines whether to accept new customers by conducting qualitative and quantitative a analyses of

creditworthiness, performed partly by using databases specialized in providing corporate rating services. The Company's credit risk policy is differentiated by sales channel: B2B, Wholesale, Retail and e-Commerce.

The Company monitors the risk associated with receivables arising from the wholesale channel, which accounted for 77.2% of total receivables as of December 31, 2015 (84% of total receivables as of December 31, 2014), by obtaining letters of credit or bank guarantees, as well as insuring receivables with a leading insurance company. The risk associated with the B2B channel, with receivables accounting for 13.4% of total receivables as of December 31, 2015 (12.7% of total receivables as of December 31, 2014), is also very limited as the Company's policy generally calls for advance payment and grants payment deferrals only if insurance guarantees have been obtained. Receivables associated with the e-Commerce channel amounted to 6.9% of total receivables as of December 31, 2015 (1.5% of total receivables as of December 31, 2014) and mainly regard the partner that manages e-Commerce operations in Italy and Europe on behalf of the Company. Receivables associated with the Retail channel amounted to 2.5% of total receivables as of December 31, 2015 (1.7% of total receivables as of December 31, 2014) and are due from partners that manage some stores on behalf of the Company in the capacity of management company in Italy.
Total insured receivables amounted to Euro 4,075 thousand as of December 31, 2015 (Euro 3,863 thousand as of December 31, 2014), whereas receivables secured by guarantees and letters of credit amounted to Euro 675 thousand as of December 31, 2015 (vs. Euro 670 as of December 31, 2014). It should be noted that all of the above figures are net of inter-company transactions. In fact, the Company's exposure to credit risk refers only to sales to third parties, which represent roughly 46% of revenues, while the remainder relates to intra-group sales.

In addition, the Company has a significant concentration of credit risk from a single customer, from which it held a receivable of Euro 2.1 million as of December 31, 2015, or 20.2% of total trade receivables recognized in the financial statements (excluding inter-company trade receivables). The credit position with said customer is partly guaranteed by bank sureties. The balance of the 10 largest counterparties represents 83.2% of total trade receivables as of December 31, 2015 (excluding inter-company trade receivables).

As of December 31, 2015, trade receivables are concentrated due to the Company's distribution model. However, there were no specific concentration risks since the counterparties do not present solvency risk and in any event could be replaced, if required, which would not entail operational difficulties.

As shown in the above tables, receivables are presented net of the associated provision for doubtful receivables, calculated based on an analysis of positions which can be objectively deemed fully or partially non-collectible. Impaired receivables amounted to Euro 141 thousand as of December 31, 2015 and Euro 127 thousand as of December 31, 2014. Overdue receivables (net of inter-company receivables) that have not been impaired, as there is no evidence that they will not be collected, amounted to Euro 2,488 thousand as of December 31, 2015 and Euro 2,995 thousand as of December 31, 2014.
Lastly, when investing temporary liquidity surpluses, the Company deals only with counterparties of high creditworthiness.

15.3 Liquidity risk

Liquidity risk is associated with the Group's ability to meet its obligations. Prudent management of liquidity risk arising from normal operations entails maintaining an adequate level of cash on hand, short-term securities and access to funds available through lines of credit.
Liquidity risk is managed at the central level based on guidelines established by the finance department and approved by the chief executive officer. The finance department periodically monitors the Company's financial position by preparing reports of forecasted and actual cash inflows and outflows. The Company aims to ensure that its needs are adequately covered by thoroughly monitoring loans, open lines of credit and uses of such lines of credit in order to optimize its resources and manage any temporary liquidity surpluses.

The goal is to implement a financial structure that ensures a level of liquidity in accordance with business objectives, minimizing opportunity costs, and strikes a balance in terms of the duration and composition of debt. The following table breaks down financial liabilities (including trade payables and other current liabilities). Specifically, all balances presented are undiscounted nominal future cash flows determined according to residual contractual maturities of both principal and interest. Loans were included based on the contractual repayment maturities.

