CONSOLIDATED FINANCIAL STATEMENTS OF THE F.I.L.A. GROUP AT DECEMBER 31, 2015

SEPARATE FINANCIAL STATEMENTS OF F.I.L.A. S.p.A. AT DECEMBER 31, 2015

F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.

Via XXV Aprile 5 Pero (MI)

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I - General Information

Board of Directors

Board of Directors

Chairman	Gianni Mion
Chief Executive Officer	Massimo Candela
Executive Director	Luca Pelosin
Director & Honorary Chairman	Alberto Candela
Director (**)	Fabio Zucchetti
Director (**)	Annalisa Barbera
Director (*)	Sergio Ravagli
Director (*)(***)	Gerolamo Caccia Dominioni
Director (*)	Francesca Prandstraller

(*) Independent director in accordance with Article 148 of the "Self-Governance Code".
(**) Non-Executive Director.
(***) Lead Independent Director.

Control and Risks Committee

Gerolamo Caccia Dominioni
Fabio Zucchetti
Sergio Ravagli

Board of Statutory Auditors

Chairman	Claudia Mezzabotta
Standing Auditor	Stefano Amoroso
Standing Auditor	Rosalba Casiraghi
Alternate Auditor	Pietro Villa
Alternate Auditor	Sonia Ferrero

Independent Audit Firm KPMG S.p.A.

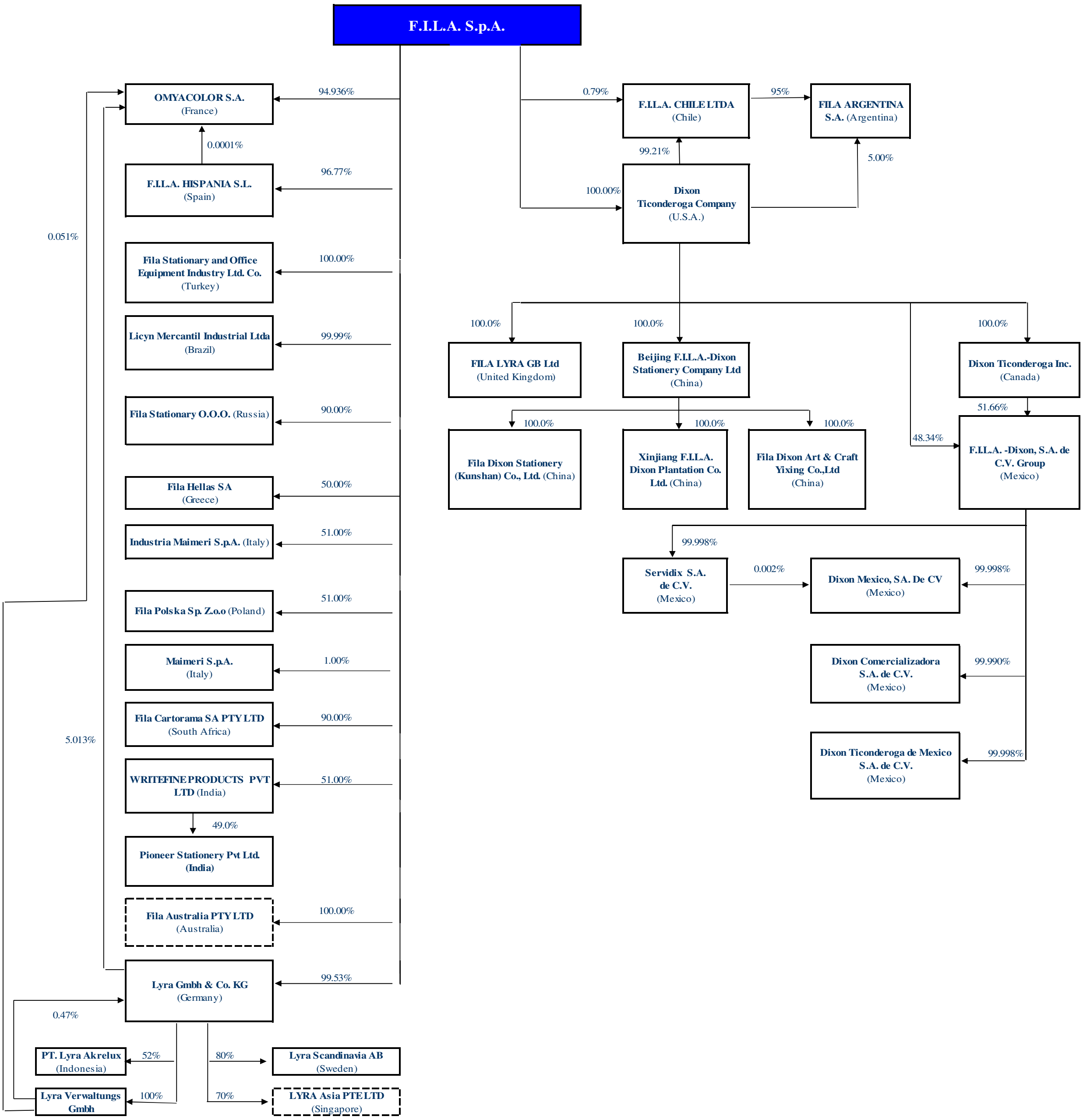
Overview of the F.I.L.A. Group

The F.I.L.A. Group operates in the creativity tools market, producing colouring, design, modelling, writing and painting objects, such as pencils, crayons, paints, modelling clay and chalk, among others.
The F.I.L.A. Group at December 31, 2015 operates through 11 production facilities and 19 subsidiaries across the globe and employs approx. 6,000, becoming a pinnacle for creative solutions in many countries with brands such as GIOTTO, Tratto, DAS, Didò, Pongo and LYRA.

Founded in Florence in 1920, F.I.L.A. has achieved strong growth over the last twenty years, supported by a series of strategic acquisitions: the Italian Company Adica Pongo in 1994, the US Group Dixon Ticonderoga in 2005, the German Group LYRA in 2008, the Mexican Company Lapiceria Mexicana in 2010 and the Brazilian Company Lycin in 2012. In addition to these operations, on the conclusion of an initiative which began with the acquisition of a minority stake in 2011, control was acquired in 2015 of the Indian company Writefine Products Private Limited.

F.I.L.A. Group Structure

The F.I.L.A. Group structure at December 31, 2015 is presented below.



The parent, F.I.L.A. Fabbrica Italiana Lapis e Affini S.p.A. (hereafter "FILA S.p.A.), resulted from the merger of F.I.L.A. Fabbrica Italiana Lapis e Affini S.p.A., heading the F.I.L.A. Industrial Group, founded in Florence in 1920, and which produces and sells colouring, drawing, modelling, writing and painting tools, into Space S.p.A., a company incorporated on October 7, 2013 and the first Italian Special Purpose Acquisition Company (SPAC) to be incorporated as an SIV (Special Investment Vehicle), whose shares were listed from December 18, 2013 on the Professional Segment of the Investment Vehicles Market (MIV) organised and managed by Borsa Italiana S.p.A., following the placement with qualified investors in Italy and overseas institutional investors.

On June 1, 2015, the effective merger date, Space S.p.A. changed its name to F.I.L.A. Fabbrica Italiana Lapis e Affini S.p.A. and established its registered office as Pero (Milan), Via XXV April 5.

The F.I.L.A. S.p.A. subsidiaries at December 31, 2015 are listed below:

- Omyacolor S.A. (France), held 99.99%, of which 5.05% through the German subsidiary Lyra KG;
- F.I.L.A. Hispania S.L. (Spain), held 96.77%;
- FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey), held 100%;
- Licyn Mercantil Industrial Ltda (Brazil), held 99.99%;
- Fila Stationary O.O.O. (Russia), held 90%;
- Fila Hellas SA (Greece), held 50%;
- Industria Maimeri S.p.A. (Italy), held 51%;
- Fila Cartorama SA PTY LTDA (South Africa), held 90%;
- Fila Australia PTY LTD (Australia), held 100%;
- Fila Polska Sp. Z.o.o; (Poland), held 51%;
- Writefine Products Private Limited; on October 26, 2015 the investment in the Indian company increased from 18.5% to 51% on the conclusion of an initiative which began in December 2011

with the acquisition of a minority holding. Since November 1, 2015, the company has been consolidated under the line-by-line method.

- Dixon Ticonderoga Company (U.S.A.), wholly-owned, in turn holds direct investments in:
  - 100% in FILALYRA GB Ltd (United Kingdom);
  - 100% in Beijing F.I.L.A.-Dixon Stationery Company Ltd (China), wholly-owned, which in turn wholly-owns Xinjiang F.I.L.A.-Dixon Plantation Co. Ltd (China), Fila Dixon Stationary (Kunshan) Co., Ltd. (China) and FILA Dixon Art & Craft Yixing Co. Ltd;
  - 100% in Dixon Ticonderoga Inc. (Canada), wholly-owned, which in turn holds 51.66% of Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico);
  - 48.34% in Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico);
  - 99.21% in F.I.L.A. Chile Ltda (Chile), which in turn holds 95% of FILA Argentina S.A. (Argentina);
  - 5% in FILA Argentina S.A. (Argentina).

  The Mexican company Grupo F.I.L.A.-Dixon, S.A. de C.V. holds in turn 99.99% of Servidix S.A. de C.V., 99.99% of Dixon Comercializadora S.A. de C.V., 99.99% of Dixon Ticonderoga de Mexico S.A. de C.V. and 99.99% of Dixon Mexico, SA. De CV. Servidix S.A. de C.V. holds in turn 0.002% of Dixon Mexico, SA. De CV.

- Lyra KG "Johann Froescheis Lyra-Bleitstitift-Fabrik GmbH&Co-KG" (Germany), wholly-owned, which in turn holds direct investments in:
  - Lyra-Bleitstitift-Fabrik Verwaltungs GmbH (Germany), wholly-owned;
  - Lyra Scandinavia AB (Sweden), held 80%;
  - PT. Lyra Akrelux (Indonesia), held 52%;
  - Lyra Asia PTE Ltd (Singapore), held 70%;

The Other equity investments at December 31, 2015 relate to the 1% shareholding in Maimeri S.p.A. (Italy).

Note:
- Lyra ASIA PTE LTD (Singapore) iin liquidation and FILA Australia PTY LTD (Australia), incorporated on June 1, 2015, were not operative at December 31, 2015.

Reference to the “Directors’ Report – Significant Events in the year” for complete disclosure concerning the above stated events.
For further details on the Group companies, reference to the subsequent section “Key Financial Highlights of the F.I.L.A. Group”.

2015 DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE F.I.L.A. GROUP AND THE SEPARATE FINANCIAL STATEMENTS OF F.I.L.A. S.p.A.

II - Directors' Report

Economic overview

2015 was marked by modest global growth, with stronger signs of recovery in the United States and more moderate indications in the Eurozone, offset however by a slowdown in China, which was hit by financial and economic turbulence.

The F.I.L.A. Group markets report a strong consumer recovery in the United States and significant expansion in India. Good signs of recovery were also seen on the South American and Italian markets.

The inflation and GDP figures for the main countries in which the F.I.L.A. Group companies operate are reported below:

		2015		2014	
	COUNTRY	INFLATION	GDP	INFLATION	GDP
Eurozone	Italy	0.20%	0.80%	0.10%	(0.20%)
	Spain	(0.30%)	3.10%	(0.10%)	1.30%
	Greece	(0.40%)	(2.30%)	(0.80%)	0.60%
	France	0.10%	1.20%	0.70%	0.40%
	Turkey	7.40%	3.00%	9.00%	3.00%
	Germany	0.20%	1.50%	0.90%	1.40%
	Poland	(0.80%)	3.50%	n.a.	n.a.
	Sweden	0.50%	2.80%	0.10%	2.10%
North America	USA	0.10%	2.60%	2.00%	2.20%
	Canada	1.00%	1.00%	1.90%	2.30%
Latin America	Mexico	2.80%	2.30%	3.90%	2.40%
	Chile	4.40%	2.30%	4.40%	2.00%
	Argentina	16.80%	0.40%	n.a.	(1.70%)
BRICs	China	1.50%	6.80%	2.30%	7.40%
	India	5.40%	7.30%	7.80%	5.60%
	Brazil	8.90%	(3.00%)	6.30%	0.30%
	Russia	15.80%	(3.80%)	7.50%	0.20%
Other	South Africa	4.80%	1.40%	4.90%	2.90%

Source: International Monetary Fund, December 2015

Key Financial Highlights

The F.I.L.A. Group key financial highlights for 2015 are reported below.

Euro thousands	2015	*% core business revenue*	2014	*% core business revenue*	Change 2015 - 2014	
Core Business Revenue	**275,333**	*100.0%*	**233,585**	*100.0%*	**41,748**	*17.9%*
EBITDA	**41,780**	*15.2%*	**35,019**	*15.0%*	**6,761**	*19.3%*
EBIT	**33,999**	*12.3%*	**28,977**	*12.4%*	**5,022**	*17.3%*
Net financial charges	**(42,166)**	*-15.3%*	**(4,052)**	*-1.7%*	**(38,114)**	*940.6%*
Total income taxes	**(8,286)**	*-3.0%*	**(8,244)**	*-3.5%*	**(42)**	*0.5%*
F.I.L.A. Group Net Profit/(loss)	**(16,663)**	*-6.1%*	**16,575**	*7.1%*	**(33,238)**	*-200.5%*
Earnings per share (€ cents)						
basic	*(0.49)*		*0.58*			
diluted	*(0.49)*		*0.58*			

NORMALISED - *Euro thousands*	2015	*% core business revenue*	2014	*% core business revenue*	Change 2015 - 2014	
Core Business Revenue	**275,333**	*100.0%*	**233,585**	*100.0%*	**41,748**	*17.9%*
EBITDA	**47,622**	*17.3%*	**40,221**	*17.2%*	**7,401**	*18.4%*
EBIT	**39,841**	*14.5%*	**34,179**	*14.6%*	**5,662**	*16.6%*
Net financial charges	**(4,733)**	*-1.7%*	**(4,052)**	*-1.7%*	**(681)**	*16.8%*
Total income taxes	**(10,110)**	*-3.7%*	**(9,869)**	*-4.2%*	**(241)**	*2.4%*
F.I.L.A. Group Net Profit	**24,788**	*9.0%*	**20,152**	*8.6%*	**4,636**	*23.0%*
Earnings per share (€ cents)						
basic	*0.73*		*0.71*			
diluted	*0.67*		*0.71*			

Euro thousands	December 31, 2015	December 31, 2014	Change 2015 - 2014	Space S.p.A merger contribution at June 1, 2015
Cash Flow from operating activities	**292**	**19,265**	**(18,973)**	-
Investments	**7,625**	**6,601**	**1,024**	**14**
% core business revenue	*2.8%*	*2.8%*		-

Euro thousands	December 31, 2015	December 31, 2014	Change 2015 - 2014	Space S.p.A merger contribution at June 1, 2015
Net capital employed	**271,975**	**170,403**	**101,572**	**(1,600)**
Net Financial Instruments	**(21,504)**	**0**	**(21,504)**	**(17,333)**
Net Financial Position	**(38,744)**	**(58,435)**	**19,691**	**64,766**
Equity	**(211,727)**	**(111,968)**	**(99,759)**	**(45,833)**

(1) *The Gross Operating Margin (EBITDA) corresponds to the operating result before amortisation and depreciation and write-downs;*

(2) *Indicator of the net financial structure, calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and current financial assets and loans provided to third parties classified as non-current asset. The net financial position as per CONSOB Communication DEM/6064293 of July 28, 2006 excludes non-current financial assets. The non-current financial assets of the F.I.L.A. Group at December 31, 2015 amount to Euro 1,787 thousand, of which Euro 354 thousand included in the calculation of the net financial position; therefore the F.I.L.A. Group financial indicator does not equate, for this amount, with the net financial position as defined in the above-mentioned Consob communication. For further details, see paragraph 'Financial Overview" of the Report below.*

- The normalisation of the 2015 EBITDA relates to non-recurring operating costs of approx. Euro 5.8 million, principally for consultancy on the merger between F.I.L.A. S.p.A. and Space S.p.A. and for M&A operations.

- The normalisation of Net Financial Expense mainly concerns the Fair Value measurement of Space S.p.A. equity at May 31, 2015 (Euro 45.8 million) and of market warrants at December 31, 2015 (Euro 5.2 million), offset by the Fair Value remeasurement of the investment held in Writefine Products Private Limited (India, Euro 13.9 million).

- The normalisation of the 2015 Group Result concerns the above-stated normalisations, net of the tax effect.

- The normalisation of the 2014 EBITDA principally concerns non-recurring operating costs of approx. Euro 5.2 million, mainly for consultancy on M&A projects.

- The normalisation of the 2014 Group Result concerns the above-stated normalisations, net of the tax effect.

The dilutive earnings (loss) per share corresponds to the basic loss per share as the anti-dilutive effects related to the market warrants and the conversion of the special shares during the year were not considered.

2016 Group Outlook

In 2016, the Group will continue to focus on acquiring market share through ongoing product innovation, the maintenance of high quality, strengthening the brand image and access to new markets, ensuring a more direct connection with the end consumer and strengthening global growth through new acquisitions and partnerships.
Commercial and strategic focus will continue in the "colour" segment, with a view to widening the customer base, also thanks to the recent acquisition of Industria Maimeri S.p.A. and the Daler-Rowney Lukas Group, operating in the "Arts & Craft" segment.

Investments planned in 2016 will be concentrated in the F.I.L.A. Group production companies, in particular in the Indian company, and principally concern production and industrial capital expenditure, as well expanding the industrial facilities, confirming the Group's continued focus on product innovation and on improving the productive capacity and efficiency.

F.I.L.A. Group Key Financial Highlights

The F.I.L.A. Group Key Financial Highlights for 2015 are reported below.

Normalised operating results

The Normalised F.I.L.A. Group results for 2015 are reported below.

The F.I.L.A. Group results in 2015 report an EBITDA increase of approx. 18.4% on 2014 (15.4% excluding the M&A effect).

NORMALISED - Euro thousands	2015	*% core business revenue*	2014	*% core business revenue*	Change 2015 - 2014	
Core Business Revenue	275.333	*100%*	233.585	*100%*	41.748	*17,9%*
Other Revenue and Other Operating Income	7.210		3.817		3.393	*88,9%*
TOTAL REVENUE	282.543		237.402		45.141	*19,0%*
TOTAL OPERATING COSTS	(234.921)	*-85,3%*	(197.181)	*-84,4%*	(37.740)	*19,1%*
EBITDA	47.622	*17,3%*	40.221	*17,2%*	7.401	*18,4%*
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(7.781)	*-2,8%*	(6.042)	*-2,6%*	(1.739)	*28,8%*
EBIT	39.841	*14,5%*	34.179	*14,6%*	5.662	*16,6%*
NET FINANCIAL CHARGES	(4.733)	*-1,7%*	(4.052)	*-1,7%*	(681)	*16,8%*
PRE-TAX PROFIT	35.108	*12,8%*	30.127	*12,9%*	4.981	*16,5%*
TOTAL INCOME TAXES	(10.110)	*-3,7%*	(9.869)	*-4,2%*	(241)	*2,4%*
NET PROFIT - CONTINUING OPERATIONS	24.998	*9,1%*	20.257	*8,7%*	4.740	*23,4%*
NET PROFIT - DISCONTINUED OPERATIONS	53	*0,0%*	(76)	*0,0%*	129	*-170,4%*
NET PROFIT	25.051	*9,1%*	20.182	*8,6%*	4.869	*24,1%*
Non-controlling interest profit	263	*0,1%*	30	*0,0%*	233	*766,2%*
F.I.L.A. GROUP NET PROFIT	24.788	*9,0%*	20.152	*8,6%*	4.636	*23,0%*

The principal changes compared to 2014 are illustrated below:

"Core Business Revenue" of Euro 275,333 thousand increased on 2014 by Euro 41,748 thousand (+17.9%).

Excluding exchange gains of approx. Euro 13,715 thousand (principally on the US Dollar) and the M&A effect of approx. Euro 8,529 thousand, attributable to the full consolidation of Writefine Products Private Limited from November 1, 2015 and of Industria Maimeri from April 2014, organic revenue growth was 8.3%.

Growth was principally seen in North America (particularly the US), following the excellent reception of the school campaign, in Central and South America and in Europe, particularly Italy - with the continuous expansion of F.I.L.A. S.p.A. market share on all commercial channels.

Other Revenue and Other Operating Income of Euro 7,210 thousand increased on the previous year Euro 3,393 thousand on the basis of exchange gains on commercial operations.

“Operating Costs” in 2015 of Euro 234,921 thousand rose Euro 37,740 thousand on 2014, due to – further to the strengthening of the US Dollar and the Chinese Renminbi - the increase in procurement related to higher volumes and sales incentives - both related to revenues - higher costs for advertising and trade fairs to support marketing activities, the operating costs of the new Chinese facility (principally utilities, maintenance and personnel), not fully operational in the first half of 2014, increased air transport costs required to guarantee timely procurement, as well as the M&A effect relating to Industria Maimeri M&A and Writefine Products Private Limited (India).

The normalised “EBITDA” in 2015 of Euro 47,622 thousand therefore improved Euro 7,401 thousand on 2014 (+15.4% organic growth) - greater than organic revenue growth (+8.3%).

The normalised “Financial Result” in 2015 was in line with the previous year.

Normalised Group “Income taxes” amounted to Euro 10,110 thousand, reporting a lower tax rate, principally due to the fiscal benefits arising from the tax losses, listing costs and ACE benefits deriving from the merger between Space S.p.A. and F.I.L.A. S.p.A.

Consequently, the normalised “Net Profit” in 2015 totalled Euro 25,051 thousand, up Euro 4,869 thousand on 2014.

Excluding the non-controlling interest result, the F.I.L.A. Group normalised net profit in 2015 was Euro 24,788 thousand, compared to Euro 20,152 thousand in the previous year.

Statement of Financial Position

The F.I.L.A. Group Key Statement of Financial Position accounts at December 31, 2015 are reported below.

Euro thousands	December 2015	December 2014	Change 2015 - 2014	Space S.p.A. merger contribution at May 31, 2015
Intangible assets	88,156	21,264	66,892	2
Property, plant & equipment	47,901	25,552	22,349	12
Financial assets	1,785	7,479	(5,694)	0
NET FIXED ASSETS	137,842	54,294	83,548	14
OTHER ASSETS/NON-CURRENT LIABILITIES	13,901	10,431	3,470	1,367
Inventories	118,519	92,035	26,484	0
Trade and Other Receivables	77,731	76,067	1,664	424
Other Current Assets	5,020	923	4,097	390
Trade and Other Payables	(52,985)	(49,084)	(3,901)	(3,794)
Other Current Liabilities	(1,840)	(2,536)	696	0
NET WORKING CAPITAL	146,445	117,405	29,040	(2,980)
PROVISIONS	(26,213)	(11,743)	(14,470)	0
ASSETS/LIABILITIES OF DISCONTINUED OPERATIONS	0	16	(16)	0
NET CAPITAL EMPLOYED	271,975	170,403	101,572	(1,600)
EQUITY	(211,727)	(111,968)	(99,759)	(45,833)
NET FINANCIAL INSTRUMENTS	(21,504)	0	(21,504)	(17,333)
NET FINANCIAL POSITION	(38,744)	(58,435)	19,691	64,766
NET FUNDING SOURCES	(271,975)	(170,403)	(101,572)	1,600

Note:

The "Space S.p.A. 2015 Merger Contribution" concerns the statement of financial position values of Space S.p.A. at May 31, 2015, not present in the comparative period consolidation scope.

The "Net Capital Employed" of the F.I.L.A. Group at December 31, 2015 of Euro 271,975 thousand principally comprised "Net Fixed Assets" of Euro 137,842 thousand (increasing on December 31, 2014 Euro 83,548 thousand) and the "Net Working Capital" totalling Euro 146,445 (increasing on December 31, 2014 Euro 29,040 thousand).

The change relating to the "Net Fixed Assets", amounting to Euro 83,548 thousand, mainly concerned "Intangible and Tangible Fixed Assets" and relates to the change in the consolidation scope in 2015, substantially concerning the amounts of Writefine Products Private Limited (India) at October 31, 2015, and marginally the net investments undertaken during the year by the other Group companies.

The change in "Intangible Assets", amounting to Euro 66,892 thousand, mainly relates to the "Goodwill, Brands and Customer List" of Writefine Products Private Limited (India) recorded during the Business Combination process at October 31, 2015, for a total amount of Euro 68,757 thousand, reduced by the amortisation for the year of Euro 1,913 thousand.

The change in the "Property, plant and equipment", amounting to Euro 22,349 thousand, mainly relates to the value of the assets of Writefine Products Private Limited (India) recorded during the Business Combination process at October 31, 2015, for a total amount of Euro 19,606 thousand, and to the net investments during the year, amounting to Euro 7,677 thousand, reduced by the depreciation for the year of Euro 4,878 thousand.

The change in "Financial Assets", amounting to Euro 5,694 thousand, is mainly due to the effects of the line-by-line consolidation of Writefine Products Private Limited (India). In 2014, the financial fixed assets included the 18.5% stake held by F.I.L.A. S.p.A., recognised under the equity method.

The change in the "Net Working Capital" relates to the increase in "Inventories" mainly in the parent, the South American subsidiaries and the US subsidiary to support future sales orders as well as ensure timely deliveries.

The "Equity" of the F.I.L.A. Group, amounting to Euro 211,727 thousand at December 31, 2015, increased Euro 99,759 thousand on the previous year. The increase, excluding the merger contribution of Euro 45,833 thousand, was Euro 53,926 thousand and was principally generated by the comprehensive net profit in 2015 by Group companies of Euro 29,433 thousand (net of the recognition to the income statement of the difference between the fair value and carrying amount of Space S.p.A. equity at the effective merger date), the exercise of the Market Warrants for Euro 986 thousand, the Translation Reserve following the conversion of the Group companies financial statements for Euro 1,426 thousand and the change in Non-Controlling Interest Equity. The "Non-Controlling Interest Equity" increased following the recording of the minorities in Writefine Products Private Limited (India) and Fila Polska Sp. Z.o.o (Poland), totalling Euro 22,370 thousand and from dividends recognised to the minorities totalling Euro 281 thousand.

The account "Provisions", amounting to Euro 26,213 thousand, mainly refers to "Deferred Tax Liabilities" and "Post-Employment Benefits and Employee Benefits". The main change compared to 2014 almost exclusively relates to the values of Writefine Products Private Limited (India) at December 31, 2015, amounting to Euro 14,005 thousand, principally relating to the tax effect generated from the adjustment to Fair Value of the "Brands" and the "Customer List" of the Indian company recorded during the "Business Combination" process in accordance with IFRS 3.

"Financial Instruments" of Euro 21,504 thousand concern the Fair Value measurement of market warrants, of which Euro 17,333 thousand refers to the merger contribution with Space S.p.A. on May 31, 2015.

The F.I.L.A. Group "Net Financial Position" at December 31, 2015 was a net debt of Euro 38,744 thousand, improving Euro 19,691 thousand on December 31, 2014. For greater details, reference to the "Financial Overview" paragraph.

Financial Overview

The overview of the Group operating and financial performance is completed by the Statement of Cash Flow and the Group Net Financial Position reported below.

Cash and cash equivalents, net of current account overdrafts contributed by the merger with Space S.p.A. at May 31, 2015, totalled Euro 93,333 thousand, as follows:

Merger effect of cash and cash equivalents net of bank overdrafts	**May 31, 2015**
Euro thousands	
Cash and Cash Equivalents	44,831
Current financial assets	48,502
Total financial impact	**93,333**

In the first ten days of June 2015, this liquidity was reduced by the distribution of excess reserves to shareholders of Space S.p.A. for Euro 26,920 thousand and the payment of Euro 1,647 thousand of indemnities to holders of Market Warrants, with a net cash flow of Euro 64,766 thousand.