In thousands of Euro		**Due**		
As of December 31, 2015	**<1**	**2-5**	**>5**	**Total**
Non-current financial liabilities		31,326		31,326
Current financial liabilities	9,963			9,963
Trade payables	11,009			11,009
Other non-current liabilities		67	33	100
Other current liabilities	3,188			3,188
Total financial instruments	**24,160**	**31,393**	**33**	**55,586**

In thousands of Euro		**Due**		
As of December 31, 2014	**<1**	**2-5**	**>5**	**Total**
Non-current financial liabilities		24,085		24,085
Current financial liabilities	5,670			5,670
Trade payables	12,092			12,092
Other non-current liabilities		170		170
Other current liabilities	3,459			3,459
Total financial instruments	**21,222**	**24,255**	**–**	**45,476**

The following table shows the breakdown of trade payables by maturity as of December 31, 2015 and 2014:

In thousands of Euro	**As of December 31, 2015**							
	Not overdue	**Overdue days**					**Total overdue**	**Total**
		0-30	**31-60**	**61-90**	**90-365**	**Over 365**		
Trade payables	9,276	1,632	56	4	9	32	1,733	11,009
Total trade payables	**9,276**	**1,632**	**56**	**4**	**9**	**32**	**1,733**	**11,009**

In thousands of Euro	As of December 31, 2014							
	Not overdue	Overdue days					Total overdue	Total
		0-30	31-60	61-90	90-365	Over 365		
Trade payables	7,562	3,360	878	154	121	17	4,530	12,092
Total trade payables	**7,562**	**3,360**	**878**	**154**	**121**	**17**	**4,530**	**12,092**

As of December 31, 2015, there are no legal disputes with suppliers, claims against Moleskine, or suspension of orders with suppliers. Therefore, we do not consider a high risk profile in this regard.

As regards the exposure associated with trade payables, the first 10 suppliers account for 55.8% of the total balance of trade payables with suppliers as of December 31, 2015, while the main supplier accounts for 17.1% of the total balance as of December 31, 2015.

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows a breakdown of financial assets and financial liabilities by category as of December 31, 2014 and 2015:

In thousands of Euro	As of December 31, 2015					
	Financial assets and liabilities measured at fair value through P&L	Financial assets and liabilities fair value allocated in OCI	Loans and receivables	Financial assets available for sale	Financial liabilities at amortised cost	Total
Other non-current assets			714			714
Non-current financial assets			5,826			5,826
Trade receivables			40,330			40,330
Other current assets			1,312			1,312
Current financial assets			273			273
Cash and cash equivalents			33,814			33,814
Total	–	–	**82,269**	–	–	**82,269**
Non-current financial liabilities					31,602	31,602
Trade payables					100	100
Income tax payables					11,009	11,009
Other current liabilities					5,334	5,334
Other non current liabilities					3,188	3,188
Current financial liabilities					8,496	8,496
Total	–	–	–	–	**59,729**	**59,729**

In thousands of Euro	As of December 31, 2014					
	Financial assets and liabilities measured at fair value through P&L	**Financial assets and liabilities fair value allocated in OCI**	**Loans and receivables**	**Financial assets available for sale**	**Financial liabilities at amortised cost**	**Total**
Other non-current assets			679			679
Non-current financial assets			3,154			3,154
Trade receivables			39,319			39,319
Other current assets			1,120			1,120
Current financial assets			1,091			1,091
Income tax receivables			1,822			1,822
Cash and cash equivalents			15,385			15,385
Total	–	–	**62,569**	–	–	**62,569**
Non-current financial liabilities					22,947	22,947
Trade payables					170	170
Other current liabilities					12,092	12,092
Other non current liabilities					3,459	3,459
Current financial liabilities					5,025	5,025
Total	–	–	–	–	**43,693**	**43,693**

As of December 31, 2015, the fair value of trade receivables and other financial assets, trade payables and other payables and other financial liabilities recognized under current items in the statement of financial position and measured with the amortized cost method is not different from the respective carrying amounts since these mainly relate to assets underlying short-term commercial dealings.

As of December 31, 2015, non-current financial liabilities and assets are settled at market rates and therefore their fair value is deemed essentially in line with the respective carrying amounts.

17. INFORMATION ON FAIR VALUE

The following table presents information on the method applied to determine the fair value of financial instruments designated at fair value. The methods adopted may be divided into the following levels based on the source of the information available, as described below:

- level 1: quoted prices on active markets;
- level 2: technical assessments based on observable market information, either directly or indirectly;
- level 3: not based on observable market data.

The following table presents assets and liabilities designated at fair value as of December 31, 2015 and 2014:

In thousands of Euro		**As of December 31, 2015**	
	Level 1	**Level 2**	**Level 3**
Embedded derivatives	–	(140)	–
Total	**–**	**(140)**	**–**

In thousands of Euro		**As of December 31, 2014**	
	Level 1	**Level 2**	**Level 3**
Embedded derivatives	–	(313)	–
Total	**–**	**(313)**	**–**

The fair value of embedded derivatives was calculated using forward exchange rate curves inferred from the market.

There were no transfers between the fair value hierarchy levels in 2015.

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015 PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AS AMENDED

1. The undersigned Arrigo Berni, in his capacity as Chief Executive Officer, and Alessandro Poletto, in his capacity as Executive Officer in charge of the financial reports for Moleskine S.p.A., considering the requirements under article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of February 24, 1998, certify:

   - the suitability in relation to characteristics of the business and
   - the effective application

   of administrative and accounting procedures to prepare the separate financial statements in 2015.

2. Significant aspects did not come to light based on application of administrative and accounting procedures to prepare the separate financial statements as of December 31, 2015.

3. Furthermore, it is certified that:
   the separate financial statements:

   a) have been prepared in compliance with applicable international accounting standards endorsed in the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

   b) correspond to the results of accounting entries and records;

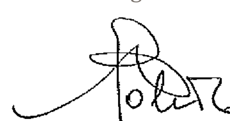
   c) can adequately provide a true and fair view of the financial position, income and cash flows of the issuer and the consolidated companies.

   The management report includes a reliable analysis of business performance and results as well as the situation of the issuer and the consolidated companies, along with a description of the main risks and uncertainties to which they are exposed.

March 1, 2016

Arrigo Berni
Chief Executive Officer

Alessandro Poletto
Executive Officer in charge of the financial reports



INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N°39 OF 27 JANUARY 2010

To the Shareholders of
Moleskine SpA

Report on the financial statements

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

Directors' responsibility for the financial statements

The directors of Moleskine SpA are responsible for the preparation of financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n°38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree n°39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Moleskine SpA as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n°38/2005.

Report on compliance with other laws and regulations

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

We have performed the procedures required under auditing standard (SA Italia) n°720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree n°58/1998, which are the responsibility of the directors of Moleskine SpA, with the financial statements of Moleskine SpA as of 31 December 2015. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Moleskine SpA as of 31 December 2015.

Milan, 24 March 2016

PricewaterhouseCoopers SpA

Signed by
Giorgio Greco
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

BOARD OF STATUTORY AUDITORS' REPORT TO THE ORDINARY SHAREHOLDERS' MEETING AS PER ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/98 (THE "T.U.F.") AND THE SECOND PARAGRAPH OF ARTICLE 2429 OF THE ITALIAN CIVIL CODE.

To the shareholders,

1. ***Introduction***

The Board of Statutory Auditors (the "Board"), represented by Ms Paola Maiorana, chair, and Mr Rocco Santoro and Mr Roberto Spada, statutory auditors, was appointed by the ordinary shareholders' meeting of 28 November 2012 of MOLESKINE S.P.A. (the "Company") for three financial years, with effect from the first day of trading of the Company's shares on the Italian electronic share market, MTA – on 3 April 2013 – and until the shareholders' meeting called to approve the financial statements as at 31 December 2015. Therefore, the office of the Board will expire upon the shareholders' meeting, called for 14 April 2016, in a single call, to pass resolutions, among other things, on the "*Individual Financial Statements of Moleskine S.p.A. as at December 31, 2015; Director' Report; Report of the Board of Statutory Auditors; Report of the Audit Firm; Proposal of allocation of profits; related and ensuing resolutions*".

The legal auditing of the accounts was assigned – by the shareholders, on 3 April 2013 – to PricewaterhouseCoopers S.p.A. (the "Audit Firm") for the statutory period, i.e. until the shareholders' meeting called to approve the financial statements as at 31 December 2020.

2. ***Supervisory activities***

During the financial year ended 31 December 2015, the Company's Board performed its statutory supervisory duties (in accordance, in particular, with article 149 of the T.U.F.), also taking into account the CONSOB communications and recommendations on the supervision of companies and the activities of boards of statutory auditors (especially Communication no. DAC/RM 97001574 of 20 February 1997 and Communication no. DEM 1025564 of 6 April 2001, as supplemented by Communication no. DEM/3021582 of 4 April 2003 and Communication no. DEM/6031329 of 7 April 2006), the principles of conduct for boards of statutory auditors of listed companies, recommended by the National Council of Professional Accountants (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti contabili*), and the indications given in the Code of Conduct for the Self-Regulation of the Corporate Governance Committee of Listed

Companies (*Codice di Autodisciplina del Comitato per la Corporate Governance delle società quotate*).