Consolidated Statement of Cash Flow

Euro thousands		December 2015	December 2014
EBIT		33,999	28,977
adjustments for non-cash items:		*9,695*	*6,830*
Amortisation & Depreciation	*Note 1 - 2*	6,792	5,698
Write-down and Recovery in Value	*Note 1 - 2*	3	48
Doubtful Debt Provision	*Note 9*	985	297
Exch. effect on Assets and Liabilities in Foreign Curr. of Commercial Transactions	*Note 24*	1,960	830
Gain/Loss on Fixed Asset Disposals	*Note 21 - 24*	(46)	(42)
integrations for:		*(18,737)*	*(9,661)*
Income Taxes Paid	*Note 7 - 18*	(15,522)	(8,692)
Unrealised Exchange Differences on Assets and Liabilities in Foreign Currencies	*Note 28 - 29*	(2,053)	(617)
Realised Exchange Differences on Assets and Liabilities in Foreign Currencies	*Note 28 - 29*	(1,161)	(352)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL		**24,957**	**26,146**
Changes in Net Working Capital:		*(24,665)*	*(6,880)*
Change in Inventories	*Note 8*	(18,545)	(11,159)
Change in Trade and Other Receivables	*Note 9*	(2,382)	(4,546)
Change in Trade and Other Payables	*Note 19*	(3,978)	11,255
Change in Other Assets/Liabilities	*Note 15 - 16 - 6*	118	(2,582)
Change in Post-Employment and Employee Benefits	*Note 14*	121	153
CASH FLOW FROM OPERATING ACTIVITIES		**292**	**19,265**
Total Investment/Divestment in Intangible Assets	*Note 1*	**(128)**	**(243)**
Total Investment/Divestment in Property, Plant and Equipment	*Note 2*	**(7,497)**	**(6,358)**
Total Investment/Divestment of Investments measured at Cost	*Note 5*	**0**	**(28)**
Total Investment/Divestment in Other Financial Assets	*Note 3*	**(503)**	**(339)**
Acquisition of investment in WRITEFINE PRODUCTS PVT LTD (India) 51%		**(36,110)**	**0**
Interest Received		**467**	**49**
CASH FLOW FROM INVESTING ACTIVITIES		**(43,772)**	**(6,919)**
Total Change in Equity	*Note 12*	**(271)**	**(937)**
Interest Paid	*Note 29*	**(3,775)**	**(3,774)**
Total Increase/Decrease Loans and Other Financial Liabilities	*Note 13*	**(65,450)**	**(13,994)**
CASH FLOW FROM FINANCING ACTIVITIES		**(69,495)**	**(18,705)**
Translation difference	*Note 12*	1,426	4,112
Other non-cash equity changes		2,673	(1,708)
NET CASH FLOW IN THE YEAR		**(108,877)**	**(3,955)**
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the year		30,663	35,685
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the period (merger contribution)		93,333	0
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the period (change in consolidation scope)		2,423	(1,067)
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS AT END OF THE YEAR		**17,542**	**30,663**

1) *Cash and cash equivalents at December 31, 2015 totalled Euro 30,683 thousand; current account overdrafts amounted to Euro 13,141 thousand net of relative interest.*
2) *Cash and cash equivalents at December 31, 2014 totalled Euro 32,473 thousand; current account overdrafts amounted to Euro 1,810 thousand net of relative interest.*
3) *The cash flows are presented using the indirect method. In order to provide a more complete and accurate presentation of the individual cash flows, the effects from non-cash operations were eliminated (including the conversion of statement of financial position items in currencies other than the Euro), where significant. These effects were aggregated and included in the account "Other non-cash changes".*

Euro thousands	December 2015	December 2014
OPENING CASH AND CASH EQUIVALENTS	**30,663**	**35,685**
Cash and cash equivalents	32,473	35,797
Bank overdrafts	(1,810)	(112)
CLOSING CASH AND CASH EQUIVALENTS	**17,542**	**30,663**
Cash and cash equivalents	30,683	32,473
Bank overdrafts	(13,141)	(1,810)

The net cash flow generated in 2015 from "Operating Activities" of Euro 292 thousand (generation of operating cash at December 31, 2014 of Euro 19,265 thousand) concerns:

- for Euro 24,957 thousand (Euro 26,146 thousand at December 31, 2014) cash flow generated from "Operating Activities", based on the difference of the "Value" and the "Costs of Cash Generation" and the remaining ordinary income components, excluding financial management;
- for a negative Euro 24,665 thousand (Euro 6,880 thousand in 2014), "Working Capital Management" movements, principally due to the increase in inventories (in line with higher sales volumes and needed to guarantee faster delivery to clients), as well as the decrease in "Trade and Other Payables", principally due to the payments inherited from Space S.p.A.. These effects principally concern the group company Dixon Ticonderoga Company (U.S.A.), F.I.L.A. S.p.A (Italy) and the group company Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico);
- "Investing Activities" absorbed liquidity of Euro 43,772 thousand (Euro 6,919 thousand in 2014), of which:
  - Euro 128 thousand (Euro 243 thousand in 2014) almost exclusively concerning the renewal of concessions and trademarks by F.I.L.A. S.p.A;
  - Euro 7,497 thousand (Euro 6,358 thousand in 2014) for net investment in plant and machinery, principally by FILA Dixon Art & Craft Yixing Co. Ltd (China), Fila Dixon Stationery (Kunshan) Co. Ltd, F.I.L.A. S.p.A. (Italy), Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico) and Industria Maimeri S.p.A. (Italia);

- Euro 36,110 thousand (Euro 0 thousand in 2014) relating to the acquisition of 32.5% of the Indian subsidiary Writefine Products Private Limited.

“Financing Activities” absorbed net cash of Euro 69,495 thousand (cash absorbed of Euro 18,705 thousand in 2014), principally concerning:

- the decrease in equity of Euro 271 thousand (decrease of Euro 937 thousand in 2014), concerning the non-controlling interest share of dividends distributed by Lyra Scandinavia AB (Scandinavia), Lyra Asia PTE Ltd (Singapore) and F.I.L.A. Hispania S.L. (Spain), offset by the increase of the share capital of the newly incorporated Fila Polska Sp. Z.o.o (Poland);
- the absorption of Euro 3,775 thousand (Euro 3,774 thousand in 2014) from interest charges paid on loans and credit lines granted to Group companies, principally F.I.L.A. S.p.A. (Italy), Dixon Ticonderoga Company (U.S.A.), Grupo F.I.L.A. –Dixon, S.A. de C.V. (Mexico), Licyn Mercantil Industrial Ltda (Brazil) and FILA Dixon Stationary (Kunshan) Co., Ltd. (China);
- net absorption of Euro 65,450 thousand, principally due to the repayment of loans by F.I.L.A. S.p.A, as well as lower credit lines utilised by Lyra KG “Johann Froescheis Lyra-Bleitstitift-Fabrik GmbH&Co-KG” (Germany) and Dixon Ticonderoga Company (U.S.A.);

The increase in “Equity” of approx. Euro 1,426 thousand, following the conversion of Group companies financial statements from local currency to the consolidation currency (the Euro) and other non-cash decreases for Euro 2,673 thousand (principally due to the exchange rate movements on the previous year concerning the larger balance sheet items).
The total net cash absorbed in the year was therefore Euro -108,877 thousand (Euro -3,955 thousand in 2014).
Considering therefore the “Net Cash Available” at the beginning of the year of Euro 30,663 thousand and the “Net Initial Cash Available from the merger contribution”, for Euro 93,333 thousand, as well as the “Net Initial Cash Available from changes in the consolidation scope” (Writefine Products Private Limited at October 31, 2015) amounting to Euro 2,423 thousand, the “Net Cash Available” at year end amounted to Euro 17,542 thousand.

The **Net Financial Position** at December 31, 2015 reports net debt of Euro 38,744 thousand.

The Net Cash contributed by the merger with Space S.p.A. at May 31, 2015 was Euro 64,766 thousand, as follows:

Merger effect on the Net Financial Position	**May 31, 2015**
Euro thousands	
Cash and Cash Equivalents	93,333
Reserves to be distributed to Space S.p.A. shareholders pre-merger	(26,920)
Indemnity to be recognised to market warrant holders	(1,647)
	64,766

The Net Financial Position at December 2015 compared to December 31, 2014 is reported below.

Euro thousands		Balance at 31-12-2015	Balance at 31-12-2014	Change in year
A	Cash	132	58	74
B	Other cash equivalents	30,551	32,415	(1,864)
C	Securities held-for-trading			
D	**Liquidity (A + B + C)**	**30,683**	**32,473**	**(1,790)**
E	**Current financial receivables**	**268**	**257**	**11**
F	Current bank payables	(67,319)	(62,311)	(5,008)
G	Current portion of non-current debt	(715)	(8,214)	7,499
H	Other current financial payables	(505)	(512)	7
I	**Current financial debt (F + G + H)**	**(68,539)**	**(71,037)**	**2,498**
J	**Net current financial debt (I + E+ D)**	**(37,588)**	**(38,307)**	**719**
K	Non-current bank payables	(1,404)	(20,071)	18,667
L	Bonds issued	0	0	0
M	Other non-current payables	(106)	(63)	(43)
N	**Non-current financial debt (K + L + M)**	**(1,510)**	**(20,134)**	**18,624**
O	**Net financial debt (J + N)**	**(39,098)**	**(58,441)**	**19,343**
P	**Loans issued to third parties**	**354**	**6**	**348**
Q	**Net financial debt (O + P) - F.I.L.A. Group**	**(38,744)**	**(58,435)**	**19,691**

Note:

1) The net financial debt calculated at point "O" complies with Consob Communication DEM/6064293 of July 28, 2006, which excludes non-current financial assets. The net financial debt of the F.I.L.A. Group differs from the above communication by Euro 354 thousand in relation to the non-current loans granted to third parties by F.I.L.A. S.p.A. (Euro 350 thousand) and Omyacolor S.A. (Euro 4 thousand)

2) The Market Warrants recognised to the financial statements at December 31, 2015 of Euro 21,504 thousand are not considered an integral part of the net financial debt as cashless financial instruments.

Compared to December 31, 2014 (debt of Euro 58,435 thousand), the position improved Euro 19,691 thousand. Excluding the cash deriving from the merger, of Euro 64,766 thousand, and the change in the consolidation scope of Euro 895 thousand attributable exclusively to Writefine Products Private Limited (India) at October 31, 2015, this change resulted in an absorption of Euro 44,180 thousand (compared to cash absorption of Euro 7,302 thousand in 2014) and mainly attributable to:

- net cash generated from operating activities of Euro 292 thousand (Euro 19,265 thousand in 2014), due to the good operational performance, principally resulting from the "Payment of the Income Taxes" and the change in "Net Working Capital" (principally due to the increase in inventories related to the continual growth in orders as well as the necessity to have stock for speedy delivery);

- net tangible and intangible asset investment of Euro 7,625 thousand (Euro 6,601 thousand in 2014);
- cash absorption of Euro 36,110 thousand for the increase in the shareholding in the Indian subsidiary Writefine Products Private Limited to 51%;
- cash absorption from interest on loans and credit lines issued to Group companies of Euro 3,775 thousand (Euro 3,774 thousand in 2014).

For further details on the changes to the statement of financial position accounts, reference to “Note 12 – Share Capital and Equity” and “Note 13 – Financial Liabilities” of the Explanatory Notes.

Operating segments

In terms of segment reporting, the F.I.L.A. Group has adopted IFRS 8, obligatory from January 1, 2009.

IFRS 8 requires an entity to base segment reporting on internal reporting, which is constantly reviewed by the highest level of management in order to allocate resources to the various segments and to analyse performance.

Geographic region is the primary basis of analysis and of decision-making by F.I.L.A. Group Management, therefore fully in line with the internal reporting prepared for these purposes.

The products of the F.I.L.A. Group are similar in terms of quality and production, target market, margins, sales network and clients, even with reference to the different brands which the Group markets. No diversification is therefore deemed to be present within the Segment, in consideration of the substantial uniformity of the risks and benefits relating to the products produced by the F.I.L.A. Group.

The segment disclosure accounting standards are in line with those utilised for the consolidated financial statements.

Segment disclosure was therefore based on the location of operations ("Entity Locations"), broken down as follows: "Europe", "North America", "Central and South America" and "Rest of the World". The "Rest of the World" includes the subsidiaries in South Africa and Australia.

The "Business Segment Reporting" of the F.I.L.A. Group aggregates companies by region on the basis of the *"operating location"*.

The association between the regions, reported in the "Business Segment Reporting" and the F.I.L.A. Group companies was as follows:

Europe

F.I.L.A. S.p.A. (Italy)
Omyacolor S.A. (France)
F.I.L.A. Hispania S.L. (Spain)
FILALYRA GB Ltd. (United Kingdom)
Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG (Germany)
Lyra Bleistift-Fabrik Verwaltungs GmbH (Germany)
Lyra Scandinavia AB (Sweden)
FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)
Fila Stationary O.O.O. (Russia)
Industria Maimeri S.p.A. (Italy)
Fila Hellas SA (Greece)
Fila Polska Sp. Z.o.o (Poland)

North America

Dixon Ticonderoga Company (U.S.A.)
Dixon Ticonderoga Inc. (Canada)

Central - South America

Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)
F.I.L.A. Chile Ltda (Chile)
FILA Argentina S.A. (Argentina)
Licyn Mercantil Industrial Ltda (Brazil)

Asia

Beijing F.I.L.A.-Dixon Stationery Company Ltd. (China)
Xinjiang F.I.L.A.-Dixon Plantation Company Ltd. (China)
Fila Dixon Art & Craft Yixing Co.,Ltd (China)
PT. Lyra Akrelux (Indonesia)
Lyra Asia PTE Ltd. (Singapore)
FILA Dixon Stationery (Kunshan) Co., Ltd. (China)
Writefine Products PVT LTD (India)

Rest of the World

FILA Australia PTY LTD (Australia)
FILA Cartorama SA PTY LTD (South Africa)

The segment reporting required in accordance with IFRS 8 is presented below.

For the purposes of providing comparable financial statements, the figures are shown net of the change in the consolidation scope during 2015 following:

- Incorporation of the company Fila Polska Sp. Z.o.o (Poland);
- Incorporation of the company FILA Dixon Art & Craft Yixing Co. Ltd (China);
- Acquisition of control of the company Writefine Products Private Limited (India) consolidated under the line-by-line method from November 2015.

Business Segments – Statement of Financial Position

The F.I.L.A. Group "statement of financial position" by region at December 31, 2015 and December 31, 2014 is reported below:

REPORTING FORMAT - BUSINESS SEGMENTS*

Euro thousands	Goegraphic Area - F.I.L.A. Group						
	Europe	North America	Cent. - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
December 2015							
STATEMENT OF FINANCIAL POSITION							
Non-Current Assets	**34,564**	**10,015**	**15,456**	**93,693**	**180**	**(1,679)**	**152,229**
of which Intercompany	*(2,108)*	*578*		*(148)*			
Intangible Assets	8,383	4,251	7,089	68,545	112	(224)	88,156
Property, Plant and Equipment	16,014	1,233	6,412	24,178	64		47,901
Non-Current Financial Assets	3,425	497	334	472	4	(2,945)	1,787
Investments measured at Equity				322			322
Investments measured at Cost	31						31
Deferred Tax Assets	6,711	4,034	1,621	176		1,490	14,032
Current Assets	**103,815**	**49,667**	**66,930**	**45,805**	**1,423**	**(35,419)**	**232,221**
of which Intercompany	*(16,206)*	*(3,728)*	*(2,946)*	*(12,536)*	*(3)*		
Current Financial Assets	4,146		215	881		(4,974)	268
Current Tax Receivables	2,186	1,517	289	1,028			5,020
Inventories	49,134	24,804	26,285	22,118	925	(4,747)	118,519
Trade and Other Receivables	39,065	12,375	36,536	15,375	337	(25,957)	77,731
Cash and Cash Equivalents	9,284	10,971	3,605	6,403	161	259	30,683
Non-Current and Current Assets Held-for-Sale							
TOTAL ASSETS	**138,379**	**59,682**	**82,386**	**139,498**	**1,603**	**(37,098)**	**384,450**
of which Intercompany	*(18,315)*	*(3,150)*	*(2,946)*	*(12,684)*	*(3)*		
Non-Current Liabilities	**9,868**	**3,421**	**2,219**	**14,732**		**(2,820)**	**27,421**
of which Intercompany	*(1,820)*		*(1,000)*				
Non-Current Financial Liabilities	2,843	16	1,000	596		(2,945)	1,510
Employee Benefits	3,473	816	763	300			5,352
Provisions for Risks and Charges	607	335					942
Deferred Tax Liabilities	2,945	2,254	457	13,704		125	19,485
Other Payables				132			132
Current Liabilities	**77,788**	**21,427**	**42,081**	**32,172**	**2,506**	**(30,672)**	**145,302**
of which Intercompany	*(7,696)*	*(453)*	*(9,167)*	*(11,100)*	*(2,255)*		
Current Financial Liabilities	19,391	16,479	25,651	10,814	1,178	(4,974)	68,539
Financial Instruments	21,504						21,504
Provisions for Risks and Charges	342	92					434
Current tax payables	316	29	300	1,195			1,840
Trade and Other Payables	36,235	4,827	16,130	20,163	1,328	(25,698)	52,985
Liabilities related to Non-Current & Current Assets Held-for-Sale							**0**
TOTAL LIABILITIES	**87,656**	**24,848**	**44,301**	**46,904**	**2,506**	**(33,492)**	**172,723**
of which Intercompany	*(9,516)*	*(453)*	*(10,167)*	*(11,100)*	*(2,255)*		

** Allocation by "Entity Location"*

REPORTING FORMAT - BUSINESS SEGMENTS*

Euro thousands	Geographic Area - F.I.L.A Group						
	Europe	**North America**	**Central - South America**	**Asia**	**Rest of the World**	**Consolidation**	**F.I.L.A. Group**
December 2014							
STATEMENT OF FINANCIAL POSITION							
NON-CURRENT ASSETS	**36,703**	**9,053**	**15,070**	**3,952**	**185**	**(232)**	**64,731**
of which Intercompany	*(742)*	*510*					
Intangible Assets	8,892	4,032	8,148	153	114	(75)	21,264
Property, Plant and Equipment	15,868	670	5,149	3,799	66		25,552
Non-Current Financial Assets	1,463	257	277		5	(1,295)	707
Investments measured at Equity						6,746	6,746
Investments measured at Cost	6,146					(6,115)	31
Deferred Tax Assets	4,332	4,094	1,495			508	10,429
Other Receivables	2						2
Current Assets	**92,329**	**41,763**	**62,598**	**29,204**	**930**	**(25,070)**	**201,754**
of which Intercompany	*(8,127)*	*(3,660)*	*(2,091)*	*(11,192)*			
Current Financial Assets	1,497		256	1,008		(2,504)	257
Current Tax Receivables	133	457	155	177			923
Inventories	36,537	22,056	21,362	12,726	667	(1,312)	92,035
Trade and Other Receivables	34,367	12,018	37,877	12,870	189	(21,253)	76,067
Cash and Cash Equivalents	19,795	7,232	2,948	2,424	74		32,473
Non-Current and Current Assets Held-for-Sale				**16**			**16**
TOTAL ASSETS	**129,031**	**50,815**	**77,668**	**33,172**	**1,114**	**(25,302)**	**266,501**
of which Intercompany	*(8,869)*	*(3,150)*	*(2,091)*	*(11,192)*			
Non-Current Liabilities	**28,663**	**2,683**	**1,872**			**(1,603)**	**31,615**
of which Intercompany	*(1,170)*		*(433)*				
Non-Current Financial Liabilities	21,323	32	507			(1,728)	20,134
Employee Benefits	3,640	556	729				4,925
Provisions for Risks and Charges	646	85					731
Deferred Tax Liabilities	3,055	2,011	635			125	5,825
Current Liabilities	**60,238**	**23,918**	**37,821**	**22,948**	**1,315**	**(23,324)**	**122,919**
of which Intercompany	*(6,430)*	*(1,429)*	*(4,887)*	*(10,348)*	*(230)*		
Current Financial Liabilities	24,378	18,061	22,819	7,306	544	(2,071)	71,037
Provisions for Risks and Charges	163	99					262
Current Tax Payables	1,008		1,528				2,536
Trade and Other Payables	34,689	5,758	13,475	15,642	771	(21,253)	49,084
Liabilities related to Non-Current and Current Assets Held-for-Sale							**0**
TOTAL LIABILITIES	**88,901**	**26,601**	**39,694**	**22,948**	**1,315**	**(24,927)**	**154,533**
of which Intercompany	*(7,600)*	*(1,429)*	*(5,320)*	*(10,348)*	*(230)*		

Allocation by "Entity Location"

For a better understanding of the changes between the comparative periods, the F.I.L.A. Group Business Segments at like-for-like consolidation scope with 2014 are reported below.

REPORTING FORMAT - BUSINESS SEGMENTS*

Euro thousands	Goegraphic Area - F.I.L.A. Group						
	Europe	**North America**	**Cent. - Sth. America**	**Asia**	**Rest of the World**	**Consolidation**	**F.I.L.A. Group**
December 2015, net of the change in the consolidation scope							
STATEMENT OF FINANCIAL POSITION							
Non-Current Assets	**34,564**	**10,015**	**15,456**	**4,820**	**180**	**(1,531)**	**63,504**
of which Intercompany	*(2,108)*	*578*					
Intangible Assets	8,383	4,251	7,089	282	112	(76)	20,042
Property, Plant and Equipment	16,014	1,233	6,412	4,438	64		28,161
Non-Current Financial Assets	3,425	497	334	25	4	(2,945)	1,340
Investments measured at Equity							
Investments measured at Cost	31						31
Deferred Tax Assets	6,711	4,034	1,621	75		1,490	13,930
Current Assets	**103,534**	**49,667**	**66,930**	**30,252**	**1,423**	**(34,237)**	**217,569**
of which Intercompany	*(16,023)*	*(3,728)*	*(2,946)*	*(11,537)*	*(3)*		
Current Financial Assets	4,146		215	831		(4,974)	219
Current Tax Receivables	2,186	1,517	289	33			4,025
Inventories	49,017	24,804	26,285	13,426	925	(4,747)	109,710
Trade and Other Receivables	38,959	12,375	36,536	12,148	337	(24,775)	75,579
Cash and Cash Equivalents	9,226	10,971	3,605	3,814	161	259	28,036
Non-Current and Current Assets Held-for-Sale							
TOTAL ASSETS	**138,098**	**59,682**	**82,386**	**35,072**	**1,603**	**(35,768)**	**281,073**
of which Intercompany	*(18,132)*	*(3,150)*	*(2,946)*	*(11,537)*	*(3)*		
Non-Current Liabilities	**9,868**	**3,421**	**2,219**	**(1)**		**(2,820)**	**12,688**
of which Intercompany	*(1,820)*		*(1,000)*				
Non-Current Financial Liabilities	2,843	16	1,000			(2,945)	914
Employee Benefits	3,473	816	763				5,052
Provisions for Risks and Charges	607	335					942
Deferred Tax Liabilities	2,945	2,254	457	(1)		125	5,780
Current Liabilities	**77,560**	**21,427**	**42,081**	**22,541**	**2,506**	**(29,490)**	**136,626**
of which Intercompany	*(6,697)*	*(453)*	*(9,167)*	*(10,917)*	*(2,255)*		
Current Financial Liabilities	19,391	16,479	25,651	6,714	1,178	(4,974)	64,439
Financial Instruments	21,504						21,504
Provisions for Risks and Charges	342	92					434
Current Tax Payables	316	29	300	222			867
Trade and Other Payables	36,008	4,827	16,130	15,606	1,328	(24,516)	49,382
Liabilities related to Non-Current & Current Assets Held-for-Sale							
TOTAL LIABILITIES	**87,429**	**24,848**	**44,301**	**22,540**	**2,506**	**(32,310)**	**149,314**
of which Intercompany	*(8,517)*	*(453)*	*(10,167)*	*(10,917)*	*(2,255)*		

** Allocation by "Entity Location"*

The main changes in the accounts at December 31, 2015 excluding the changes in the consolidation scope and compared with December 31, 2014 are illustrated below:

F.I.L.A. Group "Assets" at December 31, 2015 amount to Euro 281,073 thousand, divided between "Non-Current" totalling Euro 63,504 thousand (decrease on December 31, 2014 of Euro 1,227 thousand), "Current" totalling Euro 217,569 thousand (increase on December 31, 2014 of Euro 15,815 thousand) and "Non-Current and Current Assets Held-for-Sale" totalling Euro 0 thousand (decrease on December 31, 2014 of Euro 16 thousand).

The main changes relating to "Non-Current Assets" (Euro 1,227 thousand) were:

- decrease in "Intangible Assets" of Euro 1.222 thousand, mainly attributable to amortisation in the year totalling Euro 1,591 thousand, partially offset by investments in the year totalling Euro 130 thousand, of which Euro 104 thousand incurred by F.I.L.A. S.p.A.;
- increase in "Property, Plant and Equipment" of Euro 2,609 thousand, mainly generated from net investments totalling Euro 7,086 thousand made by F.I.L.A. S.p.A (Italy – Euro 1,240 thousand) and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico – Euro 2,068 thousand), Omyacolor S.A. (France – Euro 291 thousand), Industria Maimeri S.p.A. (Italy - Euro 888 thousand and FILA Dixon Stationery (Kunshan) Co., Ltd. (China – Euro 926 thousand), offset by depreciation in the year totalling Euro 4,415 thousand. Capital expenditure in the year concerned upgrading and modernisation of industrial production plant. We highlight the investments undertaken by FILA Dixon Stationery (Kunshan) Co., Ltd. (China) for the development of the new Chinese production facility and by Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico – Euro 2,068 thousand) for the installation of the new "*Cedar Wood Oxaca*" production line;
- increase in "Non-Current Financial Assets" for Euro 633 thousand, mainly relating to F.I.L.A. S.p.A. (Italy), for a loan granted to third parties, and Dixon Ticonderoga Company (U.S.A.) for the financial assets relating to indemnities to be paid to personnel;
- increase in "Deferred Tax Assets" for Euro 3,501 thousand, principally relating to F.I.L.A. S.p.A. for the amount of tax losses carried forward and deferred deductions relating to the listing inherited from Space S.p.A., as well as the effects deriving from the A.C.E.

The main changes relating to the "Current Assets" (Euro 15,815 thousand) were as follows:

- increase in "Inventories" of Euro 17,675 thousand principally by F.I.L.A. S.p.A, Dixon Ticonderoga Company (U.S.A.), Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) F.I.L.A. S.p.A. (Italy), Industria Maimeri S.p.A. (Italy), F.I.L.A. Chile Ltda (Chile) and FILA Argentina S.A. (Argentina) against higher orders to be shipped.

- decrease in "Cash and Cash Equivalents" of Euro 4,437 thousand, principally attributable to F.I.L.A. S.p.A.. Reference to the "Consolidated Statement of Cash Flow" for further information.
- decrease in "Trade and Other Receivables" for Euro 488 thousand, mainly due to the currency effect in the year, which fully offset the increase in "Trade Receivables" generated from the higher turnover realised in the year by the F.I.L.A. Group;
- increase in "Current Income Tax Receivables" of Euro 3,102 thousand principally by F.I.L.A. S.p.A.., Dixon Ticonderoga Company (U.S.A.) and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico), due to higher payments on account.

The main changes relating to "Non-Current and Current Assets Held for Sale" relate to Lyra Asia PTE Ltd. (Singapore) and Maimeri U.S.A. (U.S.A.) following the relative liquidation processes.

The "Liabilities" of the F.I.L.A. Group at December 31, 2015 amount to Euro 149,314 thousand, divided between "Non-Current" totalling Euro 12,688 thousand (decrease on December 31, 2014 of Euro 18,927 thousand) and "Current" totalling Euro 136,626 thousand (increase on December 31, 2014 of Euro 13,707 thousand).
The main changes in the "Non-Current Liabilities" (Euro 18,927 thousand) relate to:

- decrease in "Non-Current Financial Liabilities" of Euro 19,220 thousand, mainly due to the advance settlement of the loan granted by Intesa Sanpaolo and Banca Nazionale del Lavoro to F.I.L.A. S.p.A (Euro 19,000 thousand);
- increase in the "Risks and Charges Provision" of Euro 211 thousand, mainly relating to the provision by Dixon Ticonderoga Co. (U.S.A.) for the environmental reclamation in course of land currently not utilised;
- decrease in "Deferred Tax Liabilities" of Euro 45 thousand.

The main changes relating to "Current Liabilities" (Euro 13,707 thousand) were as follows:

- decrease in "Current Financial Liabilities" of Euro 6,598 thousand, mainly due to the repayment of the short-term tranche of loans provided by Banca Nazionale del Lavoro to F.I.L.A. S.p.A., as well as minor credit line utilisations;

- increase in the “Risks and Charges Provision” of Euro 172 thousand mainly relating to the legal disputes of Dixon Ticonderoga Company (U.S.A.) and Lyra KG;
- decrease in the “Current Income Taxes” of Euro 1,669 thousand, following lower tax payables mainly in F.I.L.A. S.p.A. (Italy), following the tax benefits inherited from Space S.p.A;
- increase in “Trade and Other Payables” for Euro 298 thousand, mainly due to the increase in “Other Payables”, including “VAT Payables” and “Employee payables”, which offset the decrease in trade payables mainly due to the payments inherited from Space S.p.A..