2.1 In the financial year ended 31 December 2015, the Company's Board verified that the law and the articles of association were observed, and that the principles of sound management were respected.

To do so, the Board also relied on the internal and external information flows set up by the Company, which enable the Board to check that the Company's organisational structure, internal procedures, corporate deeds and internal resolutions are compliant with the rules of law, the Company's articles of association and relevant regulations.

On the basis of the information acquired, the Board notes that the Company complied with its reporting requirements regarding information that is regulated, inside information, or information required by supervisory authorities. The format and contents of the Company's declarations and communications were those required by CONSOB.

In 2015, the Board held seven meetings. More specifically, the Board met on the following dates: 19 February 2015, 11 March 2015, 18 March 2015, 6 May 2015, 29 July 2015, 7 October 2015, and 2 December 2015.

Additionally, in order to ensure an adequate and effective exchange of information, the Board:

- ✓ collectively attended the board of directors' meetings; the chair and Mr Santoro, statutory auditor, attended the shareholders' meeting of 15 April 2015;
- ✓ also attended meetings (where it was represented by its chair and/or another statutory auditor) of the Internal Control and Risk Management Committee and, on several occasions, also met the Remuneration Committee;
- ✓ held regular meetings with the head of Internal Audit and the financial reporting manager (*dirigente preposto*), who were invited to attend the Board of Statutory Auditors' Meetings;
- ✓ held four meetings with the Audit Firm, appointed to audit the Company's individual and consolidated financial statements.

2

As far as its own remit goes, during these meetings the Board gathered information and verified that the principles of sound management were observed and that the Company's administrative structure adequately reflected these principles.

With regard to the decision-making processes of the board of directors, the Board checked that the operating decisions taken by the directors complied with the law and the articles of association and verified that their resolutions were not contrary to the interests of the Company.

The Board believes that the principles of sound management were respected, and, on the basis of the information it acquired, considers that operating decisions were made on an informed basis and were reasonable, and that the directors were aware of the level of risk and effects of the transactions that they approved and implemented.

2.2 The Board periodically obtained information about the general performance of the Company and its outlook, and about the most significant transactions of the Company in terms of their size or characteristics, making sure that the decisions taken and implemented complied with the law and the articles of association, were not obviously imprudent, did not involve potential conflicts of interest, and did not jeopardise the integrity of the Company's assets.

In addition to the draft financial statements and consolidated financial statements as at 31 December 2015, the Board examined the 2016-2018 forecast (also used for the impairment tests conducted in accordance with IAS 36) and the 2016 annual budget.

Among the most significant events of the financial year ended 31 December 2015, the Board reports the following, because of their importance: (i) the completion of the refinancing operation, which had begun in 2014, through repayment and rescheduling of the Company's pre-existing bank loans; (ii) recapitalisation of certain Group companies by way of partial waiving of the debts owed by them (further, the Company collected the entire sum owed by its subsidiary Moleskine Germany GmbH); (iii) a life insurance policy, for a nominal amount of €5,000,000, was taken out with Popolare Vita S.p.A; (iv) the signing of an agreement, with Exane SA, regarding the Company's ordinary shares, as required by practice no. 1 CONSOB resolution no. 16839 of 19 March 2009.

The Board also points out that there were a number of activities to expand the Moleskine brand, such as the launch of a partnership for the opening of a 'Moleskine Café' at Geneva Airport, and the conclusion of license agreements (in particular, with the French company CG Mobile). In 2015, co-branding relationships were initiated with Bric's and Driade.

2.3 The Board did not discover any atypical and/or unusual transactions with Group companies, third parties or related parties.

The ordinary transactions with Group companies or related parties, described by the directors in their report and in the notes to the individual financial statements, to which reference should be made, are appropriate and in the interests of the Company.

The Board believes that the information provided by the directors in their report and in the notes is adequate.

2.4 The Board of Statutory Auditors, as far as its own remit goes, obtained information on the Company's organisational structure and checked the structure, and believes that it is, on the whole, adequate.

Among other things, the Board checked that the Company's decision-making structure matched the powers of attorney filed with the Trade Register. It also checked the decision-making hierarchy, the process for taking and implementing decisions, and the financial reporting process.

The Board checked that the various levels of controls had been defined and were actually functioning.