Business Segments – Income Statement

F.I.L.A. Group "<u>income statement</u>" by region for the years 2015 and 2014 is reported below:

REPORTING FORMAT - BUSINESS SEGMENTS*

	Geographic Area - F.I.L.A. Group						
Euro thousands	Europe	North America	Cent. - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
2015							
<u>INCOME STATEMENT</u>							
Core Business Revenue	**150.253**	**86.582**	**76.647**	**49.638**	**521**	**(88.308)**	**275.333**
Other Revenue and Other Operating Income	**4.717**	**2.872**	**3.055**	**1.481**	**40**	**(4.955)**	**7.210**
TOTAL REVENUE	**154.970**	**89.454**	**79.702**	**51.119**	**561**	**(93.263)**	**282.543**
of which Intercompany	*(27.427)*	*(2.790)*	*(22.053)*	*(40.991)*	*(3)*		
Raw Materials, Ancillary, Consumables and Goods	**(85.931)**	**(50.197)**	**(49.133)**	**(29.663)**	**(772)**	**89.087**	**(126.609)**
Services and Rent, Leases and Similar Costs	**(36.453)**	**(16.958)**	**(13.140)**	**(5.718)**	**(305)**	**4.097**	**(68.477)**
Other Operating Costs	**(1.897)**	**(1.477)**	**(3.312)**	**(366)**	**(321)**	**(815)**	**(8.188)**
Change in Inventory	**12.625**	**513**	**7.162**	**705**	**446**	**(3.275)**	**18.175**
Labour Costs	**(26.809)**	**(5.941)**	**(12.008)**	**(10.656)**	**(251)**		**(55.664)**
TOTAL OPERATING COSTS	**(138.465)**	**(74.060)**	**(70.431)**	**(45.698)**	**(1.202)**	**89.094**	**(240.763)**
of which Intercompany	*40.291*	*29.314*	*11.784*	*6.864*	*839*		
EBITDA	**16.505**	**15.394**	**9.271**	**5.421**	**(642)**	**(4.169)**	**41.780**
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	**(4.077)**	**(554)**	**(1.754)**	**(1.375)**	**(21)**		**(7.781)**
EBIT	**12.428**	**14.840**	**7.517**	**4.046**	**(663)**	**(4.169)**	**33.999**
Interest and Income from Group Companies	108					(108)	0
Interest on Bank Deposits	401	4	16	42	4		467
Interest Income	**509**	**4**	**16**	**42**	**4**	**(108)**	**467**
Dividends	5.795	1.985				(7.779)	0
Other Income from Investments measured at cost	15.052					(1.130)	13.922
Other Financial Income	132	24	57	3			216
Unrealised Exchange Gains on Financial Transactions	556		368	9	46	9	988
Realised Exchange Gains on Financial Transactions	92	9					101
Revaluations of Investments at Cost	8					(8)	
Other Financial Income	**21.635**	**2.018**	**425**	**12**	**46**	**(8.908)**	**15.228**
Interest and charges from Group Companies	(45)		(54)		(17)	116	0
Interest on Bank Overdrafts	(299)			(17)			(316)
Interest on Bank Loans	(598)	(412)	(1.938)	(416)			(3.364)
Interest to Other Lenders	(1)	(2)		(1)	(3)		(7)
Interest Expense	**(943)**	**(414)**	**(1.992)**	**(434)**	**(20)**	**116**	**(3.687)**
Other Financial Charges	(52.012)	(62)	(105)	(72)			(52.251)
Unrealised Exchange Losses on Financial Transactions	(901)	()	(949)		(273)	(18)	(2.141)
Realised Exchange Losses on Financial Transactions	(67)	(16)	(105)	(14)			(203)
Other Financial Charges	**(52.980)**	**(78)**	**(1.159)**	**(86)**	**(273)**	**(18)**	**(54.594)**
Income/Charges from Investments at Equity						**420**	**420**
NET FINANCIAL CHARGES	**(31.779)**	**1.530**	**(2.710)**	**(466)**	**(243)**	**(8.498)**	**(42.166)**
of which Intercompany	*(6.577)*	*(1.985)*	*48*		*16*		
PRE-TAX PROFIT/(LOSS)	**(19.351)**	**16.370**	**4.807**	**3.580**	**(906)**	**(12.667)**	**(8.167)**
TOTAL INCOME TAXES	**(2.158)**	**(5.059)**	**(1.790)**	**(203)**		**924**	**(8.286)**
of which Intercompany	*916*	*8*					
NET PROFIT/(LOSS) - CONTINUING OPERATIONS	**(21.509)**	**11.311**	**3.017**	**3.377**	**(906)**	**(11.743)**	**(16.453)**
NET PROFIT - DISCONTINUED OPERATIONS		**2**		**51**			**53**
of which Intercompany							
NET PROFIT/(LOSS)	**(21.509)**	**11.313**	**3.017**	**3.428**	**(906)**	**(11.743)**	**(16.400)**
Non-controlling interest profit/(loss)	**157**	**(89)**		**195**			**263**
F.I.L.A. GROUP NET PROFIT/(LOSS)	**(21.666)**	**11.402**	**3.017**	**3.233**	**(906)**	**(11.743)**	**(16.663)**

<u>** Allocation by "Entity Location"*</u>

REPORTING FORMAT - BUSINESS SEGMENTS*

Euro thousands	Geographic Area - F.I.L.A Group						
	Europe	North America	Cent. - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
2014							
INCOME STATEMENT							
Core Business Revenue	**140.203**	**63.463**	**68.842**	**31.066**	**184**	**(70.174)**	**233.585**
Other Revenue and Other Operating Income	**3.879**	**2.262**	**1.678**	**347**	**7**	**(4.356)**	**3.817**
TOTAL REVENUE	144.082	65.726	70.520	31.413	192	(74.530)	237.402
of which Intercompany	*(24.266)*	*(2.733)*	*(18.398)*	*(29.133)*			
Raw Materials, Ancillary, Consumables and Goods	**(68.872)**	**(41.210)**	**(40.873)**	**(20.296)**	**(776)**	**70.311**	**(101.716)**
Services and Rent, Leases and Similar Costs	**(34.261)**	**(12.530)**	**(11.900)**	**(3.575)**	**(168)**	**4.779**	**(57.655)**
Other Operating Costs	**(1.034)**	**(948)**	**(1.549)**	**(736)**		**(680)**	**(4.947)**
Change in Inventory	**3.199**	**4.106**	**1.934**	**590**	**650**	**285**	**10.764**
Labour Costs	**(26.343)**	**(4.754)**	**(10.615)**	**(7.045)**	**(73)**		**(48.829)**
TOTAL OPERATING COSTS	(127.310)	(55.335)	(63.004)	(31.063)	(366)	74.695	(202.383)
of which Intercompany	*31.647*	*26.340*	*8.768*	*7.716*	*224*		
EBITDA	16.772	10.390	7.516	350	(175)	165	35.019
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(3.401)	(270)	(1.603)	(760)	(8)		(6.042)
EBIT	13.371	10.120	5.913	(410)	(183)	165	28.977
Interest and Income from Group Companies	58					(58)	()
Interest on Bank Deposits	30	7	8	8			53
Interest Income	**88**	**7**	**8**	**8**		**(59)**	**53**
Dividends	2.646	1.565				(4.211)	
Other Financial Income	33	18	60			()	110
Unrealised Exchange Gains on Financial Transactions	220				6		226
Realised Exchange Gains on Financial Transactions	191	9					200
Revaluations of Investments at Cost	33					(33)	
Other Financial Income	**3.122**	**1.592**	**60**		**6**	**(4.244)**	**536**
Interest and charges from Group Companies	(51)		(5)		(4)	60	
Interest on Bank Overdrafts	(260)			(18)			(278)
Interest on Bank Loans	(1.126)	(426)	(1.725)	(227)			(3.504)
Interest to Other Lenders	(5)	(2)					(7)
Interest Expense	**(1.441)**	**(429)**	**(1.730)**	**(245)**	**(4)**	**60**	**(3.789)**
Other Financial Charges	(450)	(74)	(203)	(1)	(2)		(729)
Unrealised Exchange Losses on Financial Transactions	(438)		(64)		(12)	(2)	(516)
Realised Exchange Losses on Financial Transactions	(24)	(26)					(50)
Other Financial Charges	**(912)**	**(99)**	**(267)**	**(1)**	**(14)**	**(2)**	**(1.295)**
Income/Charges from Investments at Equity						**443**	**443**
NET FINANCIAL CHARGES	857	1.071	(1.929)	(239)	(11)	(3.802)	(4.052)
of which Intercompany	*(2.246)*	*(1.565)*	*5*		*4*		
PRE-TAX PROFIT/(LOSS)	14.228	11.191	3.985	(649)	(194)	(3.637)	24.925
TOTAL INCOME TAXES	(4.113)	(3.185)	(908)	(9)		(27)	(8.244)
of which Intercompany	*161*	*(188)*					
NET PROFIT/(LOSS) - CONTINUING OPERATIONS	10.114	8.006	3.077	(658)	(194)	(3.663)	16.681
NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS		(150)		(91)		165	(76)
NET PROFIT/(LOSS)	10.114	7.856	3.077	(749)	(194)	(3.498)	16.605
Non-controlling interest profit/(loss)	159	(74)		40	(95)		30
FILA GROUP NET PROFIT/(LOSS)	9.955	7.930	3.077	(789)	(99)	(3.498)	16.575

** Allocation by "Entity Location"*

For a better understanding of the changes between the comparative periods, the F.I.L.A. Group Business Segments at like-for-like consolidation scope with 2014 are reported below.

REPORTING FORMAT - BUSINESS SEGMENTS*

	Geographic Area - F.I.L.A. Group						
Euro thousands	Europe	North America	Cent. - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
2015 Net of changes in the consolidation scope							
INCOME STATEMENT							
Core Business Revenue	**149.750**	**86.582**	**76.647**	**41.068**	**521**	**(85.405)**	**269.161**
Other Revenue and Other Operating Income	**4.715**	**2.872**	**3.055**	**1.387**	**40**	**(4.929)**	**7.141**
TOTAL REVENUE	**154.465**	**89.454**	**79.702**	**42.455**	**561**	**(90.334)**	**276.302**
of which Intercompany	*(26.567)*	*(2.790)*	*(22.053)*	*(38.922)*	*(3)*		
Raw Materials, Ancillary, Consumables and Goods	**(85.479)**	**(50.197)**	**(49.133)**	**(24.384)**	**(772)**	**86.184**	**(123.781)**
Services and Rent, Leases and Similar Costs	**(36.335)**	**(16.958)**	**(13.140)**	**(4.273)**	**(305)**	**4.071**	**(66.940)**
Other Operating Costs	**(1.896)**	**(1.477)**	**(3.312)**	**(358)**	**(321)**	**(815)**	**(8.180)**
Change in Inventory	**12.506**	**513**	**7.162**	**(106)**	**446**	**(3.275)**	**17.244**
Labour Costs	**(26.801)**	**(5.941)**	**(12.008)**	**(9.335)**	**(251)**		**(54.335)**
TOTAL OPERATING COSTS	**(138.005)**	**(74.060)**	**(70.431)**	**(38.455)**	**(1.202)**	**86.165**	**(235.989)**
of which Intercompany	*39.856*	*29.314*	*9.715*	*6.440*	*839*		
EBITDA	**16.460**	**15.394**	**9.271**	**4.000**	**(642)**	**(4.169)**	**40.313**
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	**(4.077)**	**(554)**	**(1.754)**	**(590)**	**(21)**		**(6.996)**
EBIT	**12.383**	**14.840**	**7.517**	**3.410**	**(663)**	**(4.169)**	**33.317**
Interest and Income from Group Companies	108					(108)	0
Interest on Bank Deposits	401	4	16	5	4		430
Interest Income	**509**	**4**	**16**	**5**	**4**	**(108)**	**430**
Dividends	5.795	1.985				(7.779)	0
Other Income from Investments measured at cost	15.052					(1.130)	13.922
Other Financial Income	132	24	57	()			213
Unrealised Exchange Gains on Financial Transactions	556		368	()	46	9	979
Realised Exchange Gains on Financial Transactions	92	9					101
Revaluations of Investments at Cost	8					(8)	
Other Financial Income	**21.635**	**2.018**	**425**	**()**	**46**	**(8.908)**	**15.216**
Interest and charges from Group Companies	(45)		(54)		(17)	116	0
Interest on Bank Overdrafts	(299)			(17)			(316)
Interest on Bank Loans	(598)	(412)	(1.938)	(374)			(3.322)
Interest to Other Lenders	(1)	(2)		()	(3)		(6)
Interest Expense	**(943)**	**(414)**	**(1.992)**	**(391)**	**(20)**	**116**	**(3.644)**
Other Financial Charges	(52.005)	(62)	(105)				(52.172)
Unrealised Exchange Losses on Financial Transactions	(901)	()	(949)		(273)	(18)	(2.141)
Realised Exchange Losses on Financial Transactions	(67)	(16)	(105)	()			(189)
Other Financial Charges	**(52.974)**	**(78)**	**(1.159)**	**()**	**(273)**	**(18)**	**(54.501)**
Income/Charges from Investments at Equity						**420**	**420**
NET FINANCIAL CHARGES	**(31.772)**	**1.530**	**(2.710)**	**(386)**	**(243)**	**(8.498)**	**(42.079)**
of which Intercompany	*(6.577)*	*(1.985)*	*48*		*16*		
PRE-TAX PROFIT/(LOSS)	**(19.389)**	**16.370**	**4.807**	**3.023**	**(906)**	**(12.667)**	**(8.762)**
TOTAL INCOME TAXES	**(2.150)**	**(5.059)**	**(1.790)**	**(65)**		**1.030**	**(8.034)**
of which Intercompany	*1.022*	*8*					
NET PROFIT/(LOSS) - CONTINUING OPERATIONS	**(21.540)**	**11.311**	**3.017**	**2.957**	**(906)**	**(11.636)**	**(16.797)**
NET PROFIT - DISCONTINUED OPERATIONS		**2**		**51**			**53**
of which Intercompany							
NET PROFIT/(LOSS)	**(21.540)**	**11.313**	**3.017**	**3.008**	**(906)**	**(11.636)**	**(16.744)**
Non-controlling interest profit/(loss)	**142**	**(89)**		**73**			**126**
F.I.L.A. GROUP NET PROFIT/(LOSS)	**(21.682)**	**11.402**	**3.017**	**2.935**	**(906)**	**(11.636)**	**(16.870)**

** Allocation by "Entity Location"*

The main changes in the accounts for the year 2015 compared to the previous year, excluding the changes in the consolidation scope, are illustrated below:

“Core Business Revenue” of Euro 269,161 thousand increased on 2014 by Euro 35,576 thousand (+15.23%), principally relating to “Europe”, “North America” and “Central-South America”.

The increase in core business revenues before intercompany eliminations is attributable to the following regional performances:

- “Europe” reported growth of Euro 9,547 thousand, principally generated by F.I.L.A. S.p.A. following increased coloured pencils, plasticine and modelling clay sales and Industria Maimeri S.p.A. (Italy), for higher revenues throughout the year;
- “North America” reports growth of Euro 23,119 thousand principally by the subsidiary Dixon Ticonderoga Company (U.S.A.) for sales of “Ticonderoga” pencils;
- “Central-South America” reports an increase of Euro 7,805 thousand, mainly relating to F.I.L.A. Chile Ltda (Chile), FILA Argentina S.A. (Argentina) and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico), following the consolidation of sales on the respective local markets;
- “Asia” saw revenue growth of Euro 10,002 thousand, principally following the increased revenues of the Chinese subsidiary FILA Dixon Stationery (Kunshan) Co., Ltd. (China), linked also to the need to supply Group companies to meet future orders.

Inter-company eliminations, concerning “Core Business Revenues”, increased on the previous year approx. Euro 15,231 thousand, principally due to improved sales by the Chinese subsidiary, whose production is almost entirely sold onto other group companies and, marginally, to the Mexican group company, for production sold on the US market.

“Other Revenues and Income” report an increase of Euro 3,324 thousand (+87.1%) on the previous year, due principally to higher exchange gains on commercial operations carried out by the “Central and South America” subsidiaries and relating to operations in US dollars.

“Operating Costs” in 2015 of Euro 235,989 thousand rose Euro 33,606 thousand on 2014, mainly due to the increase in business volumes, the charges incurred by F.I.L.A. S.p.A for extraordinary projects relating to the merger with Space S.p.A. and the new acquisitions completed in the year, higher advertising and trade fair costs to support marketing activities, the operating costs of the new Chinese facility FILA Dixon Stationary (Kunshan) Co. Ltd., not fully operational in the first half of 2014 and, finally, increased air transport costs required to guarantee timely delivery.

"EBIT" of Euro 33,317 thousand increased Euro 4,340 thousand: the less than proportional increase compared to the "EBITDA" is due to higher doubtful debts reported by F.I.L.A. S.p.A. and Dixon Ticonderoga Co. (U.S.A.).

"Net Financial Expense" in 2015, amounting to Euro 42,079 thousand, increased on 2014 mainly due to the accounting of the differential between the Fair Value of Space S.p.A. at May 31, 2015 and the equity at the same date, as well as the Fair Value adjustment of the Market Warrants, both non-cash items.

Consequently, group "Income taxes" (Euro 8,034 thousand) decreased Euro 210 thousand on 2014, principally due to the fiscal benefits relating to the tax losses, listing costs and ACE benefits relating to the merger with Space S.p.A. by F.I.L.A. S.p.A., which offset the higher tax charges - principally of the American and Mexican subsidiaries due to the better results in the year.

The discontinued operations result concerns Lyra Asia PTE Ltd. (Singapore) and Maimeri U.S.A. (U.S.A.).

The "Net Profit/(loss)" in 2015 reported a loss of Euro 16,744 thousand compared to a profit of Euro 16,605 thousand in 2014.

Excluding non-controlling interests, at like-for-like consolidation scope the F.I.L.A. Group loss in 2015 was Euro 16,870 thousand, compared to a profit of Euro 16,575 thousand in the previous year.

Business Segments – Other Information

The "other information", concerning tangible and intangible fixed asset investments of Group companies by region for 2015 and 2014 is reported below:

REPORTING FORMAT - BUSINESS SEGMENTS*

Euro thousands	Geographic Area - F.I.L.A. Group					
	Europe	North America	Cent. - South America	Asia	Rest of the World	F.I.L.A. Group
December 2015						
OTHER INFORMATION						
Investments						
Intangible assets	121			6	3	130
Property, Plant and Equipment	2,874	676	2,464	1,581	81	7,677
TOTAL INVESTMENTS	2,995	676	2,464	1,587	84	7,806

** Allocation by "Entity Location"*

REPORTING FORMAT - BUSINESS SEGMENTS*

Euro thousands	Geographic Area - F.I.L.A. Group					
	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
December 2014						
OTHER INFORMATION						
Investments						
Intangible assets	232				12	244
Property, Plant and Equipment	3,284	109	1,469	3,152	55	8,069
TOTAL INVESTMENTS	3,516	109	1,469	3,152	67	8,313

** Allocation by "Entity Location"*

Business seasonality

The Group's operations are affected by business seasonality, as reflected also in the consolidated results.

The breakdown of the income statement by quarter highlights the concentration of sales in the second and third quarters for the "schools' campaign". Specifically, in June significant sales are made through the "*school suppliers*" traditional channel and in August through the "*retailers*" channel.

The key quarterly figures of 2014 and 2015 below.

	2014				2015			
Euro thousands	First 3 mth. 2014	First 6 mth. 2014	First 9 mth. 2014	FY 2014	First 3 mth. 2015	First 6 mth. 2015	First 9 mth. 2015	FY 2015
Core Business Revenue	**49,783**	**123,071**	**183,874**	**233,585**	**57,091**	**141,520**	**217,794**	**275,333**
Full year portion	*21.31%*	*52.69%*	*78.72%*	*100.00%*	*20.74%*	*51.40%*	*79.10%*	*100.00%*
EBITDA	**6,615**	**23,729**	**30,615**	**35,019**	**8,273**	**25,973**	**37,936**	**41,780**
% core business revenue	*13.29%*	*19.28%*	*16.65%*	*14.99%*	*14.49%*	*18.35%*	*17.42%*	*15.17%*
Full year portion	*18.89%*	*67.76%*	*87.42%*	*100.00%*	*19.80%*	*62.17%*	*90.80%*	*100.00%*
EBIT	**5,223**	**20,752**	**26,371**	**28,977**	**6,321**	**21,800**	**32,051**	**33,999**
% core business revenue	*10.49%*	*16.86%*	*14.34%*	*12.41%*	*11.07%*	*15.40%*	*14.72%*	*12.35%*
Full year portion	*18.02%*	*71.62%*	*91.01%*	*100.00%*	*18.59%*	*64.12%*	*94.27%*	*100.00%*
Normalised EBITDA	**6,782**	**24,205**	**33,866**	**40,221**	**8,516**	**27,860**	**40,938**	**47,622**
% on core business revenue	*13.62%*	*19.67%*	*18.42%*	*17.22%*	*14.92%*	*19.69%*	*18.80%*	*17.30%*
Full year portion	*16.86%*	*60.18%*	*84.20%*	*100.00%*	*17.88%*	*58.50%*	*85.96%*	*100.00%*
Group Net Profit/(loss)	**2,616**	**12,271**	**14,857**	**16,575**	**3,827**	**(34,348)**	**(28,230)**	**(16,663)**
% core business revenue	*5.25%*	*9.97%*	*8.08%*	*7.10%*	*6.70%*	*-24.27%*	*-12.96%*	*-6.05%*
Full year portion	*15.78%*	*74.03%*	*89.63%*	*100.00%*	*-22.97%*	*206.14%*	*169.42%*	*100.00%*
Net Financial Position	**(80,036)**	**(100,437)**	**(79,624)**	**(58,435)**	**(91,369)**	**(55,632)**	**(30,131)**	**(38,744)**

Key Financial Highlights of the Main Group Companies

The following table outlines the key financial highlights of the main F.I.L.A. Group companies:

FY 2015

INCOME STATEMENT (*Euro thousands*)	F.I.L.A. S.p.A.		OMYACOLOR S.A.		F.I.L.A. HISPANIA S.L.		Writefine		Industria Maimeri		Dixon USA		Dixon China + Dixon Kunshan		Dixon Canada		Dixon Mexico		Lyra KG	
TOTAL REVENUE	84,843	100%	22,590	100%	7,434	100%	7,279	100%	8,655	100%	81,572	100%	41,045	100%	7,882	100%	64,158	100%	18,611	100%
EBITDA	8,910	11%	3,018	13%	1,529	21%	1,165	16%	252	3%	14,512	18%	3,778	9%	882	11%	8,155	13%	1,602	9%
NORMALISED EBITDA	14,088	17%	3,028	13%	1,529	21%	1,201	16%	252	3%	14,886	18%	3,794	9%	882	11%	8,178	13%	1,780	10%
EBIT	6,388	8%	2,637	12%	1,501	20%	412	6%	72	1%	13,963	17%	3,266	8%	876	11%	6,542	10%	675	4%
NET FINANCIAL INCOME/(CHARGES)	(31,719)	-37%	(16)	0%	12	0%	(80)	-1%	(125)	-1%	1,085	1%	(355)	-1%	444	6%	(1,843)	-3%	555	3%
TOTAL INCOME TAXES	175	0%	(892)	-4%	(402)	-5%	(83)	-1%	(7)	0%	(4,823)	-6%	(29)	0%	(235)	-3%	(1,585)	-2%	(744)	-4%
NET PROFIT/(LOSS)	(25,156)	-30%	1,729	8%	1,111	15%	249	3%	(60)	-1%	10,224	13%	2,883	7%	1,085	14%	3,113	5%	487	3%

FY 2014

INCOME STATEMENT (*Euro thousands*)	F.I.L.A. S.p.A.		OMYACOLOR S.A.		F.I.L.A. HISPANIA S.L.		Writefine		Industria Maimeri		Dixon USA		Dixon China + Dixon Kunshan		Dixon Canada		Dixon Mexico		Lyra KG	
TOTAL REVENUE	78,977	100%	22,516	100%	7,259	100%	-		7,393	100%	58,266	100%	29,942	100%	7,459	100%	59,313	100%	17,204	100%
EBITDA	8,904	11%	3,276	15%	1,621	22%	-		109	1%	9,777	17%	117	0%	614	8%	6,942	12%	2,081	12%
NORMALISED EBITDA	12,970	16%	3,323	15%	1,621	22%	-		412	6%	10,043	17%	458	2%	614	8%	6,970	12%	2,112	12%
EBIT	6,827	9%	2,833	13%	1,603	22%	-		3	0%	9,510	16%	(580)	-2%	611	8%	5,493	9%	1,384	8%
NET FINANCIAL INCOME/(CHARGES)	1,455	2%	(4)	0%	5	0%	-		(73)	-1%	649	1%	(221)	-1%	421	6%	(1,530)	-3%	(158)	-1%
TOTAL INCOME TAXES	(2,264)	-3%	(948)	-4%	(492)	-7%	-		(6)	0%	(3,024)	-5%	31	0%	(162)	-2%	(688)	-1%	(227)	-1%
NET PROFIT/(LOSS)	6,019	8%	1,881	8%	1,116	15%	-		(76)	-1%	7,135	12%	(770)	-3%	870	12%	3,275	6%	998	6%

FY 2015

BALANCE SHEET (in Euro thousands)	F.I.L.A. S.p.A.		OMYACOLOR S.A.		F.I.L.A. HISPANIA S.L.		Writefine		Industria Maimeri		Dixon USA		Dixon China + Dixon Kunshan		Dixon Canada		Dixon Mexico		Lyra KG	
Non-Current Assets	126,514	68%	6,677	37%	3	0%	55,387	79%	3,253	28%	28,120	38%	9,210	25%	114	3%	9,106	15%	7,745	42%
Current Assets	59,629	32%	11,593	63%	4,399	100%	14,645	21%	8,392	72%	45,911	62%	28,083	75%	3,755	97%	51,649	85%	10,637	58%
TOTAL ASSETS	186,143	100%	18,270	100%	4,402	100%	70,033	100%	11,645	100%	74,031	100%	37,293	100%	3,868	100%	60,755	100%	18,382	100%
Equity	131,320	71%	14,108	77%	3,091	70%	45,902	66%	1,438	12%	49,765	67%	16,287	44%	3,286	85%	28,371	47%	8,345	45%
Non-Current Liabilities	3,817	2%	732	4%	0	0%	14,732	21%	2,937	25%	3,415	5%	0	0%	6	0%	763	1%	1,488	8%
Current Liabilities	51,006	27%	3,430	19%	1,311	30%	9,399	13%	7,270	62%	20,851	28%	21,005	56%	576	15%	31,620	52%	8,549	47%
TOTAL EQUITY AND LIABILITIES	186,143	100%	18,270	100%	4,402	100%	70,033	100%	11,645	100%	74,031	100%	37,293	100%	3,868	100%	60,755	100%	18,382	100%

FY 2014

BALANCE SHEET (in Euro thousands)	F.I.L.A. S.p.A.		OMYACOLOR S.A.		F.I.L.A. HISPANIA S.L.		Writefine		Industria Maimeri		Dixon USA		Dixon China + Dixon Kunshan		Dixon Canada		Dixon Mexico		Lyra KG	
Non-Current Assets	70,512	58%	6,704	35%	5	0%	-	-	2,662	28%	25,262	41%	7,338	21%	105	2%	8,629	15%	9,351	46%
Current Assets	50,608	42%	12,285	65%	3,737	100%	-	-	6,920	72%	36,918	59%	26,800	79%	4,716	98%	50,484	85%	10,881	54%
TOTAL ASSETS	121,119	100%	18,989	100%	3,742	100%	-	-	9,581	100%	62,180	100%	34,138	100%	4,822	100%	59,113	100%	20,232	100%
Equity	63,821	53%	14,407	76%	2,780	74%	-	-	1,490	16%	36,912	59%	12,593	37%	3,505	73%	27,806	47%	8,359	41%
Non-Current Liabilities	23,027	19%	689	4%	0	0%	-	-	2,312	24%	2,676	4%	0	0%	7	0%	729	1%	1,770	9%
Current Liabilities	34,270	28%	3,893	20%	962	26%	-	-	5,780	60%	22,592	36%	21,545	63%	1,310	27%	30,578	52%	10,103	50%
TOTAL EQUITY AND LIABILITIES	121,119	100%	18,989	100%	3,742	100%	-	-	9,581	100%	62,180	100%	34,138	100%	4,822	100%	59,113	100%	20,232	100%

Key Profitability Indicators	F.I.L.A. S.p.A.	OMYACOLOR S.A.	F.I.L.A. HISPANIA S.L.	Writefine	Industria Maimeri	Dixon USA	Dixon China + Dixon Kunshan	Dixon Canada	Dixon Mexico	Lyra KG
ROI -2015	4%	25%	150%	1%	1%	25%	19%	45%	14%	5%
ROI -2014	9%	28%	194%	0%	0%	19%	-4%	29%	12%	8%
ROE -2015	-19%	12%	36%	1%	-4%	21%	18%	33%	11%	6%
ROE -2014	9%	13%	40%	N.A.	-5%	19%	-6%	25%	12%	12%

Key Financial Indicators (Euro/000)	F.I.L.A. S.p.A.	OMYACOLOR S.A.	F.I.L.A. HISPANIA S.L.	Writefine	Industria Maimeri	Dixon USA	Dixon China + Dixon Kunshan	Dixon Canada	Dixon Mexico	Lyra KG
Net Capital Employed - 2015	149,606	10,456	1,000	48,118	7,780	56,619	17,129	1,957	48,376	14,969
Net Capital Employed - 2014	79,736	10,118	827	N.A.	5,265	49,320	15,897	2,085	46,500	16,391
Net Financial Position - 2015	3,190	3,652	2,091	(2,217)	(6,342)	(6,854)	(842)	1,329	(20,005)	(6,623)
Net Financial Position - 2014	(15,914)	4,288	1,953	N.A.	(3,775)	(12,408)	(3,304)	1,420	(18,694)	(8,033)

Note:

ROI: profitability from operating activities in comparison to capital employed; the ratio between operating income and total assets.

ROE: profitability on net invested equity; ratio between the net result and net equity.

Net Capital Employed: sum of net fixed assets, net working capital, the risks and charges provisions and employee benefit provisions and other non-current assets and liabilities.

Writefine Products Ltd (India): values concerning the November 1 - December 31, 2015 period.

Investsments

Group investments for the year totalled Euro 7,807 thousand, broken down between "Intangible Assets" for Euro 130 thousand and "Property, Plant and Equipment" for Euro 7,677 thousand, undertaken both to achieve leaner production and to support sales volume growth.

The following table reports investments made in 2015 and 2014, broken down by fixed asset category.

INTANGIBLE ASSETS

Euro thousands	2015	2014
Industrial Patents and Intellectual Property Rights	8	17
Concessions, Licenses, Trademarks & Similar Rights	99	158
Other Intangible Assets	23	69
Total investments	**130**	**244**

The principal investments concern "Concessions, Licences, Trademarks and Similar Rights" and includes the costs incurred for the registration and acquisition of trademarks necessary for the marketing of the F.I.L.A. brand products.

PROPERTY, PLANT AND EQUIPMENT

Euro thousands	2015	2014
Buildings	539	327
Plant and Machinery	3,039	4,194
Industrial and Commercial Equipment	325	893
Other Assets	469	353
Assets in Progress	3,305	2,302
Total investments	**7,677**	**8,068**

"Plant and Machinery" expenditure represented, as in 2014, the main investments for the F.I.L.A. Group, principally at the production plant of Rufina Scopeti (Florence – Italy) of F.I.L.A. S.p.A. (Euro 776 thousand), of the Chinese subsidiary Fila Dixon Stationery (Kunshan) Co., Ltd. (China - Euro 658 thousand), of Industria Maimeri S.p.A (Italy - Euro 500 thousand) and of the Mexican subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico - Euro 473 thousand).

Investments in “Industrial and Commercial Equipment” in 2015 amounted to Euro 325 thousand, of which Euro 263 thousand by the Parent Company F.I.L.A. S.p.A. at the production facilities of Rufina Scopeti (Florence– Italy).

“Assets in Progress” at December 31, 2015 amounted to Euro 3,305 thousand and principally concerned Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico – Euro 1.504 thousand), F.I.L.A. S.p.A. (Italy – Euro 387 thousand), Industria Maimeri S.p.A (Italy - Euro 347 thousand) and, finally, in Omyacolor S.A. (France – Euro 298 thousand).

Management and control

The Company is not considered under the management and control of the parent Pencil S.p.A. in accordance with Article 2497-bis of the Civil Code.

Treasury shares

At December 31, 2015, the Company did not hold any treasury shares.

Commitments and guarantees

Commitments

In 2015, commercial supplier commitments maturing in 2016 totalled Euro 778 thousand and concern F.I.L.A. Hispania S.L. (Spain - Euro 759 thousand) and FILA Hellas S.A. (Greece - Euro 19 thousand).

In 2015, operating lease and hire commitments maturing in 2016 totalled Euro 238 thousand attributable to the Parent F.I.L.A. S.p.A. (Italy - Euro 130 thousand) and Industria Maimeri S.p.A. (Italy - Euro 108 thousand), while the commitments maturing beyond 2016 amount to Euro 284 thousand attributable to the Parent F.I.L.A. S.p.A. (Italy - Euro 173 thousand) and Industria Maimeri S.p.A. (Italy - Euro 111 thousand).

Guarantees

In order to guarantee the prompt and correct fulfilment of the obligations under the loan undertaken by Dixon Ticonderoga Co. (U.S.A.) from Intesa Sanpaolo, F.I.L.A. S.p.A. issued a first level pledge to the lending bank on the shares held by Dixon Ticonderoga Co. (U.S.A.).

Guarantees granted by F.I.L.A. S.p.A. were as follows:

- bank sureties granted to UnicreditS.p.A. on credit lines in favour of Lyra KG (Germany – Euro 9 million);

- bank sureties granted in favour of third parties, to credit institutions for guarantees on competitions for Euro 150 thousand and guarantee on the Pero offices lease contract for Euro 74 thousand;

- "stand by" given in favour of Banca Nazionale del Lavoro on credit lines granted to:
  - FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) for Euro 2 million;
  - Licyn Mercantil Industrial Ltda (Brazil) for Euro 361 thousand;
  - Industria Maimeri S.p.A. (Italy) for Euro 1,226 thousand;

- "patronage letters" provided on opening of credit granted to Industria Maimeri S.p.A. (Italy) in favour of the following credit institutions:
  - Credito Emiliano S.p.A. for Euro 1 million;
  - Banco Popolare S.p.A. for Euro 1,200 thousand;
  - Monte dei Paschi di Siena S.p.A. for Euro 950 thousand;

- "loan mandates" granted to Unicredito Italiano S.p.A. in favour of Dixon Ticonderoga Co. (U.S.A.) of USD 17 million, in favour of Beijing F.I.L.A.-Dixon Stationery Company Ltd (China) of Euro 1,050 thousand, Fila Dixon Stationery Company (Kunshan) Co. Ltd. (China) of Euro 1,050 thousand and in favour of Industria Maimeri S.p.A. (Italy) of Euro 1,300 thousand;

- "loan mandates" granted in favour of Banca Intesa Sanpaolo S.p.A. on the subsidiaries:
  - Dixon Ticonderoga Co. (U.S.A.) of USD 10 million;
  - Fila Dixon Stationery (Kunshan) Co. Ltd. (China) of Renminbi 32 million;
  - Fila Dixon Stationary (Kunshan) Co., Ltd. of USD 500 thousand;
  - Fila Dixon Stationary (Kunshan) Co., Ltd. (China). for Euro 2 million;

- Xinjiang Fila Dixon Plantation Co. Ltd (China) for Euro 1.6 million;
- Industria Maimeri S.p.A. (Italy) of Euro 1 million;
- Fila Stationary O.O.O. (Russia) for Euro 250 thousand.

➢ loan mandate granted in favour of Credito Valtellinese on Industria Maimeri S.p.A. (Italy) for Euro 350 thousand.

Following the advance settlement of the loans held at December 31, 2014 with Intesa Sanpaolo S.p.A. and Banca Nazionale del Lavoro S.p.A. received on July 28, 2011, F.I.L.A. cancelled the following secured guarantees with these credit institutions: (i) a first level mortgage on the building owned by Fila in Rufina (FI), Via Mecci No. 2; and (ii) a restriction on the insurance policies concerning the buildings subject to mortgage; (iii) the trasferring of receivables concerning the indemnities due to F.I.L.A. in accordance with the acquisition contract of Writefine and RR Industries (Jammu).

Relating to the other guarantees provided by the Group companies, we highlight the mortgages in favour of Dresdner Bank, Hypo Real Estate and Eurohypo AG on the property of Lyra KG "Johann Froescheis Lyra-Bleitstitift-Fabrik GmbH&Co-KG" (Germany) for Euro 5,465 thousand.

Lyra KG "Johann Froescheis Lyra- Bleitstitift-Fabrik GmbH&Co-KG" (Germany) provided a guarantee in favour of PT. Perma Plasindo (a local Fila Group partner) which, in turn, pledged tangible fixed assets in guarantee (land and buildings) of the obligations devolving to PT. Lyra Akrelux under the loan contract with PT. Bank Central Asia of February 11, 2010 for a total IDR 2,500,000,000 (approx. Euro 160,000).

Covenants

The bank loans held by the parent F.I.L.A. S.p.A. and granted by the credit institutions Intesa Sanpaolo S.p.A. and Banca Nazionale del Lavoro S.p.A. provide for compliance with specific financial ratios ("covenants"), calculated considering Net Financial Debt (NFD), EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) and Net Financial Expense (NFE) from the F.I.L.A. Group consolidated financial statements prepared in accordance with IFRS.

However, the advanced closure of these loans during 2015 resulted in the lapsing of these covenants.

At December 31, 2015, no Group companies have loans subject to financial covenants.

Research and development activities

The Research and Development Department of the F.I.L.A. Group carries out activity in this regard and comprises a team of 14 dedicated employees operating within the production facilities.

The Research and Development Department avails of, where necessary, the support of technicians and production staff for the execution and verification of specific projects.

Specifically, research and development is carried out principally in Europe and in Central America.

These operations are performed by expert technicians, who receive ongoing upskilling through targeted training.

Research and development focuses essentially on the following:

- research and design of new materials and new technical solutions for product and packaging innovations;
- product quality testing;
- comparative analyses with competitor products in order to improve product efficiency;
- research and design for production process innovation in order to improve efficiency.

Over recent years, the projects created by the dedicated research and development team have led to the creation of innovative products, such as new formulas for modelling clay, new plastic materials and the "*Giotto be-bé*" felt-tip pen.

The team, in order to guarantee compliance with physical and chemical specification rules, constantly monitors the development of product regulations (such as, for example purposes, those concerning the use of preservatives), amending the formulas or developing new formulas for altered products.

Research costs in 2015 incurred by the F.I.L.A. Group totalled Euro 701 thousand (Euro 607 thousand in 2014), of which Euro 356 thousand concerning Grupo F.I.L.A.- Dixon, S.A. de C.V. (Mexico) and Euro 345 thousand concerning the Parent F.I.L.A. S.p.A. and were entirely charged to the income statement.

In 2015, research and development costs were not capitalised as the IAS 38 requirements had not been satisfied.

RESEARCH AND DEVELOPMENT

Euro thousands	2015	2014	Change 2015 - 2014
Development Costs Capitalised in Balance Sheet	**0**	**0**	**0**
Research Costs expensed to Income Statement	**(701)**	**(607)**	**(94)**

Related Party Transactions

For the procedures adopted in relation to transactions with related parties, in accordance with Article 2391-*bis* of the Civil Code, reference to the procedure adopted by the Parent pursuant to the Regulation approved by Consob with motion No. 17221 of March 12, 2010 and subsequent amendments, published on the company website www.filagroup.it in the "Governance" section.

In accordance with Consob Communication No. 6064293 of July 28, 2006, the following table outlines the commercial and financial transactions with related parties for the year ended December 31, 2015.

F.I.L.A. GROUP RELATED PARTIES DECEMBER 31, 2015

Euro thousands

		FY 2015 Balance Sheet						FY 2015 Income Statement						
		ASSETS			LIABILITIES			REVENUE				COSTS		
Company	Nature	Trade Receivables	Financial Assets	Cash and Cash Equivalents	Financial Payables (Banks)	Financial Payables (Other)	Trade Payables	Revenue from sales	Other Revenue (Services)	Other Revenue	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Charges
Nuova Alpa Collanti S.r.l.	Trade Supplier	0	0	0	0	0	407	0	0	0	0	1,107	0	0
Studio Legale Salonia e Associati	Legal Consultancy	0	0	0	0	0	9	0	0	0	0	0	304	0
Studio Zucchetti	Tax & Administration Consultancy	0	0	0	0	0	221	0	0	0	0	0	263	0
Studio Legale Pedersoli e Associati(1)	Legal Consultancy	0	0	0	0	0	0	0	0	0	0	0	106	0
Intesa Sanpaolo S.p.A.(1)	Finance	0	0	0	0	0	0	0	0	0	1	0	23	106
Total		**0**	**0**	**0**	**0**	**0**	**637**	**0**	**0**	**0**	**1**	**1,107**	**695**	**106**

1) Parties considered as related parties between January 1, 2015 and the Effective Date of the merger between F.I.L.A. S.p.A. and Space S.p.A. The cost reported in the table represent the amounts matured by these parties in the period in which they were considered related parties.

F.I.L.A. GROUP RELATED PARTIES DECEMBER 31, 2014

Euro thousands

		FY 2014 Balance Sheet						FY 2014 Income Statement						
		ASSETS			LIABILITIES			REVENUE				COSTS		
Company	Nature	Trade Receivables	Financial Assets	Cash and Cash Equivalents	Financial Payables (Banks)	Financial Payables (Other)	Trade Payables	Revenue from sales	Other Revenue (Services)	Other Revenue	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Charges
Nuova Alpa Collanti S.r.l.	Trade Supplier	0	0	0	0	0	447	0	0	0	0	1,265	0	0
Studio Legale Salonia e Associati	Legal Consultancy	0	0	0	0	0	18	0	0	0	0	0	261	0
Studio Zucchetti	Tax & Administration Consultancy	0	0	0	0	0	115	0	0	0	0	0	211	0
Pedersoli & Associati Studio Legale	Legal Consultancy	0	0	0	0	0	104	0	0	0	0	0	210	0
Intesa Sanpaolo	Finance	0	0	4,968	25,456	0	0	0	0	0	2	0	32	522
Total		**0**	**0**	**4,968**	**25,456**	**0**	**684**	**0**	**0**	**0**	**2**	**1,265**	**714**	**522**

Studio Legale Salonia e Associati

Studio Legale Salonia e Associati, with which a partner is related to the majority shareholder of the company, principally provides legal consultancy.

Nuova Alpa Collanti S.r.l.

A Nuova Alpa Collanti S.r.l. (a glue supplier) shareholder is a Board member of F.I.L.A. S.p.A..

Studio Zucchetti

A Studio Zucchetti partner is a member of F.I.L.A. S.p.A. Board of Directors. This firm mainly provides us tax and administrative consultancy.

Studio Legale Salonia e Associati

A Studio Legale Pedersoli e Associati partner was a member of F.I.L.A. S.p.A. Board of Directors until the effective merger with Space S.p.A., at December 31, 2015 provided information on the charges matured in the period between January 1, 2015 and May 31, 2015.

Intesa Sanpaolo

Intesa Sanpaolo, shareholder of F.I.L.A. S.p.A. until the effective merger with Space S.p.A., at December 31, 2015 provided information on the charges matured in the period between January 1, 2015 and May 31, 2015.

F.I.L.A. Group transactions with related parties refer to normal transactions and are regulated at market conditions, i.e. the conditions that would be applied between two independent parties, and are undertaken in the interests of the Group. Typical or normal transactions are those which, by their object or nature, are not outside the normal course of business of the F.I.L.A. Group and those which do not involve particular critical factors due to their characteristics or to the risks related to the nature of the counterparty or the time at which they are concluded; normal market conditions relate to transactions undertaken at standard Group conditions in similar situations.

On this basis, the exchange of goods, services and financial transactions between the various group companies were undertaken at competitive market conditions.
In relation to the inter-company transactions of F.I.L.A. S.p.A., they relate to operations to develop synergies between Group companies, integrating production and commercial operations.

The nature and the balances of transactions of the Parent F.I.L.A. S.p.A. with the companies of the F.I.L.A. Group at December 31, 2015 and December 31, 2014 are detailed below.

2015 - 2014 F.I.L.A. S.P.A. INTERCOMPANY TRANSACTIONS

Euro thousands

	FY 2015					FY 2015						
	Balance Sheet					Income Statement						
	ASSETS			LIABILITIES		REVENUE				COSTS		
Company	Inventories	Trade Receivables	Financial Assets	Trade Payables	Financial Liabilities	Revenue from sales	Other Revenue	Dividends	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Charges
Omyacolor S.A. (France)	478	230	0	964	0	3,102	173	1,899	0	2,659	23	0
F.I.L.A. Hispania S.L. (Spain)	0	330	0	0	0	2,992	47	774	0	0	0	0
Licyn Mercantil Industrial Ltda (Brazil)	0	65	2,981	0	0	60	24	0	48	0	0	0
Dixon Ticonderoga Company (U.S.A.)	10	123	0	0	0	1,139	167	1,841	0	0	0	0
Dixon Ticonderoga Inc. (Canada)	0	5	0	0	0	12	12	0	0	0	0	0
FILALYRA GB Ltd (United Kingdom)	0	67	100	1	0	674	43	0	7	0	5	0
Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)	550	177	0	285	0	1,095	159	0	0	971	6	0
Beijing F.I.L.A.-Dixon Stationery Company Limited (China)	2	47	0	0	0	32	79	0	0	307	0	0
FILA Dixon Stationery (Kunshan) Co., Ltd. (China)	7,544	72	0	654	0	113	40	0	0	15,289	27	0
F.I.L.A. Chile Ltda (Chile)	0	739	0	0	0	870	16	0	0	0	0	0
FILA Argentina S.A. (Argentina)	0	1,501	0	0	0	607	0	0	0	0	0	0
Johann Froescheis Lyra-Bleitstitift-Fabrik Gmbh&Co-KG (Germany)	725	80	0	142	0	537	150	498	0	935	337	0
Lyra Scandinavia AB (Sweden)	0	101	0	0	0	411	24	0	0	0	0	0
FILA Hellas SA (Greece)	0	249	0	0	0	959	15	0	0	0	0	0
PT. Lyra Akrelux (Indonesia)	0	2	0	0	0	46	2	0	0	0	0	0
FILA Cartorama SA PTY LTD (South Africa)	0	865	947	0	0	459	33	0	16	0	0	0
FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	0	143	272	0	0	177	30	0	3	0	0	0
Industria Maimeri S.p.A. (Italy)	90	62	1,931	56	0	41	163	0	14	219	2	0
Fila Stationary O.O.O. (Russia)	0	731	837	0	0	269	27	0	18	0	0	0
Fila Dixon Art & Craft Yixing Co.,Ltd (China)	1,009	55	0	194	0	180	0	0	0	1,198	1	0
Writefine Products PVT LTD (India)	1,087	0	0	165	0	0	0	0	0	165	0	0
Fila Polska Sp. Z.o.o (Poland)	0	7	0	0	0	34	0	0	0	0	0	0
Total	11,495	5,651	7,068	2,461	0	13,809	1,204	5,012	106	21,743	401	0

2015 - 2014 F.I.L.A. S.P.A. INTERCOMPANY TRANSACTIONS

Euro thousands

	FY 2014					FY 2014						
	Balance Sheet					Income Statement						
	ASSETS			LIABILITIES		REVENUE				COSTS		
Company	**Inventories**	**Trade Receivables**	**Financial Assets**	**Trade Payables**	**Financial Liabilities**	**Revenue from sales**	**Other Revenue**	**Dividends**	**Financial Income**	**Operating Costs (Products)**	**Operating Costs (Services)**	**Financial Charges**
Omyacolor S.A. (France)	422	307	0	547	0	3,068	214	878	0	1,784	29	0
F.I.L.A. Hispania S.L. (Spain)	0	233	0	0	0	2,600	55	532	0	0	0	0
Licyn Mercantil Industrial Ltda (Brazil)	0	118	433	0	0	38	37	0	5	0	0	0
Dixon Ticonderoga Company (U.S.A.)	14	332	0	5	0	1,055	156	1,173	0	59	2	0
Dixon Ticonderoga Inc. (Canada)	0	9	0	0	0	0	11	0	0	0	0	0
FILALYRA GB Ltd (United Kingdom)	0	64	300	0	0	724	33	0	14	13	3	0
Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)	321	327	0	230	0	1,006	184	0	0	580	6	0
Beijing F.I.L.A.-Dixon Stationery Company Limited (China)	471	152	0	140	0	233	170	0	0	3,834	4	0
FILA Dixon Stationery (Kunshan) Co., Ltd. (China)	2,293	19	0	796	0	19	0	0	0	3,980	7	0
F.I.L.A. Chile Ltda (Chile)	0	506	0	0	0	783	33	0	0	0	0	0
FILA Argentina S.A. (Argentina)	0	979	0	0	0	384	0	0	0	0	0	0
Johann Froescheis Lyra-Bleitstitift-Fabrik Gmbh&Co-KG (Germany)	568	205	0	218	0	816	252	0	0	925	340	0
Lyra Scandinavia AB (Sweden)	0	59	0	0	0	404	16	0	0	0	0	0
FILA Hellas SA (Greece)	0	293	0	0	0	1,202	2	0	0	0	0	0
PT. Lyra Akrelux (Indonesia)	0	0	0	0	0	76	1	0	0	0	0	0
FILA Cartorama SA PTY LTD (South Africa)	0	135	290	0	0	125	4	0	4	0	0	0
FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	0	208	3	0	0	324	31	0	13	0	11	0
Industria Maimeri S.p.A. (Italy)	48	115	1,177	29	0	162	8	0	5	71	3	0
Fila Stationary O.O.O. (Russia)	0	435	569	0	0	300	4	0	16	0	0	0
Total	**4,137**	**4,496**	**2,772**	**1,965**	**0**	**13,319**	**1,211**	**2,583**	**57**	**11,246**	**405**	**0**

In particular, in 2015 the nature of transactions between F.I.L.A. S.p.A. and the other Group companies concerned:

- sale of products/goods of F.I.L.A. S.p.A. and other Group companies;
- granting of licences for the usage of the Suger trademark by F.I.L.A. S.p.A. and Omyacolor S.A. (France);
- concession of the licence for the usage of the Omyacolor S.A. (France) and Lyra KG (Germany) trademarks in favour of F.I.L.A. S.p.A.;

- granting of a loan in favour of the subsidiary FILALYRA GB Ltd (United Kingdom), of the subsidiary Lycin Mercantil Industrial Ltda (Brazil), of the subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey), of the subsidiary FILA Stationery OOO (Russia), of the subsidiary FILA Cartorama S.A. (Pty) Ltd. (South Africa) and of the subsidiary Industria Maimeri S.p.A. (Italy) by F.I.L.A. S.p.A.;
- dividends received by the Parent F.I.L.A. S.p.A. from the subsidiary Omyacolor S.A. (France – Euro 1,899 thousand), the subsidiary F.I.L.A. Hispania S.L. (Spain – Euro 774 thousand), the subsidiary Dixon Ticonderoga Co. (U.S.A. – Euro 1,841 thousand), Lyra KG (Germany - Euro 498 thousand) and the associate Writefine Products Private Ltd. (India – Euro 52 thousand) in 2015 totalled Euro 5,064 thousand;
- the recharging of contractually established consultancy services provided by the Parent F.I.L.A. S.p.A. in favour of the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico), the subsidiary Dixon Ticonderoga Company (U.S.A.), the subsidiary Dixon Ticonderoga Inc. (Canada), the subsidiary F.I.L.A. Chile Ltda (Chile), the subsidiary Beijing F.I.L.A.-Dixon Stationery Company Ltd (China), the subsidiary Lyra KG (Germany), the subsidiary Omyacolor S.A. (France), the subsidiary FILALYRA GB (United Kingdom), the subsidiary F.I.L.A. Hispania S.L. (Spain), the subsidiary Lyra Scandinavia AB (Sweden), the subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey), the subsidiary Licyn Mercantil Industrial Ltda (Brazil), the subsidiary Fila Hellas SA (Greece), the subsidiary Industria Maimeri S.p.A. (Italy), the subsidiary Fila Stationary O.O.O. (Russia), the subsidiary Lyra Akrelux (Indonesia), the subsidiary Fila Cartorama SA PTY Ltd (South Africa) and the subsidiary Fila Dixon Stationery Kunshan (China);
- the recharging of costs for sureties granted by the Parent F.I.L.A. S.p.A. in favour of the subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) and Licyn Mercantil Industrial Ltda (Brazil), to guarantee the credit lines undertaken with Unicredito Italiano S.p.A. and Banca Nazionale del Lavoro, as contractually established and provided;
- the recharging of costs to the subsidiaries for insurance coverage guaranteed by F.I.L.A. S.p.A. in favour of Omyacolor S.A. (France), the subsidiary Lyra KG (Germany), the subsidiary Lyra Scandinavia AB (Sweden), the subsidiary F.I.L.A. Hispania S.L. (Spain), the subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey), the subsidiary Licyn Mercantil Industrial Ltda (Brazil), the subsidiary Fila Hellas SA (Greece),

the subsidiary Fila Stationary O.O.O. (Russia) and the subsidiary Fila Cartorama SA PTY LTD (South Africa);

- recharging of service costs and costs for pallets to the subsidiary Industria Maimeri S.p.A (Italy).

In addition, the following information is provided in relation to the remuneration of the Directors, Statutory Auditors, Chief Executive Officer and the General Director, in the various forms in which they are paid and reported in the financial statements.

Name	Office held	Duration	Emoluments for office (€)	Bonuses and other incentives (€)
Gianni Mion	Chairman	2015-2017	45,000	
Massimo Candela*	Chief Executive Officer	2015-2017	750,000	1,325,000
Luca Pelosin*	Executive Director	2015-2017	250,000	250,000
Alberto Candela	Director & Honorary Chairman	2015-2017	80,000	
Fabio Zucchetti	Director	2015-2017	6,864	
Annalisa Barbera	Director	2015-2017	7,500	
Sergio Ravagli	Director	2015-2017	8,795	
Gerolamo Caccia Dominioni	Director	2015-2017	7,500	
Francesca Prandstraller	Director	2015-2017	7,500	
Total Directors			**1,163,159**	**1,575,000**

Name	Office held	Duration	Emoluments for office (€)
Claudia Mezzabotta	Chair. Board of Statutory Auditors	2015-2017	13,386
Stefano Amoroso	Statutory Auditor	2015-2017	10,155
Rosalba Casiraghi	Statutory Auditor	2015-2017	10,155
Total Statutory Auditors			**33,696**

The Board of Directors and the Board of Statutory Auditors were appointed on July 22, 2015.
The mandate was established as three years (2015-2017), therefore until the approval of 2017 Annual Accounts
***Key Management Personnel**

The following members of the Board of Directors and Board of Statutory Auditors also received emoluments for offices held in other companies of the Group.

Name	Office held	Duration	Emoluments for office (€)	Company
Alberto Candela	Director		13,518	Dixon Ticonderoga Company (U.S.A.)
Fabio Zucchetti	Director		13,518	Dixon Ticonderoga Company (U.S.A.)

Name	Office held	Duration	Emoluments for office (€)	Company
Stefano Amoroso	Statutory Auditor	2014-2016	6,760	Industria Maimeri S.p.A. (Italy)

Significant Events during the year

The significant events during 2015 included:

- On January 13, 2015, F.I.L.A. S.p.A. acquired the entire minority share of FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) for an amount of Euro 186, with full ownership at December 31, 2015.

- On June 1, 2015, the merger of F.I.L.A. S.p.A. into Space S.p.A. became effective, in execution of the motions undertaken by the respective Shareholders' Meetings on February 19, 2015 and February 20, 2015. Simultaneous to the merger, the company's name changed from "Space S.p.A." to "F.I.L.A. S.p.A.", with transfer of the registered office to Pero (MI), via XXV Aprile 5. For further information on the accounting aspects of the operation, reference to the Explanatory Notes. The capital conferred to F.I.L.A. S.p.A. through the merger will support the business development plans of the F.I.L.A Group and particularly will be channeled into consolidated markets, growth in the arts sector and expansion on emerging markets.
  In particular, in relation to the merger we highlight the following corporate events:
  - On February 20, 2015, the Ordinary Shareholders' Meeting of Space S.p.A., with the unanimous support of the 9,047,871 ordinary shares represented (comprising 69.6% of the voting share capital), approved the Significant Transaction with F.I.L.A. S.p.A., as previously approved by the Board of Directors on February 15, 2015.
  - On May 6, 2015, the merger deed of F.I.L.A. S.p.A. into Space S.p.A. (the "Merger") was signed, in execution of the motions undertaken by the respective Shareholders' Meetings on February 19, 2015 and February 20, 2015. Immediately before the signing of the Merger deed, the acquisitions by Space S.p.A. of the minority investments held in F.I.L.A S.p.A. by Melville S.r.l. (belonging to the Intesa Sanpaolo Group) and Venice European Investment Capital S.p.A. (investment company of Palladio Finanziaria S.p.A.), in total corresponding to 15.49% of the share capital of F.I.L.A. S.p.A., were completed.
  - On May 13, 2015, Consob, with motion No. 0037648/15 issued the authorisation to publish the Prospectus concerning the admission to trading on the MTA segment of the Investment Vehicles market organised and managed by Borsa Italiana S.p.A. of the ordinary Space S.p.A. shares issued within the merger of F.I.L.A. S.p.A. into Space S.p.A..

- On May 18, 2015, the merger deed of F.I.L.A. S.p.A. into Space S.p.A., signed on May 6, 2015, was filed at the Milan Companies Registration Office.

The following table outlines the impact of the merger contribution of Space S.p.A. at May 31, 2015 on the statement of financial position of the F.I.L.A. Group.

STATEMENT OF FINANCIAL POSITION	December 2015	%	December 2014	%	Change 2015 - 2014	Space S.p.A. merger contribution at May 31, 2015
Non-Current Assets	**152,229**	**40%**	**64,731**	**24%**	**87,498**	**1,380**
Intangible Assets	88,156		21,264		66,892	2
Property, Plant and Equipment	47,901		25,552		22,349	12
Non-Current Financial Assets	1,787		707		1,080	
Investments measured at Equity	322		6,746		(6,424)	
Investments measured at Cost	31		31			
Deferred Tax Assets	14,032		10,429		3,603	1,367
Other Receivables			2			
Current Assets	**232,221**	**60%**	**201,755**	**76%**	**30,466**	**94,147**
Current Financial Assets	268		257		11	48,502
Current Tax Receivables	5,020		923		4,097	390
Inventories	118,519		92,035		26,484	
Trade and Other Receivables	77,731		76,067		1,664	424
Cash and Cash Equivalents	30,683		32,473		(1,790)	44,831
Non-Current and Current Assets Held-for-Sale		**0%**	**16**	**0%**	**(16)**	
TOTAL ASSETS	**384,450**	**100%**	**266,502**	**100%**	**117,948**	**95,527**
Equity	**211,727**	**55%**	**111,968**	**42%**	**99,759**	**45,833**
Non-Current liabilities	**27,421**	**7%**	**31,615**	**12%**	**(4,194)**	
Non-Current Financial Liabilities	1,510		20,134		(18,624)	
Employee Benefits	5,352		4,925		427	
Provisions for Risks and Charges	942		731		211	
Deferred Tax Liabilities	19,485		5,825		13,660	
Current Liabilities	**145,302**	**38%**	**122,919**	**46%**	**22,383**	**49,695**
Current Financial Liabilities	68,539		71,037		(2,498)	28,567
Financial Instruments	21,504				21,504	17,333
Provisions for Risks and Charges	434		262		172	
Current Tax Payables	1,840		2,536		(696)	
Trade and Other Payables	52,985		49,084		3,901	3,795
Liabilities related to Non-Current & Current Assets Held-for-Sale	**0**	**0%**	**0**	**0%**	**0**	**0**
TOTAL LIABILITIES	**384,450**	**100%**	**266,502**	**100%**	**117,948**	**95,527**

Reference to the Explanatory Notes for further information on the impacts of the merger on cash flows, on the statement of financial position and on the result of the F.I.L.A. Group at December 31, 2015.

- On August 6, 2015, F.I.L.A. S.p.A. acquired a minority share in Fila Cartorama SA PTY LTDA (South Africa), for an amount of Euro 273, and thus holding 90% of the company at December 31, 2015;

- On, October 31, 2015, F.I.L.A. completed the purchase of 32.5% in the Indian company Writefine Products Private Limited ("WFPL"), partly through the acquisition of shares from the Sellers and partly through a reserved share capital increase of WFPL. The consideration involved totalled approx. INR 2.6 billion (approx. Euro 36 million). Following this operation F.I.L.A. increased its stake to 51% in the share capital of WFPL, having acquired an 18.5% holding in February 2012 for Euro 5.4 million.
  WFPL is specialised in the production, commercialisation, distribution and sale of "Stationery" products and creativity tools for children, principally on the domestic Indian market.
  The main proprietary brand is "DOMS", recognised among the top "50 fast brands" in India in 2015.
  This operation will strengthen the production capacity of F.I.L.A., ensuring the supply of high quality pencils and the Group's position as a leader in the production and distribution globally of wooden pencils.
  India, with a population of over one billion, of which over 350 million are children (between 0 and 14 years of age), presents an extraordinarily vast market for F.I.L.A., offering:
    - a market with high expected growth rates, based also on government schooling incentives and demographics, with approx. 3.4% of GDP invested in Education;
    - high recognition of the DOMS brand on the Indian market (30% market share), established in part through a targetted branding and advertising policy;
    - a consolidated national distribution network with over 60 wholesalers serving 2,500 distributors across India, reaching over 150,000 sales points and 50 million consumers.
    - access to markets not covered by Chinese production (as a result of duties), such as Brazil, the US, Mexico, North Africa and Turkey;
    - reduction of F.I.L.A. Chinese production dependance;
    - possible vertical integration and competitive advantage on one of the main costs (wood);
    - an efficient use of WFPL for development and product diversification projects, such as the production of glues, educational paints, art & crafts and mechanical pencils.