In terms of the Group structure, the Company directly controls 100% of Moleskine America, Inc., Moleskine France Sàrl, Moleskine Germany GmbH, Moleskine UK Limited and Moleskine Asia Ltd. Since December 2015 the Company has also controlled Moleskine Denmark ApS – with registered office in Copenhagen, set up by the Company with share capital of 50,000 krones, fully paid-in – with the goal of creating, through Moleskine Denmark ApS, a commercial hub for the development of wholesale business of the Group in the Scandinavian countries. Additionally, the Company controls – indirectly, through Moleskine Asia Ltd – 100% of Moleskine Trade and Commerce Shanghai Co. Ltd., Moleskine Singapore Pte Ltd.; through Moleskine America Inc., Moleskine America Retail LLC.

2.5 In 2015, the Board of Statutory Auditors did not issue any statutory declarations, although it expressed an opinion pursuant to article 2389 of the Italian Civil Code on the stock options granted to directors with executive duties, under existing stock option plans.

In accordance with the Code of Conduct, the Board of Statutory Auditors also verified that:

a) the assessment criteria and procedures, adopted by the board of directors to determine whether its members are independent on the basis of the criteria laid down by law and the Code of Conduct, were correctly applied;

b) the statutory auditors themselves continued to meet the independence requirements, on the basis of the criteria laid down by law and the Code of Conduct, it being understood that whenever a statutory auditor, on his own behalf or on behalf of third parties, has an interest in one of the Company's transactions, he must promptly give full information to the other members of the Board and the chairman of the board of directors on the nature, terms, origin and scope of his interest.

In 2015, no situations arose in which the statutory auditors had an interest, on their own behalf or on behalf of third parties, in a given transaction.

2.6 In 2015 the Board did not receive any complaints that need to be mentioned in this report.

2.7 The Board verified that the Company had, also for its Group, adopted an internal control and risk management system, made up of a series of rules, procedures and frameworks designed to identify, measure, manage and monitor the main business risks.

In order to check that the Company's internal control system was adequate, the Board liaised with the Internal Control and Risk Management Committee, with the Managing Director in his capacity as Internal Control and Risk Management System Director, with the head of Internal Audit, and with the Supervisory Board.

In its capacity as Internal Control and Audit Committee (in accordance with article 19 of Legislative Decree no. 39/2010), the Board, in addition to establishing an ongoing exchange of information with the Internal Control and Risk Management Committee, was in regular contact with the Audit Firm, which confirmed (pursuant to article 19[3] of Legislative Decree no. 39/2010) that there were no material deficiencies in the internal control system.

The Board noted that the Company had adopted a special procedure (which complied with the applicable CONSOB regulation) for its related-party transactions, and verified that it was working and was applied correctly.

The Board of Statutory Auditors also noted that the Company had adopted an organisational model, last updated on 4 August 2015, which complies with the principles set out in Legislative Decree no. 231/2001, in order to align its model with i) the new rules (in particular, rules regarding

the crime of laundering the profits of one's own criminal activity as per Law no. 186/2014, crimes against the environment as per Law no. 68/2015, and crimes against the public administration, such as mafia-related crimes and fraudulent corporate accounting, as per Law no. 69/2015), ii) the organisational changes in the Company, and iii) the updates to the Confindustria Guidelines.

As already mentioned, in 2015, the Board liaised regularly with the Supervisory Board, inviting it to attend certain meetings, and acquired the information necessary and useful for its own activities. The Board also examined the Supervisory Board's annual report, submitted to the board of directors on 1 March 2016, and has no comments to make.

As mentioned above, the Board also held meetings with the Remuneration Committee, during which it was able to acquire useful information for its supervisory duties.

In light of its supervisory work and the assessments by the Internal Control and Risk Management Committee and the board of directors on the adequacy and effectiveness of the internal control system and its actual functioning, the Board believes, as far as its own remit goes, that this system is, on the whole, adequate.

2.8 The Board checked that the instructions given by the Company to its subsidiaries in accordance with article 114(2) of the T.U.F. were adequate and that information was exchanged between them correctly, and it believes that the Company is able to meet its statutory reporting obligations.

2.9 The Board of Statutory Auditors verified – by collecting information from the financial reporting manager (*dirigente preposto*) and those in charge of the relevant departments, examining company documentation and analysing the results of the work carried out by the Audit Firm – the Company's administrative and accounting system and that it could be relied on to give a true picture of operational items.