Finally, we report that within the completion of the range of products, on August 1, 2015 WFPL acquired 49% of the share capital of the Indian company Pioneer for approx. Euro 290 thousand, specialised in the production, marketing and distribution of stationary paper, prevalently on the domestic market. WFPL has an option exercisable during 2016 for the acquisition of a further 2% of the share capital. The minority shareholders have the option to sell to WFPL the remaining 49% between the third and fourth year from the date of the contract; at the end of this period WFPL will have the right to exercise an option to acquire this share capital.

- On November 10, 2015, Borsa Italiana S.p.A. approved the listing of ordinary F.I.L.A. shares and "F.I.L.A. S.p.A. Market Warrants" on the MTA ("Mercato Telematico Azionario") market, STAR segment and the simultaneous discontinuation of trading on the MIV market ("Investment Vehicles market"). The start of trading on the MTA, STAR segment and the simultaneous discontinuation of trading on the MIV took place on November 12, 2015.

- On November 12, 2015, the condition was confirmed for the exercise of the Sponsor Warrants as per Article 3.1 of the F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. ("**F.I.L.A**.") Regulation;

- On December 16, 2015 the conversion of the Class C shares into F.I.L.A. ordinary shares was completed following the occurrence on December 10, 2015 of that indicated at paragraph 5.5, letter (e) (ii) (c) of the F.I.L.A. By-Laws.

Subsequent events

- On January 4, 2016, the period for the exercise of the "F.I.L.A. S.p.A. Market Warrants" concluded. Overall, 8,153,609 Market Warrants were exercised between December 1, 2015 and January 4, 2016 ("Deadline" as communicated by the Issuer on December 1, 2015) against the subscription of 2,201,454 ordinary shares. As established by paragraph 5.1 of the "F.I.L.A. S.p.A. Market Warrants" Regulation, the remaining 22,685 unexercised "F.I.L.A. S.p.A. Market Warrants" are cancelled and entirely invalid;

- On February 3, 2016, F.I.L.A. S.p.A. acquired 100% of the entire share capital - comprising "ordinary shares" and "preference shares" - of Renoir TopCo Ltd, the holding company of the Daler-Rowney Lukas Group ("**Daler"**), from the private equity fund Electra Partners, LLP and the management team of Daler-Rowney.

  The Daler-Rowney Group has produced and distributed since 1783 materials and accessories for the art & craft sector. With a direct presence in the UK, the Dominican Republic (production), Germany and the USA (distribution), Daler appeals to a wide consumer base and presents a perfectly complementary range to that of F.I.L.A. S.p.A. In the US, Daler since 2009 has been the principal supplier of art materials to Walmart.

  The acquisition of the entire share capital of Renoir TopCo Ltd involved total consideration of Euro 80.8 million, of which Euro 2.6 million as payment for the "ordinary shares", Euro 12.7 million as payment for the "preference shares" and Euro 65.5 million for redemption of the Loan Notes held by the sellers, in addition to the price adjustment of Euro 0.3 million in March 2016, in accordance with the purchase contract.

  The acquisition of the Daler-Rowney Lukas Group represents a further concrete step towards FILA's strengthening of its presence on the art & craft market, significantly increasing distribution and commercial synergies with the colour and creative instruments market, in line with F.I.L.A. S.p.A.'s acquisition-led growth strategy.
  The integration with the Daler-Rowney Lukas Group is undertaken in fact to tap into significant cost synergies - through optimising the production structure, the sales force and overhead costs - in addition to revenue synergies through increasing the sales of the Group's products.

The operation was entirely financed through a medium-term bank loan, issued in February 2016, by Unicredit S.p.A., Intesa Sanpaolo S.p.A. and Mediobanca Banca di Credito Finanziario S.p.A. for a total amount of Euro 130 million, which includes a revolving line to cover any needs generated by Group working capital.

Going Concern

The Directors of F.I.L.A. S.p.A., independently of the corporate operation described in the previous paragraph, reasonably expects that F.I.L.A. S.p.A. and all of the other Group companies will continue operations into the foreseeable future and have prepared the consolidated financial statements of F.I.L.A. S.p.A. on the going concern basis and in line with the long-term economic and financial plan, which forecasts improving results. These expectations are further supported by the financial sources available following the conclusion of the merger between F.I.L.A. S.p.A. and Space S.p.A..

Risk Management

The principal F.I.L.A. Group financial instruments include financial assets such as current accounts and on demand deposits, loans and short and long-term bank payables. The objective is to finance the ordinary and extraordinary operations of the F.I.L.A. Group.
In addition, the F.I.L.A. Group has in place trade receivables and payables arising from "core business" operations.

The management of funding needs and the relative risks is undertaken by the individual F.I.L.A. Group companies on the basis of the guidelines drawn up by the CFO of the Parent F.I.L.A. S.p.A. and approved by the Chief Executive Officer.
The principal objective of these guidelines is the ability to ensure a balanced equity structure in order to maintain a solid capital base.
The main funding instruments used by the F.I.L.A. Group are:

- medium/long-term loans, in order to fund capital expenditure (principally the acquisition of controlling investments and plant and machinery) and working capital;
- short-term loans and client advances.

The average cost of debt was in line with the Euribor/Libor at 3 and 6 months, with the addition of a spread which depends on the type of financial instrument utilised.

Loans issued in favour of subsidiaries may be accompanied by guarantees such as sureties and patronage letters issued by the Parent Company F.I.L.A. S.p.A..

Loans obtained by the Parent Company F.I.L.A. S.p.A. provide for financial "covenants", in relation to which reference to paragraph: "Directors' Report – Commitments and Guarantees".
The main financial risks, identified and managed by the F.I.L.A. Group are the following:

- **Market risk**, which may be divided into the following categories:

Currency risk

The currency used for the F.I.LA. Group consolidated financial statements is the Euro. However, the F.I.LA. group undertakes and will continue to undertake transactions in currencies other than the Euro, particularly as the geographic distribution of the various Group industrial activities differs from the location of the group's markets, with an exposure therefore to exchange rate fluctuation risk. For this reason, the operating results of the F.I.L.A. Group may be impacted by currency movements, both as a result of the conversion into Euro on consolidation and changes in the exchange rates on trade payables and receivables in currencies other than the functional currency of the various F.I.L.A. Group companies.

In addition, in limited cases, where financially beneficial or where local market conditions require such, the company may undertake debt or use funds in currencies other than the functional currency. The change in the exchange rate may result in the realisation or the recording of exchange gains and losses.

The F.I.LA. Group is exposed to risks deriving from exchange rate fluctuations, which may impact on the result and on the net equity.

The principal exchange rates to which all F.I.L.A. Group companies are exposed concern the individual local currencies and:

- the Euro as the consolidation currency;
- The US Dollar, as the base currency for international trade.

The Group has decided not to undertake derivative financial instruments to offset currency risk arising from commercial transactions within a prospective twelve month period (or also subsequently, where considered beneficial according to the business's characteristics).

The F.I.LA. Group incurs part of its costs and realises part of its revenues in currencies other than the Euro and, in particular, in US Dollars and Mexican Pesos.

The F.I.LA. Group generally adopts an implied hedging policy to protect against this risk through the offsetting of costs and revenues in the same currency, in addition to acquiring funding in the local currency.

The policy adopted by the Group is considered adequate to contain currency risk. However, it must be considered that in the future currently unpredictable movements in the Euro may impact the

economic, financial and equity position of the Group companies, in addition to the comparability between periods.
Also in relation to the commercial activities, the companies of the Group may hold commercial receivables or payables in currencies other than the operational currency of the entity. This is appropriately monitored by the F.I.L.A. Group, both in relation to the potential economic impact and in terms of financial and liquidity risk.
A number of F.I.L.A. Group subsidiaries are based in countries not within the Eurozone, in particular the United States, Canada, Mexico, the United Kingdom, Scandinavia, China, Argentina, Chile, Singapore, Indonesia, South Africa, Russia and India. As the Group's functional currency is the Euro, the income statements of these companies are converted into Euro at the average exchange rate and, at like-for-like revenues and margins of the local currency, changes in the exchange rate may result in effects on the value in Euro of revenues, costs and results recognised in the consolidation phase directly to equity in the account "Translation Differences" (See Note 12).

In 2015, the nature and the structure of the exchange risk exposures and the Group monitoring policies did not change substantially compared to the previous year.

Liquidity risk

The liquidity risk to which the F.I.L.A. Group is exposed may arise from an incapacity or difficulty to source, at beneficial conditions, the financing necessary to support operations in an appropriate timeframe.
The cash flows, financing requirements and the liquidity of the Group companies are constantly monitored centrally in order to guarantee the efficient management of financial resources.

The F.I.L.A. Group does not undertake derivative financial instruments for the hedging of the above-stated risks, which are monitored according to internal procedures and periodic commercial and financial reporting, which allows management to assess and offset any impacts from these risks through appropriate and timely policies.

The Group continually monitors financial risks in order to offset any impacts and undertake appropriate corrective actions.

It has adopted at the same time the following policies and processes aimed at optimising the management of financial resources, reducing the liquidity risk:

- maintenance of an adequate level of liquidity;
- diversification of funding instruments and a continual and active presence on the capital markets;
- obtaining of adequate credit lines;
- monitoring of the liquidity position, in relation to business planning.

Financial transactions are carried out with leading highly rated Italian and international institutions.
Management believes that the funds and credit lines currently available, in addition to those that will be generated from operating and financial activities, will permit the Group to satisfy its requirements deriving from investment activities, working capital management and the repayment of debt in accordance with their maturities.
The capacity to generate liquidity through operations enables the Group to reduce liquidity risk to the minimum, which concerns the difficulty in sourcing funding to ensure the on time discharge of financial debts.

- **Interest rate risk**

The F.I.L.A. Group companies utilise external funding in the form of debt and use the liquidity available in financial assets. Changes in the market interest rates impact on the cost and return of the various forms of loans, with an effect therefore on the net financial expense of the Group.
The Parent F.I.L.A. S.p.A. issues loans almost exclusively to Group companies, drawing on directly held funding.
Bank debt exposes the F.I.L.A. Group to interest rate risk. In particular, variable rate loans result in cash flow risk. The current F.I.L.A. Group policy is to maintain variable rate loans, monitoring interest rate movements, without undertaking derivative financial instruments to hedge such risks.

- **Credit risk**

The credit risk represents the exposure to potential losses following the non-fulfilment of obligations by counterparties.
The maximum theoretical exposure to the credit risk for the Group at December 31, 2015 is the carrying value of the commercial assets recorded in the accounts, and the nominal value of the guarantees given on debts and commitments to third parties.
The F.I.L.A. Group strives to reduce the risk relating to the insolvency of its customers through rules which ensure that sales are made to customers who are reliable and solvent. These rules, based on available solvency information and considering historic data, linked to exposure limits by individual clients, in addition to insurance coverage on overseas clients (at Group level), ensure a good level of credit control and therefore minimise the relative risk.
According to the F.I.L.A. Group policy, customers that request extensions of payment are subject to a credit rate check. In addition, the maturity of trade receivables is monitored on an ongoing basis throughout the year in order to anticipate and promptly intervene on credit positions which present greater risk levels.
The credit risk is therefore offset by the fact that the credit concentration is low, with receivables divided among a large number of counterparties and clients.

The individual positions are written down, if individually significant, with a provision which reflects the partial or total non-recovery of the receivable. The amount of the write-down takes into account the estimate of the recoverable cash flows and the relative date of collection, charges and future recovery costs, in addition to the Fair Value of guarantees. Against the receivables which are not individually written down, an individual and general provision is made, taking into account historical experience and statistical data.
As previously illustrated, the principal F.I.L.A. Group financial instruments include financial assets such as current accounts and on demand deposits, loans and short and long-term bank payables. The objective is to finance the operating and extraordinary activities of the F.I.L.A. Group.
In addition, the F.I.L.A. Group has in place trade receivables and payables arising from “core business” operations.

In accordance with IFRS 7, we report the following:

- The accounting treatment by class of financial assets and liabilities at December 31, 2015 and December 31, 2014 was as follows:

  In relation to the financial instruments recognised in the Statement of Financial Position at fair value, IFRS 7 requires that these values are classified based on the hierarchy levels which reflects the significance of the input utilised in the determination of fair value.

Euro thousands	December 31, 2015	Measurement basis	Level 1	Level 2	Level 3
Financial assets					
Cash and Cash Equivalents	30,683	Fair Value			
Current and Non-Current Financial Assets	2,055	Fair Value			2,055
Trade and Other Receivables	77,731	Fair Value			
Total financial assets	**110,469**		**-**	**-**	**2,055**
Financial liabilities					
Financial Payables to banks	56,267	Fair Value			56,267
Other Lenders	611	Fair Value			611
Bank Overdrafts	13,171	Fair Value			
Financial Instruments	21,504	Fair Value	21,504		
Trade and Other Payables	52,985	Fair Value			
Total financial liabilities	**144,538**		**21,504**	**-**	**-**

Euro thousands	December 31, 2014	Measurement basis	Level 1	Level 2	Level 3
Financial assets					
Cash and Cash Equivalents	32,473	Fair Value			
Current and Non-Current Financial Assets	964	Fair Value			964
Trade and Other Receivables	76,067	Fair Value			
Total financial assets	**109,504**		**-**	**-**	**964**
Financial liabilities					
Financial Payables to banks	88,786	Amortised Cost			88,786
Other Lenders	575	Fair Value			575
Bank Overdrafts	1,810	Fair Value			
Financial Instruments	0	Fair Value			
Trade and Other Payables	49,084	Fair Value			
Total financial liabilities	**140,255**		**-**	**-**	**-**

The F.I.L.A. S.p.A. Market Warrants recorded in the financial statements at December 31, 2015 for an amount of Euro 21,504 thousand are measured at fair value and classified as "level 1", as concerning listed instruments.

In accordance with IFRS 7, the effects on the income statement and equity in relation to each category of financial instruments of the Group in the years 2015 and 2014 are shown below, which mainly includes the gains and losses deriving from the purchase and sale of financial assets or liabilities, as well as the changes in the value of the financial instruments measured at fair value and the interest expense/income matured on the financial assets/liabilities measured at amortised cost.

- financial gains and losses are recognised to the income statement:

Euro thousands	**2015**	**2014**
Interest Income from Bank Deposits	467	53
Total financial income	**467**	**53**
Financial Assets and Liabilities at Amortised Cost	0	(78)
Exchange Gains/(Losses) on Financial Operations	(1,255)	(140)
Total financial charges	**(1,255)**	**(218)**
Total net financial charges	**(788)**	**(165)**

For 2015 and 2014, no financial gains and losses were directly recognised to equity.

"Loans and Receivables" at December 31, 2015 amount to Euro 355 thousand;

- loans in place at December 31, 2015 and 2014.

Loans in place at December 31, 2015 of the F.I.L.A. Group totalled Euro 70,049 thousand and at December 31, 2014 Euro 91,171 thousand.

The loans recorded in the F.I.L.A. Group financial statements are classified under Financial Liabilities, according to their contractually established maturity, as non-current and current, in line with "Note 13.A – Financial Liabilities".

Euro thousands	December 31, 2015	December 31, 2014
Non-current financial payables	**1,510**	**20,134**
Loans - beyond one year	**1,510**	**20,134**
Banks - Principal third parties	1,404	20,183
Banks - Interest third parties	0	(112)
Banks	**1,404**	**20,071**
Other Lenders - Principal third parties	106	63
Other lenders	**106**	**63**

The account "Other lenders" includes the non-current portion of loans issued by banks and other lenders.

The balance at December 31, 2015 was Euro 1,510 thousand, of which Euro 1,404 thousand concerning bank loans and Euro 106 thousand loans from other lenders.

Euro thousands	December 31, 2015	December 31, 2014
Current financial liabilities	**68,539**	**71,037**
Loans - due within one year	**55,368**	**69,227**
Banks - Principal third parties	54,764	68,383
Banks - Interest third parties	99	332
Banks	**54,863**	**68,715**
Other Lenders - Principal third parties	501	509
Other Lenders - Interest third parties	4	3
Other lenders	**505**	**512**
Bank Overdrafts - Principal third parties	13,141	1,810
Bank Overdrafts - Interest third parties	30	0
Bank overdrafts	**13,171**	**1,810**

The balance at December 31, 2015 was Euro 68,539 thousand, of which Euro 55,368 thousand concerning bank loans, Euro 505 thousand concerning loans issued by other lenders and Euro 13,171 thousand bank overdrafts;

- receivables at December 31, 2015 and 2014 were as follows:

Euro thousands	**December 31, 2015**	**December 31, 2014**
Trade and other receivables	**77,731**	**76,067**
Trade Receivables	69,598	68,734
Tax Receivables	3,375	3,502
Other Receivables	3,838	3,131
Prepayments and Accrued Income	920	673
	77,731	**76,040**
Trade Receivables - Associates	0	27
	0	**27**

- payables at December 31, 2015 and 2014 were as follows:

Euro thousands	**December 31, 2015**	**December 31, 2014**
Trade and other payables	**52,985**	**49,084**
Trade Payables	38,412	36,968
Tax Payables	4,775	3,839
Other Payables	8,787	7,442
Accrued Liabilities and deferred Income	1,011	630
	52,985	**48,879**
Trade Payables - Associates	0	205
	0	**205**

In relation to “Trade and Other Payables” and “Trade and Other Receivables”, reference to “Note 9.A - Trade and Other Receivables” and “Note 20.A - Trade and Other Payables”.

Sensitivity Analysis

In accordance with I.F.R.S. 7 and further to that outlined in the "Directors' Report – Financial Risks", the following is reported:

- **Currency risk**

Net exposure of the main currencies:

(in Euro thousands)	December 31, 2015			December 31, 2014		
	USD	MXN	CNY	USD	MXN	CNY
Trade Receivables	9,036	509,860	0	8,941	529,440	0
Financial Assets	541	6,314	381	311	4,954	0
Financial Liabilities	(17,958)	(435,952)	(41,536)	(21,967)	(377,651)	(46,919)
Trade Payables	(2,888)	(79,127)	(26,574)	(3,283)	(87,950)	(32,494)
Net Balance sheet Exposure	**(11,269)**	**1,095**	**(67,729)**	**(15,997)**	**68,793**	**(79,413)**

The impact on the income statement and balance sheet, both negative, following an increase of 10% in the exchange rate of the main foreign currencies against the Euro, would total approx. Euro 1,807 thousand (Euro 1,805 thousand at December 31, 2014).

Closing exchange rates applied:

	Year-End Exchange Rate	
	2015	2014
USD /€	1.089	1.214
MXN /€	18.915	17.868
CNY /€	7.061	7.536

effect of a 10% increase on the Euro exchange rate:

	Changes	
	Equity	
	2015	2014
USD /€	(941)	(1,198)
MXN /€	5	350
CNY /€	(872)	(958)
	(1,807)	(1,805)

- **Interest rate risk**

The current F.I.L.A. Group policy is to maintain variable interest rates, monitoring the interest rate curve and not considering the use of derivative hedging instruments necessary.

The financial assets and liabilities at variable rates are reported below:

Euro thousands	December 31, 2015	December 31, 2014
Financial Liabilities	70.049	91.171
Financial assets/liabilities at variable rate	**70.049**	**91.171**

The financial instruments at variable rates typically include liquidity, loans granted to a number of Group companies and part of the financial payables.

A change of 100 "basis points" in the interest rates applicable to financial assets and liabilities at variable rates in place at December 31, 2015 would result in the following income statement and balance sheet impacts on an annualised basis.

Euro thousands	**Equity** 100 bp Change Increase	Decrease
December 31, 2015		
Financial Assets/Liabilities at Variable Rate	700	(700)
December 31, 2014		
Financial Assets/Liabilities at Variable Rate	912	(912)

The same variables are maintained to establish the income statement and balance sheet impact at December 31, 2015.

The capital portions of financial assets and liabilities of the F.I.L.A. Group are broken down by contractual maturity for 2015 and 2014, in line with "Note 13.A – Financial Liabilities":

December 31, 2015	**Within 12 months**	**Within 1-2 years**	**Within 2-3 years**	**Within 3-4 years**	**Within 4-5 years**	**Total**
Euro thousands						
VARIABLE RATE						
Financial assets						
Cash and Cash Equivalents	30,683	0	0	0	0	**30,683**
Loans and Receivables	0	0	354	0	0	**354**
Financial liabilities						
Financial liabilities - Banks	54,764	395	378	408	223	**56,168**
Other Lenders	501	106				**607**
Expected cash flow	**(24,582)**	**(501)**	**(24)**	**(408)**	**(223)**	**(25,738)**

December 31, 2014	Within 12 months	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Total
Euro thousands						
VARIABLE RATE						
Financial assets						
Cash and Cash Equivalents	32,473	0	0	0	0	**32,473**
Loans and Receivables	0	7	0	0	0	**7**
Financial liabilities						
Financial liabilities - Banks	68,715	8,577	9,163	1,949	382	**88,786**
Other Lenders	512	52	8	0	0	**572**
Expected cash flow	**(36,754)**	**(8,622)**	**(9,171)**	**(1,949)**	**(382)**	**(56,878)**

➢ Credit Risk

At December 31, 2015, the account "Trade and Other Receivables" totalling Euro 77,731 thousand (Euro 76,067 thousand at December 31, 2014) is reported net of the relative doubtful debt provision of Euro 3,966 thousand (Euro 3,181 thousand at December 31, 2014).

They are summarised below:

- the ageing of the trade receivables at December 31, 2015 compared with December 31, 2014:

GROSS TRADE RECEIVABLES: AGEING

Euro thousands	December 31, 2015	December 31, 2014	Change in year
Overdue between 0-60 days	11,902	9,759	2,143
Overdue between 60-120 days	7,468	5,598	1,870
Overdue beyond 120 days	5,278	2,684	2,594
Not yet due	44,950	50,693	(5,743)
Total amount	**69,598**	**68,734**	**864**

- the breakdown by type of debtor at both December 31, 2015 and December 31, 2014 was as follows:

TRADE RECEIVABLES FROM THIRD PARTIES - DISTRIBUTION CHANNEL

Euro thousands	December 31, 2015	December 31, 2014	Change in year
Wholesalers	29.422	29.056	365
School/Office Suppliers	4.481	4.425	56
Supermarkets	16.467	16.262	204
Retailers	6.152	6.075	76
Distributors	7.375	7.284	92
Promotional & B2B	2.698	2.664	33
Other	3.004	2.967	37
Third parties	**69.598**	**68.734**	**864**

- the breakdown by region at December 31, 2015 and December 31, 2014 was as follows:

NOTE 9.B - TRADE RECEIVABLES FROM THIRD PARTIES - REGIONAL BREAKDOWN

Euro thousands	December 31, 2015	December 31, 2014	Change in year
Europe	23.537	23.486	51
North America	9.206	9.279	(73)
Central/South America	33.004	33.964	(960)
Asia	1.452	762	690
Rest of the World	2.399	1.243	1.156
Total amount	**69.598**	**68.734**	**864**

Environment and Safety

"Environment and Safety" issues are managed at local level by the F.I.L.A. Group companies under the applicable regulations and in accordance with the "Group policy".
Within the F.I.L.A. Group a manager-in-charge of "Environment and Safety" is appointed by each local entity, reporting to the respective General Managers, who in turn report to the Parent Company F.I.L.A. S.p.A..
"Environment and Safety" for F.I.L.A. S.p.A. has been managed with the support of a specialised consultancy firm for a number of years. The actions implemented by F.I.L.A. S.p.A. are in line with the environmental and workplace safety regulation (Legislative Decree Nos. 626 and No. 81 of April 9, 2008). Waste is appropriately disposed of and its movement is properly recorded in approved registers. F.I.L.A. S.p.A. holds the OHSAS 18001 certification, and the last Audit concluded positively without any issues arising in October 2015. All employees are assigned a competent workplace doctor (under Legislative Decree No. 81/08) and obligatory visits are provided for.
During the year no significant problems emerged in relation to the environment and safety area. The environmental reclamation at the lands owned by the US subsidiary relates to previous industrial activity before the acquisition by F.I.L.A. S.p.A..

Personnel

The F.I.L.A. Group workforce at the end of 2015 numbered 6,036, compared to 2,842 at the end of 2014.
The changes are principally attributable to the change in the consolidation scope, with the workforce of the Indian subsidiary Writefine Products Private Limited numbering 3,334.

The table below outlines the breakdown of the F.I.L.A. Group workforce at December 31, 2015 and 2014.

	Europe	North America	Central - South America	Asia	Rest of the World	Total
December 2015	527	92	1,322	4,083	12	**6,036**
December 2014	515	103	1,286	930	8	**2,842**
Change	**12**	**(11)**	**36**	**3,153**	**4**	**3,194**

and the breakdown and movement by worker category:

PERSONNEL				
	Manager	White-collar	Blue-collar	Total
Total at 31/12/2014	**39**	**729**	**2,074**	**2,842**
Increases	4	762	2,836	3,602
Decreases	(2)	(168)	(238)	(408)
Total at 31/12/2015	**41**	**1,323**	**4,672**	**6,036**
of which change in consolidation scope	**4**	**583**	**2,747**	**3,334**

Excluding the changes concerning the consolidation scope, the Group reports a reduction in the number of personnel, principally due to the reorganisation of the Chinese production site which commenced in the previous year and concluded in 2015. The transfer of production from Beijing to Kunshan resulted in a reduction in the workforce, due to the installation of more efficient and higher performance production lines at the new factory. The workforce increased at the Mexican Group company F.I.L.A – Dixon, S.A. de CV (29) and in the Chinese group company Fila Dixon Art & Craft Yixing Co. Ltd (26).

The average workforce in 2015 of the F.I.L.A. Group was 5,596, higher than the average workforce in 2014 of 2,780. Excluding the workforce of the Indian subsidiary Writefine Products Private Limited of 2,902, the Group workforce did not report significant changes during 2015 compared to the previous year.

	Europe	North America	Central-South America	Asia	Rest of the World	Total
Executives	18	18	9	7	1	**53**
Manager/White-collar	254	63	367	475	8	**1,167**
Blue-collar	250	11	943	3,169	3	**4,376**
Total 2015	**522**	**92**	**1,319**	**3,651**	**12**	**5,596**

	Europe	North America	Central-South America	Asia	Rest of the World	Total
Executives	19	18	9	9	0	**55**
Manager/White-collar	249	69	350	76	8	**752**
Blue-collar	250	11	904	845	0	**2,010**
Total 2014	**518**	**97**	**1,263**	**930**	**8**	**2,817**
Change 2015 - 2014	**4**	**(5)**	**56**	**2,721**	**4**	**2,780**

The turnover was affected by the restructuring of the workforce, principally in terms of the blue-collar category.

The bonuses received by F.I.L.A. Group Managers in the year were as follows:

BENEFITS AND OTHER INCENTIVES FOR MANAGERS

Euro thousands	FY 2015 Amount	FY 2015 Nature	FY 2014 Amount	FY 2014 Nature
Bonuses	1,199	Perfomance Bonus	789	Perfomance Bonus
Total amount	**1,199**		**789**	

In 2015, as in previous years, F.I.L.A. Group personnel undertook training and upskilling courses, particularly in the administrative areas in order to maintain appropriate professional standards, in line with the “Group policy”.

Corporate Governance

For further information on corporate governance, reference to the Corporate Governance and Ownership Structure Report, prepared in accordance with Article 123-*bis* of the CFA, approved by the Board of Directors of the Company, together with the Directors' Report made available by the Company at the registered office of the Company, as well as on the Group website (www.filagroup.it - Governance section).

Other Information

The disclosure pursuant to paragraphs 1 and 2 of Article 123-*bis* of Legislative Decree No. 58/1998 is contained in the "Corporate Governance and Ownership Structure Report" and the "Remuneration Report", prepared in accordance with Article 123-*ter* of Legislative Decree No. 58/1998; both these reports, approved by the Board of Directors, are published in accordance with the terms required by regulations on the website of the Company www.filagroup.it.

Disclosures pursuant to Articles 70 and 71 of the Consob regulation 11971/1999.

Space S.p.A., on October 21, 2013 communicated to Consob its intention to avail of the opt-out regime pursuant to Article 70, paragraphs 8 and 71, paragraph 1-*bis* of the regulation adopted with Consob motion No. 11971/1999, and therefore employed the exemption from publication of the required disclosure documents pursuant to Articles 70 and 71 of the Consob Regulation No. 11971/1999 concerning significant mergers, spin-offs, share capital increases through conferment of assets in kind, acquisitions and sales operations.

The following table outlines the total emoluments recognised to members of the Board of Directors and the Board of Statutory Auditors for offices held at F.I.L.A. S.p.A., in addition to remuneration of any nature, in the case of "performance bonuses and one-off remuneration" received in 2015.

Euro thousands	Emoluments for Office	Other Remuneration (Bonus)
Directors	1,287	1,575
Statutory Auditors	66	0
Total amount	**1,353**	**1,575**

For further information, reference to the Remuneration Report published on the website of the company www.filagroup.it.