On 1 March 2016, a new financial reporting manager was appointed, gaining the approval of the Board, as required by the articles of association and the law. The Board checked that the former financial reporting manager had completed the hand-over to the new one, who was appointed on 1 March 2016 and therefore called to sign the declarations required in article 154-*bis* of the T.U.F. In particular, the Board was able to establish – for the Company and its strategically important subsidiaries, whose administrative managers and general managers were involved – that the financial reporting manager (with the support of Internal Audit to check that the internal control system actually works) had started and completed an assessment of the adequacy and actual

implementation of the administrative and accounting procedures, in accordance with article 154-*bis* of the T.U.F. Following this assessment, the financial reporting manager certified that the financial documents give a true and fair view of the assets and financial position of the Company and its strategically important subsidiaries.

The statements, procedures and certifications of the financial reporting managers were, according to the information obtained by the Board, complete.

In light of its supervisory work and the board of directors' adequacy assessment of the Company's organisational, administrative and accounting structure, the Board of Statutory Auditors believes, as far as its own remit goes, that this system is generally adequate and can be relied upon to give a true picture of operational items.

2.10 The reports by the Audit Firm on the individual and consolidated financial statements – issued, pursuant to articles 14 and 16 of Legislative Decree no. 39/2010, on 24 March 2016 – were unqualified and/or did not include any emphasis of matter paragraphs. They certified that the individual financial statements and the consolidated financial statements were drawn up clearly and properly and give a true and fair view of the assets and financial position, P&L result and cash flows of the Company and the Group for the financial year ended 31 December 2015. These reports also attest that the directors' report and the information referred to in letters c), d), f) and m) of the first paragraph and letter b) of the second paragraph of article 123-*bis* of the T.U.F., presented in the report on the corporate governance and ownership structure, were consistent with the individual financial statements and the consolidated financial statements.

In its capacity as Internal Control and Audit Committee pursuant to article 19 of Legislative Decree no. 39 of 27 January 2010, the Board also received confirmation that, based on the Audit Firm's audit of the individual financial statements and consolidated financial statements as at 31 December 2015, no material deficiencies affecting financial reporting, which should be brought to the attention of the Internal Control and Audit Committee, were found in the internal control system.

The Board of Statutory Auditors also examined the statement that the Audit Firm issued, pursuant to article 17 of Legislative Decree no. 39 of 27 January 2010, on 8 March 2016, which (i) certified that it had found no situations likely to compromise independence or causes of incompatibility according to articles 10 and 17 of the aforementioned decree, and (ii) indicated the non-auditing services it had provided to the Company, also through its network.

2.11 In 2015, the Audit Firm was paid fees of: (i) €146,000.00 for auditing services for the Company, and (ii) €67,000.00 for auditing services for the subsidiaries.

For services other than auditing, the Audit Firm's network received (i) from the Company, €29,310.00, of which €22,310 for methodological assistance on activities pertaining to the organisation, management and control model required by Legislative Decree no. 231/2001 and €7,000 for services related to exchange risk, and (ii) from the Company's subsidiaries, €45,000.00, for tax services.

In light of the above and the statement of independence and absence of any causes of incompatibility, issued by the Audit Firm, the Board believes that no critical aspects have emerged with regard to the independence of the Audit Firm.

2.12 During the year the Board regularly met the persons in charge at the Audit Firm to exchange relevant data and information in accordance with article 150(3) of the T.U.F.

During these meetings the Audit Firm did not report any facts or anomalies of such importance that they need to be mentioned in this report.

2.13 The Company adopted Borsa Italiana S.p.A.'s Code of Conduct for Listed Companies, as confirmed by the 2015 Report on Corporate Governance and the Ownership Structure, approved by the board of directors on 1 March 2016 and that will be available on the Company's website at www.moleskine.com.

The 2015 report was drawn up in compliance with Borsa Italiana S.p.A.'s Market Rules.

The report details the system of governance adopted by the Company. That system complies with the model of governance prescribed by the Code of Conduct for Listed Companies, and the principles laid down by that Code of Conduct are effectively and properly applied.

2.14 During the supervisory work and checks conducted by the Board in 2015, it found no wrongful acts, omissions or irregularities of such importance that they need to be mentioned in this report.

As far as the Board is aware, there were no departures from the provisions of law in the preparation of the individual and consolidated financial statements.

Also in view of the results of the work carried out by the Audit Firm, the Board, as far as its own remit goes, does not see any reason not to approve the individual financial statements as at 31

December 2015, as prepared and approved by the board of directors at its meeting of 1 March 2016, or not to allocate the profit of the year as proposed by the board of directors.

Milan, 24 March 2016

For the Board of Statutory Auditors

Ms Paola Maiorana (Chair)