The Shareholders' Meeting of F.I.L.A. S.p.A. approved on January 15, 2015 the appointment of KPMG S.p.A. for the years 2015-2023 for the auditing duties as per Article 2409-ter of the Civil Code and the audit of the financial statements of F.I.L.A. S.p.A. and the consolidated financial statements of the F.I.L.A. Group.

Reconciliation between Parent and Consolidated Equity and Result

Euro thousands	Equity Dec. 31, 2014	Equity changes	Net Result 2014	Equity Dec. 31, 2015
F.I.L.A. S.p.A. Financial Statements	63,821	92,655	(25,156)	131,320
Consolidation effect of the fin. stats. of subsidiaries	48,467	(141)	8,493	56,819
Translation reserve	(1,756)	1,377		(379)
Group Consolidated Financial Statements	**110,532**	**93,891**	**(16,663)**	**187,760**
Non-controlling interest equity	1,435	22,269	263	23,967
Consolidated Financial Statements	**111,968**	**116,160**	**(16,400)**	**211,727**

****

Dear F.I.L.A. S.p.A. Shareholders,

we submit for Your approval the Financial Statements for the year ended December 31, 2015, comprising the statement of financial position, the statement of comprehensive income, the statement of change in equity and the statement of cash flows and the explanatory notes, with the relative attachments, which report a net loss of Euro 41,086,172.62 and we propose:

1. to utilise part of the share premium reserve for Euro 41,599,122.98 (i) to cover the losses for the year of Euro 41,086,172.62 and (ii) to cover the residual losses relating to the years preceding 2015 of Euro 512,950.36;
2. to fully constitute the legal reserve for Euro 7,434,166 through the partial utilisation of the remaining part of the share premium reserve;
3. to release a further residual part of this share premium reserve for Euro 15,052,294, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree No. 38 of February 28, 2015;
4. to distribute part of the other reserves of the Company, other than those in suspension of taxes, totalling Euro 3,710,907 as dividend and, therefore to distribute a dividend of Euro 0.09 for each of the 41,232,296 ordinary shares currently in circulation, from the available reserves, while it should be noted that in the case where the total number of shares of the Company currently in circulation should increase, the total amount of dividend will remain unchanged and the unitary amount will be automatically adjusted to the new number of shares; the dividend will be issued with coupon, record and payment dates respectively of May 23, 24 and 25, 2016.

The Board of Directors
THE CHAIRMAN
Mr. GIANNI MION

CONSOLIDATED FINANCIAL STATEMENTS OF THE F.I.L.A. GROUP AND THE SEPARATE FINANCIAL STATEMENTS OF F.I.L.A. S.p.A. AT DECEMBER 31, 2015

III Consolidated Financial Statements of the F.I.L.A. Group at December 31, 2015

Consolidated Financial Statements

Statement of Financial Position

Euro thousands		December 31, 2015	December 31, 2014
ASSETS		**384,450**	**266,502**
Non-Current Assets		**152,229**	**64,731**
Intangible Assets	*Note 1*	88,156	21,264
Property, Plant and Equipment	*Note 2*	47,901	25,552
Non-Current Financial Assets	*Note 3*	1,787	707
Investments Measured at Equity	*Note 4*	322	6,746
Investments Measured at Cost	*Note 5*	31	31
Deferred Tax Assets	*Note 6*	14,032	10,429
Other Receivables		-	2
Current Assets		**232,221**	**201,755**
Current Financial Assets	*Note 3*	268	257
Current Tax Receivables	*Note 7*	5,020	923
Inventories	*Note 8*	118,519	92,035
Trade and Other Receivables	*Note 9*	77,731	76,067
Cash and Cash Equivalents	*Note 10*	30,683	32,473
Non-Current and Current Assets Held-for-Sale		**-**	**16**
LIABILITIES AND EQUITY		**384,450**	**266,502**
Equity	*Note 12*	**211,727**	**111,968**
Share Capital		37,171	2,748
Reserves		80,828	8,638
Retained Earnings		86,424	82,572
Net Profit for the year		(16,663)	16,575
Group Equity		**187,760**	**110,532**
Non-controlling interest equity		**23,967**	**1,435**
Non-Current Liabilities		**27,421**	**31,615**
Non-Current Financial Liabilities	*Note 13*	1,510	20,134
Employee Benefits	*Note 14*	5,352	4,925
Provisions for Risks and Charges	*Note 15*	942	731
Deferred Tax Liabilities	*Note 16*	19,485	5,825
Other Payables	*Note 19*	132	-
Current Liabilities		**145,302**	**122,919**
Current Financial Liabilities	*Note 13*	68,539	71,037
Financial Instruments	*Note 17*	21,504	-
Provisions for Risks and Charges	*Note 15*	434	262
Current Tax Payables	*Note 18*	1,840	2,536
Trade and Other Payables	*Note 19*	52,985	49,084
Non-Current and Current Assets Held-for-Sale		**0**	**0**

Statement of Comprehensive Income

Euro thousands		2015	2014
Revenue from Sales and Service	*Note 20*	275.333	233.585
Other Revenue and Other Operating Income	*Note 21*	7.210	3.817
TOTAL REVENUE		**282.543**	**237.402**
Raw Materials, Ancillary, Consumables and Goods	*Note 22*	(126.609)	(101.716)
Services and Rent, Leases and Similar Costs	*Note 23*	(68.477)	(57.655)
Other Operating Costs	*Note 24*	(8.188)	(4.947)
Change in Raw Materials, Semi-Finished, Work-in-progress and Finished Products	*Note 22*	18.175	10.764
Labour Costs	*Note 25*	(55.664)	(48.829)
Amortisation & Depreciation	*Note 26*	(6.792)	(5.698)
Write-downs	*Note 27*	(989)	(344)
TOTAL OPERATING COSTS		**(248.544)**	**(208.425)**
EBIT		**33.999**	**28.977**
Financial Income	*Note 28*	15.695	589
Financial Expense	*Note 29*	(58.281)	(5.084)
Income/Expense from Investments at Equity	*Note 31*	420	443
NET FINANCIAL CHARGES		**(42.166)**	**(4.052)**
PRE-TAX PROFIT/(LOSS)		**(8.167)**	**24.925**
Income Taxes		(10.444)	(9.714)
Deferred Tax Income and Charges		2.158	1.470
DEFERRED TAX INCOME AND EXPENSE	***Note 32***	**(8.286)**	**(8.244)**
NET PROFIT/(LOSS) - CONTINUING OPERATIONS		**(16.453)**	**16.681**
NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS		**53**	**(76)**
RESULT FOR THE YEAR		**(16.400)**	**16.605**
Attributable to:			
Profit attributable to non-controlling interests		**263**	**30**
Profit/(loss) attributable to shareholders of the parent		**(16.663)**	**16.575**
Other Comprehensive Income Items which may be reclassified subsequently in the P&L account		**1.426**	**3.940**
Translation Difference recorded in Equity		1.426	3.940
Other Comprehensive Income Items which may not be reclassified subsequently in the P&L account		**36**	**(284)**
Actuarial Gains/(Losses) for Employee Benefits recorded directly to Equity		14	(393)
Income Taxes on income and charges recorded directly to Equity		22	109
OTHER COMPREHENSIVE INCOME ITEMS (net of tax effect)		**1.462**	**3.656**
Attributable to:			
Profit attributable to non-controlling interests		**340**	**170**
Profit/(loss) attributable to shareholders of the parent		**(15.278)**	**20.231**

Statement of changes in Equity

Euro thousands	Share capital	Legal Reserve	Share premium reserve	IAS 19 Reserve	Other Reserves	Translation Difference	Retained Earnings	Group Profit	Group Equity	Non-Control. Int. Capital & Reserves	Non-Control. Interest Profit/Loss	Non-Control. Interest Equity	Total Equity
December 31, 2014	**2.748**	**608**	**0**	**(1.368)**	**11.154**	**(1.756)**	**82.572**	**16.575**	**110.532**	**1.405**	**30**	**1.435**	**111.968**
Share capital increase	23.616								**23.616**			**0**	**23.616**
F.I.L.A. S.p.A.- Space S.p.A. Merger effect	10.807	(608)	109.511		(38.465)		(13.237)		**68.008**			**0**	**68.008**
Net Profit/(loss)								(16.663)	**(16.663)**		263	**263**	**(16.400)**
Other changes in the year			368	7		1.377	514		**2.266**	22.550		**22.550**	**24.816**
Gains/(losses) recorded directly to equity	34.423	(608)	109.879	7	(38.465)	1.377	(12.723)	(16.663)	**77.227**	22.550	263	**22.813**	**100.040**
Allocation of the 2014 result							16.575	(16.575)	**0**	30	(30)	**0**	**0**
Dividends									**0**	(281)		**(281)**	**(281)**
December 31, 2015	**37.171**	**0**	**109.879**	**(1.361)**	**(27.311)**	**(379)**	**86.424**	**(16.663)**	**187.760**	**23.704**	**263**	**23.967**	**211.727**

Note:
The figures at December 31, 2014 correspond to the consolidated financial statements of F.I.L.A. S.p.A. for the year ended December 31, 2014 as approved by the Shareholders' Meeting of F.I.L.A. S.p.A. on April 22, 2015.
For information on the changes in the equity account, reference to Note 12 of the Explanatory Notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

Euro thousands		December 2015	December 2014
EBIT		**33,999**	**28,977**
adjustments for non-cash items:		***9,695***	***6,830***
Amortisation & Depreciation	*Note 1 - 2*	6,792	5,698
Write-down and Recovery in Value	*Note 1 - 2*	3	48
Doubtful Debt Provision	*Note 9*	985	297
Exch. effect on Assets and Liabilities in Foreign Curr. of Commercial Transactions	*Note 24*	1,960	830
Gain/Loss on Fixed Asset Disposals	*Note 21 - 24*	(46)	(42)
integrations for:		***(18,737)***	***(9,661)***
Income Taxes Paid	*Note 7 - 18*	(15,522)	(8,692)
Unrealised Exchange Differences on Assets and Liabilities in Foreign Currencies	*Note 28 - 29*	(2,053)	(617)
Realised Exchange Differences on Assets and Liabilities in Foreign Currencies	*Note 28 - 29*	(1,161)	(352)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL		**24,957**	**26,146**
Changes in Net Working Capital:		***(24,665)***	***(6,880)***
Change in Inventories	*Note 8*	(18,545)	(11,159)
Change in Trade and Other Receivables	*Note 9*	(2,382)	(4,546)
Change in Trade and Other Payables	*Note 19*	(3,978)	11,255
Change in Other Assets/Liabilities	*Note 15 - 16 - 6*	118	(2,582)
Change in Post-Employment and Employee Benefits	*Note 14*	121	153
CASH FLOW FROM OPERATING ACTIVITIES		**292**	**19,265**
Total Investment/Divestment in Intangible Assets	*Note 1*	**(128)**	**(243)**
Total Investment/Divestment in Property, Plant and Equipment	*Note 2*	**(7,497)**	**(6,358)**
Total Investment/Divestment of Investments measured at Cost	*Note 5*	**0**	**(28)**
Total Investment/Divestment in Other Financial Assets	*Note 3*	**(503)**	**(339)**
Acquisition of investment in WRITEFINE PRODUCTS PVT LTD (India) 51%		**(36,110)**	**0**
Interest Received		**467**	**49**
CASH FLOW FROM INVESTING ACTIVITIES		**(43,772)**	**(6,919)**
Total Change in Equity	*Note 12*	**(271)**	**(937)**
Interest Paid	*Note 29*	**(3,775)**	**(3,774)**
Total Increase/Decrease Loans and Other Financial Liabilities	*Note 13*	**(65,450)**	**(13,994)**
CASH FLOW FROM FINANCING ACTIVITIES		**(69,495)**	**(18,705)**
Translation difference	*Note 12*	1,426	4,112
Other non-cash equity changes		2,673	(1,708)
NET CASH FLOW IN THE YEAR		**(108,877)**	**(3,955)**
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the year		30,663	35,685
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the year (merger contribution)		93,333	0
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the year (change in consolidation scope)		2,423	(1,067)
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS AT END OF THE YEAR		**17,542**	**30,663**

1) *Cash and cash equivalents at December 31, 2015 totalled Euro 30,683 thousand; current account overdrafts amounted to Euro 13,141 thousand net of relative interest.*
2) *Cash and cash equivalents at December 31, 2014 totalled Euro 32,473 thousand; current account overdrafts amounted to Euro 1,810 thousand net of relative interest.*
3) *The cash flows are presented using the indirect method. In order to provide a more complete and accurate presentation of the individual cash flows, the effects from non-cash operations were eliminated (including the conversion of statement of financial position items in currencies other than the Euro), where significant. These effects were aggregated and included in the account "Other non-cash changes".*

Euro thousands	December 2015	December 2014
OPENING CASH AND CASH EQUIVALENTS	**30,663**	**35,685**
Cash and cash equivalents	32,473	35,797
Bank overdrafts	(1,810)	(112)
CLOSING CASH AND CASH EQUIVALENTS	**17,542**	**30,663**
Cash and cash equivalents	30,683	32,473
Bank overdrafts	(13,141)	(1,810)

Statement of Financial Position - indication of transactions with related parties

Euro thousands	December 31, 2015	of which related parties	December 31, 2014	of which related parties
ASSETS	**384,450**	**0**	**266,502**	**4,968**
Non-Current Assets	**152,229**	**0**	**64,731**	**0**
Intangible Assets	88,156		21,264	
Property, Plant and Equipment	47,901		25,552	
Non-Current Financial Assets	1,787		707	
Investments Measured at Equity	322		6,746	
Investments Measured at Cost	31		31	
Deferred Tax Assets	14,032		10,429	
Other Receivables	-		2	
Current Assets	**232,221**	**0**	**201,755**	**4,968**
Current Financial Assets	268		257	
Current Tax Receivables	5,020		923	
Inventories	118,519		92,035	
Trade and Other Receivables	77,731		76,067	
Cash and Cash Equivalents	30,683		32,473	4,968
Non-Current and Current Assets Held-for-Sale	**-**	**-**	**16**	**-**
LIABILITIES AND EQUITY	**384,450**	**637**	**266,502**	**26,140**
Equity	**211,727**	**0**	**111,968**	**0**
Share Capital	37,171		2,748	
Reserves	80,828		8,638	
Retained Earnings	86,424		82,572	
Net profit/(loss) for the year	(16,663)		16,575	
Group Equity	**187,760**		**110,532**	
Non-Controlling Interest Equity	**23,967**		**1,435**	
Non-Current Liabilities	**27,421**	**0**	**31,615**	**16,750**
Non-Current Financial Liabilities	1,510		20,134	16,750
Employee Benefits	5,352		4,925	
Provisions for Risks and Charges	942		731	
Deferred Tax Liabilities	19,485		5,825	
Other Payables	132		-	
Current Liabilities	**145,302**	**637**	**122,919**	**9,390**
Current Financial Liabilities	68,539		71,037	8,706
Financial Instruments	21,504		-	
Provisions for Risks and Charges	434		262	
Current Tax Payables	1,840		2,536	
Trade and Other Payables	52,985	637	49,084	684
Non-Current and Current Assets Held-for-Sale	**0**	**0**	**0**	**0**

Statement of Comprehensive Income - indication of transactions with related parties

Euro thousands	2015	of which related parties	2014	of which related parties
Revenue from Sales and Service	275.333		233.585	
Other Revenue and Other Operating Income	7.210		3.817	
TOTAL REVENUE	**282.543**		**237.402**	
Raw Materials, Ancillary, Consumables and Goods	(126.609)	(1.107)	(101.716)	(1.265)
Services and Rent, Leases and Similar Costs	(68.477)	(695)	(57.655)	(714)
Other Operating Costs	(8.188)		(4.947)	
Change in Raw Materials, Semi-Finished, Work-in-progress and Finished Products	18.175		10.764	
Labour Costs	(55.664)		(48.829)	
Amortisation & Depreciation	(6.792)		(5.698)	
Write-downs	(989)		(344)	
TOTAL OPERATING COSTS	**(248.544)**		**(208.425)**	
EBIT	**33.999**		**28.977**	
Financial Income	15.695	1	589	2
Financial Expense	(58.281)	(106)	(5.084)	(522)
Income/Expense from Investments at Equity	420		443	
NET FINANCIAL CHARGES	**(42.166)**		**(4.052)**	
PRE-TAX PROFIT/(LOSS)	**(8.167)**		**24.925**	
Income Taxes	(10.444)		(9.714)	
Deferred Tax Income and Charges	2.158		1.470	
DEFERRED TAX INCOME AND EXPENSE	**(8.286)**		**(8.244)**	
NET PROFIT/(LOSS) - CONTINUING OPERATIONS	**(16.453)**		**16.681**	
NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS	**53**		**(76)**	
RESULT FOR THE YEAR	**(16.400)**		**16.605**	
Attributable to:				
Profit attributable to non-controlling interests	**263**		**30**	
Profit/(loss) attributable to shareholders of the parent	**(16.663)**		**16.575**	
Other Comprehensive Income Items which may be reclassified subsequently in the P&L account	**1.426**		**3.940**	
Translation Difference recorded in Equity	1.426		3.940	
Other Comprehensive Income Items which may not be reclassified subsequently in the P&L account	**36**		**(284)**	
Actuarial Gains/(Losses) for Employee Benefits recorded directly to Equity	14		(393)	
Income Taxes on income and charges recorded directly to Equity	22		109	
OTHER COMPREHENSIVE INCOME ITEMS (net of tax effect)	**1.462**		**3.656**	
Attributable to:				
Profit attributable to non-controlling interests	**340**		**170**	
Profit/(loss) attributable to shareholders of the parent	**(15.278)**		**20.231**	

Basis of preparation of the Consolidated Financial Statements of the F.I.L.A. Group at December 31, 2015

Introduction

The F.I.L.A. Group (hereafter also the Group) operates in the creativity tools market, producing writing and design objects such as crayons, paints, modelling clay, pencils and chalk etc..

The Parent F.I.L.A. S.p.A., Fabbrica Italiana Lapis ed Affini (hereafter "the Company") is a limited liability company with registered office in Pero (Italy), Via XXV April, 5. The ordinary shares of the Company were admitted for trading on the MTA, STAR Segment, organised and managed by Borsa Italiana S.p.A. from November 12, 2015. It is recalled that prior to this date the ordinary shares of F.I.L.A. S.p.A. (previously Space S.p.A., an Italian registered Special Purpose Acquisition Company (SPAC), established as an SIV (Special Investment Company) in accordance with the Borsa Italiana regulation), were listed since December 18, 2013 on the Professional Segment of the Investment Vehicles Market (M.I.V.), organised and managed by Borsa Italiana.

The consolidated financial statements of the F.I.L.A. Group were prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. They include the financial statements of F.I.L.A. S.p.A. and its subsidiaries.

The present consolidated financial statements, concerning the year ending December 31, 2015, are presented in Euro, as the functional currency in which the Group operates and comprise the Consolidated Statement of Financial Position, in which assets and liabilities are classified under current and non-current, the Statement of Comprehensive Income, the Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Explanatory Notes and are accompanied by the Directors' Report. All amounts reported in the Consolidated Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Consolidated Statement of Changes in Equity and in the Explanatory Notes are expressed in thousands of Euro, except where otherwise stated.

For the foreign subsidiaries the financial statements are reported upon in specific financial reporting packages, for the purposes of the Group financial statements, in order to comply with international accounting standards (IFRS).

Accounting principles and policies

The consolidated financial statements of the F.I.L.A. Group and of the Parent F.I.L.A. S.p.A. (hereafter also "Parent", "Company") at December 31, 2015, prepared by the Board of Directors of F.I.L.A. S.p.A., were drawn up in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and approved by the European Union.

The IFRS were applied consistently for all the periods presented in the present document.

For the consolidated financial statements of the F.I.L.A. Group, the first year of application of IFRS was 2006, while for the separate financial statements of F.I.L.A. S.p.A. the first year of application of IFRS was 2007.

Accounting principles

Accounting standards, amendments and interpretations applied from January 1, 2015

The following accounting standards, amendments and interpretations, revised also following the annual Improvement process carried out by IASB, were applied for the first time from January 1, 2015:

IFRIC 21 - Levies

The interpretation, issued by the IASB in May 2013, provides clarification on when an entity should recognise a liability for the payment of State taxes, with the exception of those already governed by other standards (e.g. IAS 12 – Income taxes). IAS 37 establishes the criteria for the recognition of a liability, one of which is the existence of a present obligation on the entity arising from a past event (known as an obligating event). The interpretation clarifies that the obligating event, which gives rise to a liability for the payment of the tax, is described in the applicable regulation from which the payment arises. IFRIC 21 is applicable in accordance with IASB from years beginning January 1, 2014 while in accordance with the European Union regulation from the initial date of the first financial year beginning on or after June 17, 2014. The application from January 1, 2015 of this interpretation did not impact the Annual Report at December 31, 2015.

Improvements to IFRS: 2011-2013 Cycle

On December 12, 2013, the IASB published the "Annual Improvements to IFRS's: 2011-2013 Cycle" document, which includes the amendments to the standards within the annual improvement process. For the IASB, the amendments entered into force from financial statements beginning or subsequent to July 1, 2014. For the European Union, the entry into force was postponed to financial statements beginning or subsequent to January 1, 2015. The application of these amendments is prospective and did not impact on the Annual Report at December 31, 2015.

The principal changes relate to:

- *IFRS 1 First-time adoption of International Financial Reporting Standards* - The amendment clarifies that an entity which adopts IFRS for the first time, as an alternative to the application of a standard currently in force at the date of the first IFRS financial statements, may opt for the advance application of a new standard which will replace the standard in force. The option is permitted when the new standard allows for advance application. In addition, the same version of the standard must be applied for all periods presented in the first IFRS financial statements.

- *IFRS 3 Business Combinations* – The amendments clarify the exclusion from the application of IFRS 3 of all types of joint arrangements and not only joint ventures.

- *IFRS 13 Fair Value Measurement* – IFRS 13 paragraph 52 (portfolio exception), in the current version, limits to only financial assets and liabilities included within the application of IAS 39 the possibility to undertake Fair Value measurement on the basis of their net value. The amendment clarifies that the possibility of Fair Value measurement on the basis of their net value also refers to contracts within the application of IAS 39, but which do not satisfy the definition of financial assets and liabilities within IAS 32, such as contracts for the purchase and sale of commodities which may be settled in cash for their net value.

- *IAS 40 - Investment Property* - The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and in determining whether the acquisition of a real estate asset enters within the application of IFRS 3, reference to the specific indications provided by IFRS 3; on the other hand, when determining whether the acquisition is within the application of IAS 40, reference to the specific indications of IAS 40.

Accounting standards, amendments and interpretations approved by the EU and applicable from January 1, 2015

Amendments to IAS 19 - Defined benefit plans: employee contributions

The amendment, issued by the IASB in November 2013, introduces simplifications for the accounting of defined benefit plans which include contributions by employees or third parties. In particular, the amendments to IAS 19 enable the recognition of employee or third party contributions as a reduction of service costs in the period in which the services are rendered, where the following conditions are satisfied:

- the contributions of employees or third parties are formally established under the plan conditions;
- the contributions are related to the services provided and
- the amount of contribution is independent from the number of years of service.

In all other cases, the recognition of these contributions will be more complex, as they must be attributed to the individual periods of the plan through the actuarial calculation of the relative liability. For the IASB, the amendments entered into force from financial statements beginning or subsequent to July 1, 2014. For the European Union, the entry into force was postponed to financial statements beginning or subsequent to February 1, 2015. The application of these amendments, although retroactive, will not have effects on the Annual Report at December 31, 2015.

Improvements to IFRS: 2010-2012 Cycle

On December 12, 2013, the IASB published the "Annual Improvements to IFRS's: 2010-2012 Cycle" document, which includes the amendments to the standards within the annual improvement process. For the IASB, the amendments entered into force from financial statements beginning or subsequent to July 1, 2014. For the European Union, the entry into force was postponed to financial statements beginning or subsequent to February 1, 2015. The application of these amendments is prospective.

The principal changes relate to:

- *IFRS 2 Share-based payments* - Amendments were made to the definitions of “vesting conditions” and “market conditions” and further definitions were added for “performance conditions” and “service conditions” (previously included in the general definition of “vesting conditions”).

- *IFRS 3 Business combinations* - The amendments clarify that a contingent consideration classified as an asset or as a liability must be measured at fair value at each reporting date, whether the contingent consideration is a financial instrument in application of IFRS 9 or IAS 39 or a non-financial asset or liability. The changes in the Fair Value must be recognised to the profit/(loss) for the period.

- *IFRS 8 Operating Segments* - The amendments require an entity to provide disclosure on the evaluations made by Management in the application of the operating segment aggregation, including a description of the aggregated operating segments and of the economic indicators considered in determining whether these operating segments have “similar economic characteristics”. The amendments also clarify that the reconciliation between the total assets of the operating segments and the total assets of the entity must be presented only if the total assets of the operating segments are regularly reviewed by the chief decision-maker (“CODM”).

- *IFRS 13 Fair Value Measurement* - The Basis for Conclusions were modified in order to clarify that with the issue of IFRS 13 current trade receivables and payables may be recorded without recording the effects of discounting, where these effects are not significant.

- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets* - The amendments eliminated inconsistencies concerning the recording of accumulated amortisation and depreciation in the case in which the restatement criterion is applied for a property, plant or equipment or an intangible asset. The new requirements clarify that the gross carrying amount is adjusted consistently with the revaluation of the carrying amount of the asset and that the depreciation or amortisation provision is equal to the difference between the gross carrying amount and the carrying amount, less the impairments recorded.

- *IAS 24 Related party disclosures* - with the amendment to IAS 24, the IASB:
  - extended the definition of "related party" to entities providing within the group key management personnel (usually these entities are called "management companies");
  - clarified that it is sufficient to provide the total amount of the cost charged by the management company, without separately indicating the individual types of benefits which the management company paid to its employees.

Amendments to IFRS 11 Joint Arrangements

The amendments, published by the IASB in May 2014, provide clarification on the accounting treatment of the acquisition of investments under joint control which constitute a business. The amendments are applicable prospectively for years beginning January 1, 2016; advance application is permitted.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets

The amendments published by the IASB in May 2014 clarify that the utilisation of revenue-based methods to calculate the depreciation of property, plant and equipment are not appropriate as the revenues generated from an asset which include the utilisation of an asset generally reflect factors other than the consumption of the economic benefits deriving from the asset. IASB also clarified that revenues generally are not considered an adequate basis to measure the consumption of the economic benefits generated from an intangible asset. However this presumption may not be applicable in certain limited circumstances. The amendments are applicable prospectively for years beginning January 1, 2016; advance application is permitted.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants

The amendments, published by the IASB in June 2014, require that bearer plants, therefore plants creating annual harvests, must be recognised according to IAS 16 – Property, plant and equipment, rather than IAS 41 – Agriculture. The amendments should be applied retroactively from financial statements beginning January 1, 2016; advance application is permitted.

Improvements to IFRS: 2012-2014 cycle

In September 2014, the IASB published the "Annual Improvements to IFRSs: 2012-2014 Cycle", which includes the amendments to the standards within the annual improvement process. The amendments will be applicable from January 1, 2016. Earlier application is permitted.

The principal changes relate to:

- *IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations* - The amendment introduces specific guidelines to IFRS 5 in the case in which an entity reclassifies an asset (or a disposal group) from the held-for-sale category to the held-for-distribution category (or vice versa), or where the requirements to classify an asset as held-for-distribution are no longer present.

- *IAS 19 Employee Benefits* - The amendment to IAS 19 clarifies that high quality corporate bonds utilised to calculate the discount rate of post-employment benefits should be in the same currency as that utilised for the payment of the benefits.

- *IAS 34 Interim Reporting* - The amendment clarifies the requirements where the disclosure is presented in the interim financial report, but outside of the interim financial statements. The amendment requires that this disclosure is included through a cross-reference from the interim financial statements to other parts of the interim financial report and that this document is made available to readers of the financial statements in the same manner and according to the same timelines as the interim financial statements.

- *IFRS 7 - Financial Instruments: Disclosure* - The document introduces further guidelines to clarify if a servicing contract constitutes a residual involvement in an asset transferred for the purposes of the disclosure required in relation to transferred assets.

Amendment to IAS 1 Disclosure Initiative

The amendments to IAS 1, published in December 2014, are applied from periods beginning January 1, 2016 or subsequently. Earlier application is permitted.

The principal changes relate to:

- Business combinations: An entity must not impact the understanding of its financial statements by concealing material disclosures with irrelevant information or aggregating significant information of a different nature or function. In addition, for partial sub-totals the entity must also present the reconciliation of each sub-total with the total in the financial statements.

- Disclosures to be included in the statement of financial position and statement of comprehensive income: Specific items of profit and loss, of other statement of comprehensive income items and statement of financial position items must be disaggregated. The partial sub-totals must be composed of items recognised and measured in accordance with IFRS, be presented and labeled in order to render the items which constitute the partial sub-totals clear and understandable and be consistent between each year.
- Other items of the statement of comprehensive income: The share of the statement of comprehensive income of associates and joint ventures measured under the equity method must be presented in aggregate form but separately from the rest of the statement of comprehensive income, as one single item, classified under items which may or may not be subsequently reclassified to the income statement.
- Explanatory Notes – Structure: The entity is free to decide the order of the items in the financial statements but must consider the effect on comprehension and comparability of its financial statements, giving prominence to more significant operating segments for the understanding of its financial performance and financial position.

Amendment to IAS 27 Separate Financial Statements

The amendments to IAS 27, published in August 2014, allow entities to use the equity method to measure investments in subsidiaries, joint ventures and associates in the separate financial statements. The amendments will be applicable retroactively from January 1, 2016; advance application is permitted.

Accounting standards, amendments and interpretations not yet approved by the EU and applicable from January 1, 2015

IFRS 14 Regulatory Deferral Accounts

IFRS 14, issued by the IASB in January 2014 permits only those adopting IFRS for the first time to continue to recognise amounts concerning Rate Regulation Activities according to the previous accounting standards adopted. In order to improve comparability with entities which already apply IFRS and who do not recognise these amounts, the standard requires that amounts recognised for rate regulation be presented separately from the other accounts. The standard is applicable from January 1, 2016, however advance application is permitted. Currently the approval process by the European Union is suspended.

IFRS 15 Revenue from Contracts with Customers

The standard, issued by the IASB in May 2014, introduces a framework which establishes whether, when and to what extent revenue will be recognised. The standard replaces the principles outlined in IAS 18 – Revenue, IAS 11 – Construction contracts, IFRIC 13 – Customer loyalty programmes. IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfer of assets from customers and SIC 31 Revenue - Barter transactions involving advertiser services. IFRS 15 is applicable from January 1, 2017; advanced application is permitted. On first application, IFRS 15 must be applied retroactively. A number of simplifications are however permitted ("practical expedients"), in addition to an alternative approach ("cumulative effect approach") which avoids the restatement of periods presented for comparative disclosure; in this latter case, the effects from the application of the new standard must be recognised to the initial equity of the period of first application of IFRS 15. The F.I.L.A. Group is assessing the potential effects from application of IFRS 15 on the consolidated financial statements.

IFRS 9 – Financial instruments

The standard, issued by the IASB in July 2014, replaces IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 introduces new provisions for the classification and measurement of financial instruments, including a new model for expected losses from impairments on financial assets, and new general provisions for the accounting of hedging. In addition, the standard includes provisions for the recognition and accounting elimination of financial instruments in line with the current IAS 39. The new standard is applicable from January 1, 2018 and advance adoption is permitted. IFRS 9 indicates as a general rule that application should take place prospectively, although a number of exceptions are permitted.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The standard issued by the IASB in September 2014 includes amendments which eliminate an inconsistency in the treatment of the sale or conferment of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a profit or loss is fully recognised when the transaction refers to a business. The IASB, with a further amendment in December 2015, cancelled the previous first application date planned for January 1, 2016 to be determined at a future date.

Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment companies: exceptions to the consolidation method

The amendments, published in December 2014, are applied retrospectively from periods beginning January 1, 2016 or subsequently. Earlier application is permitted.

The principal changes relate to:

- *IFRS 10 Consolidated Financial Statements* – The amendments to IFRS clarify that the exemption from the presentation of consolidated financial statements applies to a parent in turn controlled by an investment company, when the investment entity measures all its subsidiaries at fair value.
- *IAS 28 Investments in Associates* – The amendment to IAS 28 permits a company which is not an investment company and that has an investment in an investment company valued at equity, to maintain the Fair Value applied by the investment company for its interest in subsidiaries.

- *IFRS 12 Disclosure on investments in other entities* – the amendment to IFRS 12 clarifies that this standard is not applicable to investment companies who prepare their financial statements measuring all subsidiaries at Fair Value through the income statement.

IFRS 16 – Leases

The standard, published by the IASB in January 2016, proposes substantial changes to the accounting treatment of leasing agreements in the lessee's financial statements, which must recognise the assets and liabilities deriving from contracts, without distinction between operating and financial leases, in the statement of financial position.

The IASB expects that the standard will be applied for years commencing from January 1, 2019. Advance application is permitted for entities applying IFRS 15 Revenue from Contracts with Customers.

Amendment to IAS 12 - Recognition of deferred tax assets for unrealised losses

The amendment issued by the IASB in January 2016 clarifies the recognition of deferred tax assets on debt instruments measured at Fair Value. The amendments will be applied from periods beginning January 1, 2017. Earlier application is permitted.

The Group will adopt these new standards, amendments and interpretations, according to the application date and will evaluate the potential impacts, where they have been approved by the European Union.

Consolidation Principles

The financial statements are prepared under the historical cost convention, modified where applicable for the measurement of certain financial instruments or for the application of the acquisition method as per IFRS 3, as well as on the going concern assumption.

Subsidiaries

The subsidiaries, reported in "Attachment 1 - List of companies included in the consolidation scope and other investments", are companies where the Group has control when it is exposed to variable income streams, possesses rights to such income streams, based on the relationship with the entity, and at the same time has the capacity to affect such income steams through the exercise of its power.

The subsidiary companies are consolidated under the line-by-line method from the acquisition date, or rather the date in which the Group acquires control and until such control is relinquished. The carrying amount of the subsidiaries is eliminated against the share of equity held, net of the share of the result for the period. The share of equity and result for the period relating to non-controlling interests are recorded separately in the statement of financial position and income statement.

Investments recorded under equity method

Associates are entities in which the Group exercises a significant influence on the financial and operating policies, although not having direct or joint control. Significant influence is the power to participate in the financial and operating policy decisions of an investee, however not exercising control or joint control.

Joint Ventures are entities in which the Group exercises, with one or more parties, joint control of their economic activities based on a contractual agreement. Joint control assumes that the strategic, financial and operating decisions are taken unanimously by the parties that exercise control.

The investments in associates and joint ventures are recorded in the separate financial statements at cost and in the consolidated financial statements under the equity method. Based on this method, investments are initially recognised at cost, subsequently adjusted according to the changes in the value of the share of the Group in the equity of the associate. The Group's share in the result of associates and joint ventures is recorded in a separate income statement account from the date in which significant influence is exercised and until such ceases to be exercised. Where necessary, the accounting policies of associates and joint ventures are modified in line with the accounting policies adopted by the Group.

Business combinations

Business combinations are recognised utilising the acquisition method, based on which the identifiable assets, liabilities, and contingent liabilities of the company acquired, which are in compliance with the requirements of IFRS 3, are recorded at their fair value at the acquisition date.
Deferred taxes are recorded on adjustments made to book values in line with present values.
The application of the acquisition method due to its complexity provides for a first phase which provisionally determines the fair values of the assets, liabilities and contingent liabilities acquired, to permit a recording of the operation in the consolidated financial statements in the year in which the business combination occurred. The initial recording is completed and adjusted within 12 months from the acquisition date. Amendments to initial payments which derive from events or circumstances subsequent to the acquisition date are recorded in the income statement for the year.
Goodwill is recognised as the difference between:
a) the sum:

- of the payment transferred;
- of the non-controlling interest, measured aggregation by aggregation or at Fair Value (full goodwill) or the share of the net assets identifiable attributable to non-controlling interests;
- and, in a business combination realised in several phases, of the fair value of the interest previously held in the acquisition, recognised to the income statement for the year any resulting profit or loss;

b) the net value of the identifiable assets acquired and liabilities assumed.
The costs related to the business combination are not part of the payment transferred and are therefore recorded in the income statement for the year.

If the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is immediately recognised in the income statement. Goodwill is periodically reviewed to verify recovery through comparison with the fair value or the future cash flows generated from the underlying investment.
At the end of the analysis, the goodwill acquired in a business combination is allocated, at the acquisition date, to the individual Group cash-generating units, or to the group of cash-generating

units which should benefit from the synergies of the business combination, independently of the fact that other assets or liabilities of the Group are allocated to this unit or group of units. Each unit or group of units to which the goodwill is allocated:

- represents the smallest identifiable group of assets that generates cash streams largely independent of the cash streams from other assets or groups of assets;
- is not greater than the operating segments identified based on IFRS 8 Operating Segments.

When the goodwill constitutes part of a cash-generating unit (cash-generating unit group) and part of the internal activities of this unit are sold, the goodwill associated with the activity sold is included in the carrying amount of the activity to determine the gain or loss deriving from the sale. The goodwill sold in these circumstances is measured on the basis of the relative values of the activities sold and of the portion of the unit maintained.

When the sale relates to a subsidiary, the difference between the sales price and the net assets plus the accumulated translation differences and the residual goodwill is recorded in the income statement.

On first-time adoption of IFRS, the Group chose not to apply IFRS 3 in retrospective manner for acquisitions prior to the transition date to IAS/IFRS; consequently, the goodwill resulting from the acquisitions prior to this date was maintained at the previous value determined in accordance with Italian GAAP and is periodically subject to an impairment test.

In the event of purchase and sale of non-controlling interests, the difference between the acquisition cost, as determined above and the share of equity acquired from third parties or sold is directly attributed to the reduction/increase of the consolidated equity.

Inter-company transactions

Profits arising from transactions between fully consolidated companies, not yet realised with third parties, are eliminated.

The losses deriving from transactions between fully consolidated companies are eliminated except when they represent an impairment in value. The effects deriving from reciprocal payables and receivables, costs and revenues, as well as financial income and charges between consolidated companies are eliminated.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group entity at the exchange rate at the date of the transaction. The monetary accounts in foreign currencies at the reporting date are translated into the functional currency using the exchange rate at the same date. The non-monetary accounts measured at fair value in foreign currencies are translated using the exchange rate when the fair value was determined. The exchange differences are generally recorded in the income statement. The non-monetary accounts measured at historical cost in foreign currencies are not translated.

Foreign entities

The assets and liabilities of foreign entities, including the goodwill and adjustments to Fair Value deriving from the acquisition, are translated into Euro utilising the exchange rate at the reporting date. The revenues and costs of foreign entities are translated into Euro utilising the exchange rate at the transaction date. The exchange differences are recorded under other items in the statement of comprehensive income and included in the translation reserve, with the exemption of exchange differences which are attributed to non-controlling interests.

The exchange rates adopted for the conversion of local currencies into Euro are as follows (source: Official Italian Exchange Rates):

Currency	Average Exchange Rate 2015	Closing Exchange Rate 31-12-2015
Argentinean Peso	10.2495	14.0972
Canadian Dollar	1.4176	1.5116
Chilean Peso	725.6983	772.7130
Renminbi Yuan	6.9730	7.0608
Euro	1.0000	1.0000
Pound	0.7260	0.7340
Mexican Peso	17.5995	18.9145
US Dollar	1.1096	1.0887
Indonesian Rupiah	14,859.7917	15,040.0000
Swedish Krona	9.3545	9.1895
Singapore Dollar	1.5251	1.5417
Turkish Lira	3.0218	3.1765
Brazilian Real	3.6916	4.3117
Indian Rupee	71.1752	72.0215
Russian Ruble	68.0068	80.6736
South Africa Rand	14.1528	16.9530
Polish Zloty	4.1828	4.2639

Source: Banca d'Italia

Accounting policies of the Consolidated Financial Statements

Intangible assets

An intangible asset is a clearly identifiable non-monetary asset without physical substance, subject to control and capable of generating future economic benefits. These assets are recorded at purchase and/or production cost, including the directly attributable costs, net of accumulated amortisation and any loss in value.
The interest charge on loans for the purchase and the construction of intangible assets, which would not have been incurred if the investment was not made, are not capitalised.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives mainly consist of assets which do not have limitations in terms of useful life as per contractual, legal, economic and competitive conditions. This category includes only the "goodwill" account. Goodwill is represented by the excess of the purchase cost incurred compared to the net Fair Value at the acquisition date of assets and liabilities or of business units. The goodwill relating to investments measured at equity is included in the value of the investments.
This is not subject to systematic amortisation but an impairment test is made annually on the carrying amount in the accounts. This test is made with reference to the "cash generating unit" to which the goodwill is attributed. Any reduction in value of the goodwill is recorded where the recoverable value of the goodwill is lower than the carrying amount; the carrying amount is the higher between the Fair Value of a cash generating unit, less selling costs, and the value in use, represented by the present value of the estimated revenue streams for the years of operation of the cash generating units and deriving from its disposal at the end of the useful life.
The principal assumptions adopted in the determination of the value in use of the "cash generating units", or rather the present value of the estimated future cash flows which is expected to derive from the continuing use of the activities, relates to the discount rate and the growth rate.
In particular, the F.I.L.A. Group utilised the discount rate which it considers correctly expresses the market valuations, at the date of the estimate, of the present value of money and the specific risks related to the individual cash generating units.
The operating cash flow forecasts derive from the most recent budgets and long-term plans prepared by the F.I.L.A. Group.

The cash flow forecasts refer to current business conditions, therefore they do not include cash flows related to events of an extraordinary nature.

The forecasts are based on reasonableness and consistency relating to future general expenses, expected capital investments, financial conditions, as well as macro-economic assumptions, with particular reference to increases in product prices, which take into account expected inflation rates.

The results of the "impairment tests" did not generate in the previous year permanent losses in value.

In the event of a write-down for impairment, the value of goodwill may not be restated.

Reference to Note 1 of the separate and consolidated financial statements of the Group for further information on the indicators utilised for the impairment analysis at December 31, 2015.

Intangible assets with finite useful lives

Intangible assets with finite useful lives are amortised systematically on a monthly basis over the useful life of the asset, which is an estimate of the period in which the assets will be utilised by the enterprise. Amortisation commences when the asset is available for use.

The amortisation policies adopted by the Group provide for:

- Trademarks: based on the useful life
- Concessions, Licences and Patents: based on the duration relating to the right under concession or license and based on the duration of the patent;
- Other intangible assets: 3 years.

Research and development costs

Research and development costs are recorded in the income statement in the year incurred, with the exception of development costs recorded under "Intangible assets", when they satisfy the following conditions:

- the project is clearly identified and the related costs are reliably identifiable and measurable;
- the technical feasibility of the project is demonstrated;
- the intention to complete the project and sell the assets generated from the project are demonstrated;
- a potential market exists or, in the case of internal use, the use of the intangible asset is demonstrated for the production of the intangible assets generated by the project;

- the technical and financial resources necessary for the completion of the project are available;
- the intangible asset will generate probable future economic benefits.

Amortisation of development costs recorded under intangible assets begins from the date in which the result generated from the project is commercialised. Amortisation is calculated, on a straight-line basis, over the useful life of the project.

Property, plant and equipment

Property, plant and equipment are measured at purchase cost, net of accumulated depreciation and any loss in value. The cost includes all charges directly incurred for the purchase and/or production. The interest charge on loans for the purchase and the construction of tangible fixed assets, which would not have been incurred if the investment was not made, are not capitalised but expensed to the income statement based on the accruals of the costs. Where an asset relating to property, plant and equipment is composed of various components with differing useful lives, these components are recorded separately (significant components) and depreciated separately.

The expense incurred for maintenance and repairs are directly charged to the income statement in the year in which they are incurred. The costs for improvements, modernisation and transformation of an incremental nature of tangible fixed assets are allocated as an asset.

The purchase price or construction cost is net of public grants which are recognised when the conditions for their concession are confirmed. At the date of the present financial statements there are no public grants recorded as a reduction within "Property, Plant and Equipment".

The initial value of property, plant and equipment is adjusted for depreciation on a systematic basis, calculated on a straight-line basis monthly, when the asset is available and ready for use, based on the estimated useful life.

The estimated useful lives for the current and previous years are as follows:

- Buildings 25 years
- Plant and machinery 8.7 years
- Equipment 2.5 years
- Other tangible assets:
    - Office equipment: 8.3 years
    - Furniture and EDP: 5 years

- Transport vehicles: 5years
- Motor vehicles: 4 years
- Other: 4 years

Finance leases

The assets held through finance lease contracts, where the majority of the risks and rewards related to the ownership of an asset have been transferred to the F.I.L.A. Group, are recognised as assets at their fair value or, if lower, at the present value of the minimum lease payments, including any redemption amounts to be paid. The corresponding liability due to the lessor is recorded under "Financial Liabilities". The assets are depreciated applying the criteria and rates previously indicated for the account "Property, Plant and Equipment", except where the duration of the lease contract is lower than the useful life and there is not a reasonable certainty of the transfer of ownership of the asset at the normal expiry date of the contract; in this case, depreciation is over the duration of the lease contract.

The leased assets where the lessor bears the majority of the risks and rewards related to an asset are recorded as operating leases. Costs related to operating leases are recognised on a straight-line basis over the duration of the lease.

Impairment of non-financial assets

At each reporting date, the tangible and intangible fixed assets are analysed to identify the existence of any indicators, either internally or externally to the Group, of impairment. Where these indications exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write-down in the income statement. In the case of goodwill and other indefinite intangible assets, this estimate is made annually independently of the existence of such indicators. The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use. The fair value is estimated on the basis of the values in an active market, from recent transactions or on the basis of the best information available to reflect the amount which the entity could obtain from the sale of the asset. The value in use is the present value of the expected future cash flows to be derived from an asset. In defining the value in use, the expected future cash flows are discounted utilising a pre-tax discount rate that reflects the current market assessment of the time value of money, and the specific risks of the asset.

For an asset that does not generate sufficient independent cash flows, the realisable value is determined in relation to the cash-generating unit to which the asset belongs. A reduction in value is recognised in the income statement when the carrying amount of the asset, or of the cash-generating unit to which it is allocated, is higher than the recoverable amount.

The losses in value of cash-generating units are firstly attributed to the reduction in the carrying amount of any goodwill allocated to the cash-generating unit and, thereafter, to a reduction of other assets, in proportion to their carrying amount. The losses relating to goodwill may not be restated. In relation to assets other than goodwill, where the reasons for the write-down no longer exist, the carrying amount of the asset is restated through the income statement, up to the value at which the asset would be recorded if no write-down had taken place and amortisation had been recorded.

Current and non-current financial assets

Financial assets are initially recognised at Fair Value.

After initial recognition, financial assets are measured at Fair Value, without any deduction for transaction costs which may be incurred in the sale or other disposal, with the exception for the following "Financial Assets":

- "Loans and Receivables", as defined in paragraph 9 of IAS 39, which must be measured at amortised cost utilising the effective interest criterion;
- investments held-to-maturity, as defined in paragraph 9 of IAS 39, which must be measured at amortised cost utilising the effective interest criterion;
- investments in equity instruments which do not have a listed market price on an active market and whose Fair Value may not be reliably measured and related derivatives and which must be settled with the delivery of these non-listed equity instruments, which must be measured at cost.

Impairment of financial assets

Financial assets are measured at each reporting date to determine whether there is any indication that an asset may have incurred a loss in value. A financial asset has incurred a loss in value if there is an objective indication that one or more events had a negative impact on the estimated future cash flows of the asset. The loss in value of a financial asset measured at amortised cost corresponds to the difference between the carrying amount and the present value of the estimated cash flows discounted at the original effective interest rate. The loss in value of financial asset available-for-sale is calculated based on the Fair Value of the asset.

Financial assets individually recorded are measured separately to determine if they have incurred a loss in value. The other financial assets are cumulatively measured, for groups with similar credit risk characteristics. All the losses are recognised in the income statement. Any accumulated loss of a financial asset available-for-sale previously recognised in equity is transferred to the income statement.

Losses in value are restated if subsequently the increase in value can be objectively associated to an event which occurred after the reduction in value. For financial assets measured at amortised cost and financial assets available-for-sale corresponding to debt securities, the restated amount is recognised in the income statement. For financial assets available-for-sale corresponding to equity securities, the restated amount is recognised directly to equity.

Cash and cash equivalents

Cash and cash equivalents principally include cash, bank deposits on demand and other highly liquid short-term investments (converted into liquidity within ninety days). They are measured at fair value and the relative changes are recorded in the income statement. Bank overdrafts are classified under "Current Financial Liabilities".

Trade and other receivables

Trade and other receivables are measured, on initial recognition, at fair value. Initial book value is subsequently recorded at amortised cost adjusted to account for redemptions in principal, any write-downs and amortisation of the difference between the redemption value and initial book value. Amortisation is made on the basis of the internal effective interest rate represented by the rate equal to, at the moment of initial recognition, the present value of expected cash flows and the initial book value (amortised cost method). When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. Impairments are recognised to the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost where no write-down had been applied.

The doubtful debt provision is accrued to record receivables at realisable value, including write-downs for any indicators of a reduction in value of trade receivables. The write-downs, which are based on the most recent information and on the best estimates of the Directors, are made so that the assets are reduced to the present value of the expected future revenue streams.

The doubtful debt provision is recorded as a direct reduction of trade and other receivables.

These provisions are classified in the income statement account "Write-downs"; the same classification was used for any utilisations.

Inventories

Inventories of raw materials, semi-finished and finished products are measured at the lower of purchase or production price, including accessory charges, determined in accordance with the weighted average cost method, and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling costs.

Obsolete and slow-moving inventories are written down in relation to their possible utilisation or realisable value.

The purchase cost is utilised for direct and indirect materials, purchased and utilised in the production cycle. The production cost is however used for the finished products or in work-in-progress.

For the determination of the purchase price, consideration is taken of the actual costs sustained net of commercial discounts.

Production costs include, in addition to the costs of the materials used, as defined above, the direct and indirect industrial costs allocated. The indirect costs were allocated based on the normal production capacity of the plant.

Distribution costs were excluded from purchase cost and production cost.

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

Provisions are recorded when:

- it is probable the existence of a present obligation, legal or implicit, deriving from a past event;
- it is probable that compliance with the obligation will result in a charge;
- the amount of the obligation can be estimated reliably.

Provisions are recorded at the value representing the best estimate of the amount that the company would pay to discharge the obligation or to transfer it to a third party. When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted. The rate used in the determination of the present value of the liability reflects the current market values and includes the further effects relating to the specific risk associated to each liability. The increase of the provision due to the passage of time is recognised in the income statement account “Financial income/(charges)”.

The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discount rate; the revision of estimates are recorded in the same income statement accounts in which the provision was recorded, or when the liability relates to an asset, against the asset account to which it refers.

The explanatory notes outline contingent liabilities concerning: (i) possible obligations (but not probable) deriving from past events, whose existence will be confirmed only on the occurrence or otherwise of one or more uncertain future events not fully under the control of the entity; (ii) current obligations deriving from past events whose amount cannot be reliably estimated or whose fulfilment will likely not incur a charge.

Restructuring provision

The Group records a restructuring provision only in the event there is an implied restructuring obligation and there exists, at the same time, a detailed formal programme which has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions to a separate entity and will not have a legal or implied obligation to pay further contributions. The contributions to be paid to defined contribution plans are recognised as costs in the income statement when incurred. Contributions paid in advance are recognised under assets up to the advanced payment which will determine a reduction in future payments or a reimbursement.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The net obligation of the Group deriving from defined benefit plans is calculated separately for each plan estimating the amount of the future benefit which the employees matured in exchange for the services provided in the current and previous years; this benefit is discounted to calculate the present value, while any costs relating to past services not recorded in the financial statements and the Fair Value of any assets to service the plan are deducted from liabilities. The discount rate is the return, at the reporting date, of the primary obligations whose maturity date approximates the terms of the obligations of the Group and which are expressed in the same currency in which it is expected the benefits will be paid. The calculation is made by an independent actuary utilising the projected credit unit method. Where the calculation generates a benefit for the Group, the asset recognised is limited to the total, net of all costs relating to past services not recognised and the present value of all economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Where improvements are made to the plan benefits, the portion of increased benefits relating to past services is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits mature immediately, the cost is recognised immediately in the income statement.

The Group records all actuarial gains and losses from a defined benefit plan directly and immediately to equity.

In relation to the Post-Employment Benefit Provision, following the amendments to Law No. 296 of December 27, 2006 and subsequent Decrees and Regulations ("Pension Reform") issued in the first months of 2007, the Parent Company F.I.L.A. S.p.A. adopted the following accounting treatment:

- the Post-Employment Benefit Provision matured at December 31, 2006 is considered a defined benefit plan as per IAS 19. The benefits guaranteed to employees, under the form of the Post-Employment Benefit Provision, paid on the termination of employment, are recognised in the period the right matures. The relative liability is determined based on actuarial assumptions and the effective payable matured and not settled at the reporting date, applying criteria in accordance with current regulations. The discounting process, based on demographic and financial assumptions, is undertaken applying the "Projected Unit Credit Method" by professional actuaries. Under this method the valuation is based on the average present value of the pension obligations matured based on the employment service up to the time of the valuation. In consideration of the new provisions introduced by the reform, the component related to the expected future salary increases was excluded from the discounting calculation from January 1, 2007;

- the Post-Employment Benefits matured from January 1, 2007 are considered a defined contribution plan and therefore the contributions matured in the period were fully recognised as a cost and recorded as a payable in the account "Post-Employment Benefit Provision", after deduction of any contributions already paid.

Other long-term employee benefits

The net obligation of the Group for long-term employee benefits, other than those deriving from pension plans, corresponds to the amount of the future benefits which employees matured for services in current and previous years. This benefit is discounted, while the Fair Value of any assets is deducted from the liabilities. The discount rate is the return, at the reporting date, of the primary obligations whose maturity date approximates the terms of the obligations of the Group. The obligation is calculated using the projected unit credit method. Any actuarial gains or losses are recorded in the balance sheet in the year in which they arise.

Short-term employee benefits

Short-term employee benefits are recorded as non-discounted expenses when the services to which they arise are provided.

The Group records a liability for the amount that it expects will be paid in the presence of a present obligation, legal or implicit, as a consequence of past events and for which the obligation can be reliably estimated.

Financial liabilities (current and non-current)

Financial liabilities are initially recognised at Fair Value, including directly attributable transaction costs. Subsequently these liabilities are measured at amortised cost. In accordance with this method all the accessory charges relating to the provision of the loan are recorded as a direct change of the payable, recording any differences between cost and repayment amount in the income statement over the duration of the loan, in accordance with the effective interest rate method.

Financial instruments

Financial instruments are initially recognised at Fair Value and, subsequent to initial recognition, are measured on the basis of classification, as per IAS 39.

For financial assets, this is applied according to the following categories:

- *Financial assets at Fair Value through profit or loss;*
- *Investments held to maturity;*
- *Loans and receivables;*
- *Available-for-sale financial assets.*

For financial liabilities however, only two categories are established:

- *Financial liabilities at Fair Value through profit or loss;*
- *Liabilities at amortised cost.*

The methods for the calculation of the Fair Value of these financial instruments, for accounting or disclosure purposes, are outlined below with regard to the main categories
of financial instruments, for which the following is applied:

- Derivative financial instruments: the pricing models are adopted based on the market values of the interest and exchange rates;
- receivables and payables and non-listed financial assets: for the financial instruments with maturity greater than 1 year the discounted cash flow method was applied, therefore the discounting of expected cash flows in consideration of current interest rate conditions and credit ratings, for the determination of the Fair Value on first-time recognition. Further measurements are made based on the "amortised cost" method;
- listed financial instruments: the market value at the reporting date is utilised.

According to their nature, the market warrants are recognised, in accordance with IAS 32, as derivative debt instruments.

In relation to financial instruments measured at Fair Value, IFRS 13 requires the classification of these instruments according to the standard's hierarchy levels, which reflect the significance of the inputs utilised in establishing the fair value. The following levels are used:

- Level 1: unadjusted assets or liabilities subject to valuation on an active market;

- Level 2: inputs other than prices listed at the previous point, which are directly observable (prices) or indirectly (derivatives from the prices) on the market;
- Level 3 - input which is not based on observable market data.

The Fair Value of the market warrants was established according to level 1 of the hierarchy, as the market warrants are listed on an active market.

Trade and other payables

Trade and other payables are measured on initial recognition at Fair Value. Initial book value is subsequently adjusted to account for redemptions in principal and amortisation of the difference between the redemption value and initial book value. Amortisation is made on the basis of the internal effective interest rate represented by the rate equal to, at the moment of initial recognition, the present value of expected cash flows and the initial book value (amortised cost method).

When there is a change in the cash flows and it is possible to estimate them reliably, the value of the payables are recalculated to reflect this change, based on the new present value of the cash flows and on the internal yield initially determined.

Current, deferred and other taxes

Income taxes include all the taxes calculated on the assessable income of the Group Companies applying the tax rates in force at the date of the present report.

Income taxes are recorded in the income statement, except those relating to accounts directly credited or debited to equity, in which case the tax effect is recognised directly to equity.

Other taxes not related to income, such as taxes on property and share capital, are included under other operating charges (“Service costs”, “Rent, lease and similar” and “Other charges”). The liabilities related to indirect taxes are classified under “Other Payables”.

Deferred tax assets and liabilities are determined in accordance with the global assets/liability method and are calculated on the basis of the temporary differences arising between the carrying amounts of the assets and liabilities and the corresponding values recognised for tax purposes, taking into account the tax rate within current fiscal legislation for the years in which the differences will reverse, with the exception of goodwill not fiscally deductible and those differences deriving from investments in subsidiaries for which it is not expected the cancellation in the foreseeable future, and on the tax losses carried forward.

"Deferred Tax Assets" are classified under non-current assets and are recognised only when there exists a high probability of future assessable income to recover the asset.

The recovery of the "Deferred Tax Assets" is reviewed at each reporting date and for the part for which recovery is no longer probable recorded in the income statement.

Revenue and costs

Revenue recognition

The revenues and income are recorded net of returns, discounts, rebates and premiums as well as direct taxes related to the sale of products and services. In particular, the revenues for the sale of products are recognised when the risks and rewards of ownership are transferred to the buyer. This, according to normal contractual conditions, occurs on shipping of the goods.

Recognition of costs

Costs are recorded when relating to goods and services acquired or consumed in the year or when there is no future utility.

The costs directly attributable to share capital operations are recorded as a direct reduction of equity.

Commercial costs relating to the acquisition of new clients are expensed to the income statement when incurred.

Financial income and charges

Financial income includes interest income on liquidity invested, dividends received and income from the sale of available-for-sale financial assets. Interest income is recorded in the income statement on an accruals basis utilising the effective interest method. Dividend income is recorded when the right of the Group to receive the payment is established which, in the case of listed securities, corresponds to the coupon date.

Financial expense include interest on loans, discounting of provisions, dividends distributed on preference shares reimbursable, changes in the fair value of financial assets recorded through P&L

and losses on financial assets. Finance costs are recorded in the income statement utilising the effective interest method. The currency operations are recorded as the net amount.

Other accounting policies

Dividends

Dividends recognised to shareholders are recorded on the date of the Shareholders' Meeting resolution.

Earnings per share

The basic earnings/(loss) per share is calculated by dividing the result of the Company by the weighted average shares outstanding during the period.
In order to calculate the diluted earnings/(loss) per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilution effect.
The net result is also adjusted to account for the effects of conversion, net of taxes.
The diluted earnings/(loss) per share is calculated by dividing the result of the company by the weighted average number of ordinary shares in circulation during the period and those potentially arising from the conversion of all potential ordinary shares with dilutive effect.

Use of estimates

The preparation of the financial statements require the Directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the statement of financial position, the statement of comprehensive income and the statement of cash flows, and on the disclosure in the notes. The final outcome of the accounts in the financial statements, which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and conditions upon which the estimates are based.

The accounting principles which require greater judgement by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the condensed financial statements are briefly described below.

- Measurement of receivables: trade receivables are adjusted by the doubtful debt provision, taking into account the effective recoverable value. The calculation of the write-downs requires the Directors to make valuations based on the documentation and the information available relating to the solvency of the clients, and from market and historical experience.
- Measurement of goodwill and indefinite intangible assets: in accordance with the accounting principles applied by the Group, the goodwill and the intangible assets are subject to an annual verification ("impairment test") in order to verify whether a reduction in value has taken place, which is recorded as a write-down, when the net carrying amount of the cash-generating unit to which the asset is allocated is higher than the recoverable value (defined as the higher value between the value in use and the Fair Value of the asset). The verification of the value requires the Directors to make valuations based on the information available within the Group and from the market, as well as historical experience. In addition, when it is determined that there may be a potential reduction in value, the Group determines this through using the most appropriate technical valuation methods available. The same verifications of value and the same valuation techniques are applied on the intangible and tangible assets with a finite useful life when there are indications of the difficulty for the recovery of the relative net carrying amount through its use. The correct identification of the indicators of the existence of a potential reduction in value as well as the estimates for their determination depends on factors which may vary over time impact upon the valuations and estimates made by the Directors.
- Risk provisions: the identification of the existence of a present obligation (legal or implied) in some circumstances may be difficult to determine. The Directors evaluate these factors case-by-case, together with the estimate of the amount of the economic resources required to comply with the obligation. When the Directors consider that a liability is only possible, the risks are disclosed in the notes under the section on commitments and risks, without any provision.
- Measurement of inventories: inventories of products which are obsolescence or slow moving are periodically subject to valuation tests and written down where the recoverable

value is lower than the carrying amount. The write-downs are made based on assumptions and estimates of management deriving from experience and historic results.

- Pension plans and other post-employment benefits: the companies of the Group participate in pension plans and other post-employment benefits in various countries; in particular in Italy, Germany, the United States, France, Canada and Mexico. Management utilises multiple statistical assumptions and valuation techniques with the objective of anticipating future events for the calculation of the charges, liabilities and assets relating to these plans. The assumptions relate to the discount rate, the expected return of the plan assets and the rate of future salary increases. In addition, the actuarial consultants of the Group utilise subjective factors, for example mortality and employee turnover rates.
- The calculation of the deferred tax assets is supported by a recoverability plan.

Accounting treatment of the merger of F.I.L.A. S.p.A. - Space S.p.A. in the consolidated financial statements of the F.I.L.A. Group

As outlined in the Directors' Report, with the merger of F.I.L.A. S.p.A. (non-listed operating company) into Space S.p.A. (non-operating listed company), the majority shareholders of F.I.L.A. S.p.A., pre-merger, became the majority shareholders of the company Space S.p.A., post-merger, now F.I.L.A. S.p.A..

The merger took place on June 1, 2015 according to the financial statements at May 31, 2015 of the two entities involved.

The merger, although between two legal entities, does not for accounting purposes represent a "business combination" as per IFRS 3 as Space S.p.A. ("incorporating company") was not an operating company and therefore did not represent an independent "business". The merger, through which Space S.p.A. incorporated F.I.L.A. S.p.A. sought to accelerate the groups' growth through the listing of F.I.L.A. and the injection of fresh financial resources into the company. With the merger in fact, a share swap took place by which the shareholders of F.I.L.A. S.p.A. returned their non-listed shares and received in exchange shares of the already listed Space S.p.A..

The merger of F.I.L.A. S.p.A. into Space S.p.A. was an operation through which F.I.L.A. S.p.A. ("accounting acquirer") acquired from Space S.p.A. ("accounting acquiree") its net assets and its status as a listed company.

In the consolidated financial statements, the identification of the accounting acquirer and the accounting acquiree was made on the basis of the IFRS 3 guidelines concerning reverse acquisitions. However, given that the accounting acquiree (Space S.p.A.) is not defined as a business, the entire operation will be recognised by the accounting acquirer (F.I.L.A. S.p.A.) not as a "business combination", but rather as a share-based payment and therefore IFRS 2 was applied rather than IFRS 3.

Impact of the Space - FILA merger

Effect of the merger on cash flows	**May 31, 2015**
Cash and Cash Equivalents	44.831
Current financial assets	48.502
Distribution ex Space S.p.A. shareholder reserves	(26.910)
Indemnity of market warrant holders	(1.647)
Total financial impact	**64.776**

Effect of the merger on the balance sheet	**May 31, 2015**
Intangible and tangible assets	14
Deferred tax assets	1.367
Tax receivables	390
Other receivables	424
FV per Market Warrant	(17.333)
Trade payables	(3.795)
Total balance sheet impact	**(18.934)**

Effect of the merger on the consolidated net profit	**2015**
Financial Expenses	45.791
Total income statement impact	**45.791**

The merger did not have any impact on the consolidated result at December 31, 2015, with the exception of the recognition to financial expense of the difference of Euro 45,791 thousand between the Fair Value of Space and its equity at May 31, 2015, due to the accounting of the merger in accordance with IFRS. Reference to the financial expense paragraph for further details on this impact.

Consolidation scope

F.I.L.A. S.p.A. has achieved outstanding success in Italy through its colouring, drawing, modelling, writing and painting tools and is now seen as the pinnacle for creative solutions across many countries, through its subsidiaries, thanks to brands such as GIOTTO, Tratto, DAS, Didò, Pongo and LYRA.

The Consolidation scope includes the subsidiaries through which, in accordance with IFRS 10, the Group is exposed to variable income streams or possesses rights to such income streams, based on the relationship with the entity, and at the same time has the capacity to affect such income steams through the exercise of its power.

At December 31, 2015, the consolidation scope of the F.I.L.A. Group was as follows:

- *F.I.L.A. S.p.A. (Italy) - Parent*
  Registered office: Via XXV April, 5, Pero (MI) (Italy);

- *Omyacolor S.A. (France)*
  Registered office: Rue de Marcon, Saint Germain la Ville (France);
  Share capital: Euro 8,835,362 fully paid-in;
  Percentage held: 94.94% held by F.I.LA. S.p.A. and 5.05% held by Lyra KG.

- *F.I.L.A. Hispania S.L. (Spain)*
  Registered office: P. Ind. Autopista Sud Passeig Fluvial 4, Parets Del Vallès, Barcelona (Spain);
  Share capital: Euro 93,007 fully paid-in;
  Percentage held: 96.77% held by F.I.LA. S.p.A.

- *Lycin Mercantil Industrial Ltd (Brazil)*
  Registered office: Rua Tiguassu, 165, Jardim Yamberê, Diadema, Sao Paulo (Brazil);
  Share capital: Reales 1,305,000 fully paid-in;
  Percentage held: 99.99% held by F.I.LA. S.p.A.

- *Dixon Ticonderoga Company (U.S.A.)*

  Registered office: 615 Crescent Executive Court, Suite 500, Lake Mary, FL 32746 (U.S.A.);
  Share capital: USD 84.89 fully paid-in;
  Percentage held: 100% held by F.I.LA. S.p.A.;

- *FILALYRA GB Ltd (United Kingdom)*

  Registered office: 23 Maxwell Road, Woodston, Peterborough - Cambs, PE 2 7JD, (UK);
  Share capital: GBP 640 fully paid-in;
  Percentage held: 100% held by Dixon Ticonderoga Company.

- *Beijing F.I.L.A. - Dixon Stationery Company Limited (China)*

  Registered Office: Room 2015, 20th Floor, C Building Xijin Block No. 53 Yunjing North Tongzhou District, Beijing 101121 (China);
  Share capital: Renminbi 35,529,591 fully paid-in;
  Percentage held: 100% held by Dixon Ticonderoga Company.

- *Xinjiang F.I.L.A. - Dixon Plantation Co. Ltd (China)*

  Registered office: Room 501 5th Floor, Uint 1,No.7 Building, Shanghaicheng, Shiboyuan, No.380 Jie Fang Xi Road, Shanghai Cheng District, Yi Ning City, The State of Yili, Xinjiang Province (China);
  Share capital: Renminbi 3,000,000 fully paid-in
  Percentage held: 100% held by Beijing F.I.L.A. - Dixon Stationery Company Limited.

- *Fila Dixon Stationary (Kunshan) Co., Ltd. (China)*

  Registered office: No. 211 M. Jiguang Road, Qiandeng, Kunshan, Jiangsu, P.R. (China);
  Share capital: Renminbi 25,000,000 fully paid-in;
  Percentage held: 100% held by Beijing F.I.L.A. - Dixon Stationery Company Limited.

- *Dixon Ticonderoga Inc. (Canada)*

  Registered office: 210 Pony Drive Unit 1, Newmarket, Ontario (Canada);
  Share capital: CND 121,829 fully paid-in;
  Percentage held: 100% held by Dixon Ticonderoga Company.

- *Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)*
  Registered office: Autopista México-Querétaro, number 104, Lecheria, Tultitlán, Estado de México 54941 (Mexico);
  Share capital: MXN 32,317,165 fully paid-in;
  Percentage held: 51.66% held by Dixon Ticonderoga Company and 48.34% held by Dixon Ticonderoga Inc.

  Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) in turn holds the following investments:

  - *Servidix, S.A. de C.V.,*
    Registered office: Autopista México-Querétaro, number 104, Lecheria, Tultitlán, Estado de México 54941 (Mexico);
    Share capital: MXN 50,000 fully paid-in and whose corporate purpose is the provision of administrative services to the parent;
    Percentage held: 99.998%.
  - *Dixon Comercializadora, S.A. de C.V.,*
    Registered office: Autopista México-Querétaro, number 104, Lecheria, Tultitlán, Estado de México 54941 (Mexico);
    Share capital: MXN 70,000,000 fully paid-in and whose corporate purpose is the production and purchase/sale of writing objects;
    Percentage held: 99.99%.
  - *Dixon Ticonderoga de Mexico, S.A. de C.V.,*
    Registered office: Autopista México-Querétaro, number 104, Lecheria, Tultitlán, Estado de México 54941 (Mexico);
    Share capital: MXN 50,000 fully paid-in and whose corporate purpose is the provision of production services;
    Percentage held: 99.998%.
  - *Dixon Mexico, S.A. de C.V.,*
    Registered office: Autopista México-Querétaro, number 104, Lecheria, Tultitlán, Estado de México 54941 (Mexico);
    Share capital: MXN 50,000 fully paid-in and whose corporate purpose is the provision of personnel services for production;

Percentage held: 99.998%.

- *F.I.L.A. Chile Ltda (Chile)*
  Registered Office: San Ignacio 300, Bodega C, Quilicura, CP 8710030, Santiago de Chile, (Chile) Share Capital: Chilean Peso 5,428,993,000 fully paid-in
  Percentage held: 99.21% held by Dixon Ticonderoga Company and 0.79% held by F.I.LA. S.p.A..

- *FILA Argentina S.A. (Argentina)*
  Registered office: Guatemala 5125 (B1667JNA) Malvinas Argentinas Prov.Buenos Aires, (Argentina);
  Share capital: Argentian Pesos 956,226 fully paid-in
  Percentage held: 95% held by F.I.L.A. Chile Ltda (Chile) and 5% held by Dixon Ticonderoga Company.

- *Johann Froescheis Lyra-Bleitstitift-Fabrik GmbH&Co-KG ("Lyra KG" - Germany)*
  Registered Office: Willstätterstraße 54-56, 90449 Nürnberg, (Germany);
  Share capital: Euro 2,130,000 fully paid-in;
  Percentage held: 99.53% held by F.I.LA. S.p.A. and 0.47% held by Lyra-Bleitstitift-Fabrik Verwaltungs GmbH (Germany).

- *Lyra-Bleitstitift-Fabrik Verwaltungs GmbH (Germany)*
  Registered office: Willstätterstraße 54-56, 90449 Nürnberg, (Germany);
  Share capital: Euro 52,000 fully paid-in;
  Percentage held: 100% held by Lyra KG.

- *Lyra Scandinavia AB (Sweden)*
  Registered office: Signalgatan 2, 44240 Kungälv (Sweden);
  Share capital: Swedish Crown 100,000 fully paid-in;
  Percentage held: 80% held by Lyra KG.

- *PT. Lyra Akrelux (Indonesia)*
  Registered office: JL. Raya Gading Batavia Block LC.8 NO.31, Kelapa Gading Permai, Jakarta 14240 (Indonesia);
  Share capital: IDR 1,996,250,000 fully paid-in;
  Percentage held: 52% held by Lyra KG.

- *Lyra Asia PTE Ltd (Singapore)*
  Registered office: Blk 5012 Ang Mo Kio Avenue 5, TechPlace II #03-05/06;
  Share capital: SGD 300,000 fully paid-in
  Percentage held: 70% held by Lyra KG.

- *FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)*
  Registered office: 19 Mayis Mahallesi, Ataturk Cad, Esin Sok, Yazgan Merkezi, No. 3/7, Istanbul (Turkey);
  Share capital: TRY 3,400,000 fully paid-in;
  Percentage held: 100% held by F.I.LA. S.p.A.

- *Fila Stationary O.O.O. (Russia)*
  Registered office: Smirnovskaja Street 25, Bld 3 Office 07, 109052, Moscow, (Russia);
  Share capital: RUB 4,000,000 fully paid-in;
  Percentage held: 90% held by F.I.LA. S.p.A.

- *Fila Hellas SA (Greece)*
  Registered office: Anagenniseos 1/757 Block, 57013 Thessaloniki;
  Share capital: Euro 24,000 fully paid-in;
  Percentage held: 50% held by F.I.LA. S.p.A.

Although holding 50% of the voting rights, the company FILA Hellas is considered as controlled by the FILA Group in line with the definition of control by IFRS 10, in view of the following aspects:

- current capacity of the F.I.L.A. Group, deriving from substantial rights (deadlock clauses), to control the core activities which significantly impact upon the returns of the entity;
- exposure of the F.I.L.A Group to variable returns and the correlation between power and returns.

➢ *Industria Maimeri S.p.A. (Italy)*

Registered office: Bettolino di Mediglia, Via Gianni Maimeri 1, 20060 Mediglia (Milan); Share Capital: Euro 1,614,062 fully paid-in;
Percentage held: 51% held by F.I.LA. S.p.A.

➢ *Fila Cartorama SA PTY LTDA (South Africa)*

Registered office: Rialto Road, Grand Moorings Precinct, 7441 Century City, Cape Town (South Africa);
Share capital: Rand 10,000 fully paid-in;
Percentage held: 90% held by F.I.LA. S.p.A..

➢ *Fila Australia PTY LTD (Australia),*

Registered office: 737 Burwood Road, Hawthorn East, VIC, 3123;
Share capital: AUD 100 (of which hold 100%);
Percentage held: 100% held by F.I.LA. S.p.A.

➢ *Fila Polska Sp. Z.o.o (Polond)*

Registered Office: Ul. E. W. Radzikowskiego 17/1 31-315 Krakow (Poland)
Share capital: PLN 100,000
Percentage held: 51% held by F.I.L.A. S.p.A.

➢ *Fila Dixon Art & Craft Yixing Co., Ltd (China)*

Registered Office: N.6, Wen Zhuang Road, Yixing Economic Development Zone, Jiangsu, PR China
Share capital: Renminbi 6,000,000;
Percentage held: 100% held by Beijing F.I.L.A. - Dixon Stationery Company Limited.

- *Writefine Products Private Limited (India)*
  Registered office: No. 32,33,44,45,46, GIDC New Exp Area, Umbergaon 396171, Gujarat, (India);
  Share capital: RUP 3,725,180 fully paid-in;
  Percentage held: 51% held by F.I.LA. S.p.A..
- *Pioneer Stationery Pvt Ltd. (India)*
  Registered office: A1-244/17, G.I.D.C. Phase - II, Umbergaon - 396 171, Dist - Valsad, Gujarat, (India)
  Share capital: RUP 500,000;
  Percentage held: 49% held by Writefine Products Private Limited.

All the companies of the Group were consolidated through the "line-by-line method" with the exception of the associate Pioneer Stationery Pvt Limited, consolidated under the equity method.
The changes in the consolidation scope of the F.I.L.A. Group in 2015 relate to the incorporation of the companies Fila Polska Sp. Z.o.o (Poland) and Fila Dixon Art & Craft Yixing Co. ,Ltd (China) as well the acquisition of control of the Indian company Writefine Products Private Limited (India).

Explanatory Notes to the Consolidated Financial Statements of the F.I.L.A. Group

Note 1 - Intangible assets

Intangible assets at December 31, 2015 amount to Euro 88,156 thousand (Euro 21,264 thousand at December 31, 2014) and are comprised for Euro 42,212 thousand of indefinite intangible assets – goodwill ("Note 1.B - Intangible Assets with indefinite useful lives) and for Euro 45,944 thousand finite intangible assets ("Note 1.D – Intangible Assets with finite useful lives").

Note 1.A - INTANGIBLE ASSETS

Euro thousands	Goodwill	Industrial Patents and Intellectual Property Rights	Concessions, Licenses, Trademarks & Similar Rights	Other Intangible Assets	Assets in Progress	Total amount
Change in Historical Cost						
December 31, 2014	8,557	175	23,174	2,813	5	34,724
Increases in the year	33,655	8	19,972	15,621	0	69,256
Increases (Investments)	33,142	8	99	23	0	33,272
of which Change in Consolidation Scope	*0*	*0*	*0*	*0*	*0*	*0*
Contribution of Writefine Products Private Limited at Oct. 31, 2015	148	0	19,873	15,594	0	35,615
Space S.p.A. merger contribution at May 31, 2015	0	0	0	3	0	3
Increase Translation Differences	365	0	0	1	0	366
Decreases in the year	0	0	(320)	(5)	(5)	(330)
Decreases (Divestments)	0	0	0	(3)	0	(3)
Reclassifications Decreases	0	0	0	0	(5)	(5)
Write-downs	0	0	0	(2)	0	(2)
Decrease Translation Differences	0	0	(320)	0	0	(320)
December 31, 2015	42,212	183	42,826	18,429	0	103,650
Change in Amortisation						
December 31, 2014		(110)	(10,717)	(2,632)		(13,460)
Increases in the year		(14)	(1,764)	(316)		(2,094)
Amortisation in Year		(14)	(1,607)	(292)		(1,913)
of which Change in Consolidation Scope		*0*	*(118)*	*(204)*		*(322)*
Contribution of Writefine Products Private Limited at October 31, 2015		0	(157)	(22)		(179)
Space S.p.A. merger contribution at May 31, 2015		0	0	(1)		(1)
Increase Translation Differences		0	0	(1)		(1)
Decreases in the year		0	59	1		60
Decreases (Divestments)		0	0	1		1
Decrease Translation Differences		0	59	0		59
December 31, 2015		(124)	(12,422)	(2,947)		(15,494)
Net Carrying Amount at December 31, 2014	8,557	65	12,457	181	5	21,264
Net Carrying Amount at December 31, 2015	42,212	59	30,404	15,482	0	88,156
Change in year	33,655	(6)	17,947	15,301	(5)	66,892

The increase in the net book value of the intangible assets at December 31, 2015 amounted to Euro 66,892 thousand and principally related to the effects of the change in the consolidation scope

related to the acquisition of control of the Indian company Writefine Products Private Limited on November 1, 2015.
For further information on the accounting effects of the business combination of Writefine Products Private Limited, reference to the section *"Business Combinations"*.

"Intangible assets with indefinite useful lives" comprise entirely of goodwill for a total amount of Euro 42,212 thousand (Euro 8,557 thousand at December 31, 2014).

The increase in the year amounted to Euro 33,655 thousand and is attributable, for an amount of Euro 33,142 thousand, to the recognition of the positive differential between the purchase cost and the carrying amount of the equity of the company Writefine Products Private Limited.

The effect of the change in the consolidation scope also resulted in an increase in the carrying amount for Euro 148 thousand due to the historical goodwill recorded in the separate financial statements of Writefine Products Private Limited (India), recognised on the "First-Time Adoption".

The change also includes exchange gains totalling Euro 365 thousand.

Goodwill is not amortised but subject to an impairment test whenever facts or circumstances arise which may give rise to a risk of impairment.

In accordance with the provisions of IAS 36, the goodwill is allocated to the various cash-generating units or CGU's and at least on an annual basis subject to recoverability analysis through an impairment test.

The goodwill allocated to the CGU's are reported below:

NOTE 1.B GOODWILL BY CASH GENERATING UNIT

Euro thousands	December 31, 2015	December 31, 2014	Change in year	Translation differences	Change in Consolidation Scope
Writefine Products Private Limited	33,290	0	33,290	0	33,290
Dixon Group - Central/South America(1)	1,998	1,784	215	215	0
Dixon Group - North America(2)	2,229	2,079	150	150	0
Industria Maimeri S.p.A. (Italy)	1,695	1,695	0	0	0
Omyacolor S.A. (France)	1,611	1,611	0	0	0
Lyra Group(3)	1,217	1,217	0	0	0
FILA Cartorama SA PTY LTD (South Africa)	101	101	0	0	0
Licyn Mercantil Industrial Ltda (Brazil)	71	71	0	0	0
Total amount	**42,212**	**8,557**	**33,655**	**365**	**33,290**

(1) - F.I.L.A. Group-Dixon, S.A. de C.V. (Mexico); F.I.L.A. Chile Ltda (Chile); FILA Argentina S.A. (Argentina)
(2) - Dixon Ticonderoga Company (U.S.A.); Dixon Ticonderoga Inc. (Canada)
(3) - Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG (Germany); Lyra Scandinavia AB (Sweden); PT. Lyra Akrelux (Indonesia)

The cash-generating units are identified as the individual companies of the Group. The allocation of the Goodwill was made considering individual CGU's or Group's of CGU's based on potential synergies and similar operational strategies on the various markets.

During 2015, the Goodwill generated from the acquisition of control of Writefine Products Private Limited was allocated to the CGU represented by the Indian company. Compared to 2014 there were no changes in the criteria for the identification of the cash-generating units and in the method to allocate assets.

The annual impairment test undertaken by the Group has the objective to compare the net book value of the cash-generating units on which the Goodwill was allocated with the relative recoverable value. This latter is determined as the higher between the market value net of selling costs and the estimated value in use through discounting the cash flows.

The F.I.L.A. Group identifies the recoverable value in the value in use of the cash-generating units.

The estimate of the "Value in use" in accordance with IAS 36 is determined applying a discount rate on the expected future cash flows relating to each CGU.

The assumptions utilised for the purposes of the impairment test are as follows:

IMPAIRMENT TEST - VALUE IN USE CALCULATION ASSUMPTIONS

Euro thousands	Discount Rate (W.A.C.C.)	Growth Rate (g rate)	Cash flow horizon	Terminal Value Calculation Method
Writefine Products Private Limited	15.10%	4.70%	5 years	Perpetual Rate
Dixon Group - Central/South America(1)	8.93%	3.50%	5 years	Perpetual Rate
Dixon Group - North America(2)	7.16%	1.90%	5 years	Perpetual Rate
Industria Maimeri S.p.A. (Italy)	9.46%	1.60%	5 years	Perpetual Rate
Omyacolor S.A. (France)	6.72%	1.80%	5 years	Perpetual Rate
Lyra Group(3)	5.82%	1.90%	5 years	Perpetual Rate
FILA Cartorama SA PTY LTD (South Africa)	15.60%	5.60%	5 years	Perpetual Rate
Licyn Mercantil Industrial Ltda (Brazil)	10.20%	5.20%	5 years	Perpetual Rate

(1) - Group F.I.L.A. Dixon, S.A. de C.V. (Mexico); F.I.L.A. Chile Ltda (Chile); FILA Argentina S.A. (Argentina)
(2) - Dixon Ticonderoga Company (U.S.A.); Dixon Ticonderoga Inc. (Canada)
(3) - Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG (Germany); Lyra Scandinavia AB (Sweden); PT. Lyra Akrelux (Indonesia)

The expected future cash flows utilised for the determination of the "Value in use" were estimated based on the Business Plan and Budget approved. The subsequent cash flows were determined taking the assumptions from the plan and applying the growth rate identified for each CGU in line with the long-term assumptions relating to the growth rate of the sector and the specific country risk in which each CGU operates. The "Terminal Value" was calculated applying the perpetual yield method.

The discount rate (W.A.C.C.) is the average weighed cost of risk capital and debt capital considering the tax effects generated from the financial structure.

The principal considerations for the determination of the discount rates for the CGU or Group of CGU's identified are illustrated below:

- Writefine Products Private Limited – The W.A.C.C. is equal to 15.10% and was determined considering a risk capital yield calculated on the free risk rate linked to the 10-year Indian government bonds and a beta levered which reflects the specific risk of the company and of the financial structure.

- Dixon Group - South/Central America - the discount rate was 8.93% (9.15% at December 31, 2014) and calculated based on the risk capital yield linked to the 10-year US Treasury bonds and weighted for the country risk component particularly sensitive in the South American region.
- Dixon Group – North America – The W.A.C.C. used was 7.16% (7.40% at December 31, 2014) calculated considering an estimated cost of capital linked to the risk free rate on the US 10-year Treasury bonds. The reduction compared to the previous year is due to the stabilisation of the US economy which resulted in a slight reduction in the cost of debt as well as the reduction in the treasury yields.
- Industria Maimeri S.p.A. (Italy) – the rate utilised was 9.46% (6.80% at December 31, 2014). The risk capital rate was determined based on the free risk rate linked to the 10-year Italian government bonds. The increase compared to the previous year is principally due to the movements in the cost of debt.
- Omyacolor S.A. (France) – The W.A.C.C. is equal to 6.72% (6.85% at December 31, 2014). The risk capital rate was determined from the free risk rate attributable to the 10-year French government bonds. The rate is substantially stable compared to the assumptions adopted at December 31, 2014.
- Lyra Group – the discount rate utilised was 5.82% (6.40% at December 31, 2014). The reduction compared to the previous year is due to the contraction in the free risk rate of the 10-year BUND utilised as a basis to calculate the cost of risk capital.
- FILA Cartorama SA PTY LTD (South Africa) – the W.A.C.C. is equal to 15.60% (8.10% at December 31, 2014). The increase in the rate compared to the previous year is due to the combined effect of the increase in the country risk component and the yields of the 10-year South African government bonds.
- Licyn Mercantil Industrial Ltda (Brazil) – Discount rate equal to 10.20% (10.10% at December 31, 2014). The W.A.C.C. remains substantially unchanged compared to the estimate at the end of the previous year.

Based on the "impairment test" undertaken, no "impairment losses" arose on the value of the Goodwill recognised in the financial statements at December 31, 2015.

Further complementary analysis was also undertaken such as:

- a sensitivity analysis, in order to verify the recoverability of the Goodwill against the possibility of changes in the base assumptions utilised for the calculation of the discounted cash flows (assuming changes of +0.5% and -0.5% in the W.A.C.C. rate and the g rate);
- the comparison between the value in use of the CGU for 2015 and 2014 with the analysis of the variations;
- reasonableness test between the overall value in use at Group level and the stock market capitalisation.

The above-mentioned analysis also confirmed the full recoverability of the goodwill and the reasonableness of the assumptions utilised.

The changes at December 31, 2015 of "Intangible Assets with Finite Useful Lives" are reported below.

Note 1.D - INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

Euro thousands	Industrial Patents and Intellectual Property Rights	Concessions, Licenses, Trademarks & Similar Rights	Other Intangible Assets	Assets in Progress	Total Amount
Change in Historical Cost					
December 31, 2014	175	23,174	2,813	5	26,167
Increases in the year	8	19,972	15,621	0	35,601
Increases (Investments)	8	99	23	0	130
of which Change in Consolidation Scope	*0*	*0*	*0*	*0*	*0*
Contribution of Writefine Products Private Limited at October 31, 2015	0	19,873	15,594	0	35,467
Space S.p.A. merger contribution at May 31, 2015	0	0	3	0	3
Increase Translation Differences	0	0	1	0	1
Decreases in the year	0	(320)	(5)	(5)	(330)
Decreases (Divestments)	0	0	(3)	0	(3)
Reclassifications Decreases	0	0	0	(5)	(5)
Write-downs	0	0	(2)	0	(2)
Decrease Translation Differences	0	(320)	0	0	(320)
December 31, 2015	183	42,826	18,429	0	61,439
Change in Amortisation					
Balance at December 31, 2014	(110)	(10,717)	(2,632)		(13,460)
Increases in the year	(14)	(1,764)	(316)		(2,094)
Amortisation in Period	(14)	(1,607)	(292)		(1,913)
of which Change in Consolidation Scope	*0*	*(118)*	*(204)*		*(322)*
Contribution of Writefine Products Private Limited at October 31, 2015	0	(157)	(22)		(179)
Space S.p.A. merger contribution at May 31, 2015	0	0	(1)		(1)
Increase Translation Differences	0	0	(1)		(1)
Decreases in the year	0	59	1		60
Decreases (Divestments)	0	0	1		1
Decrease Translation Differences	0	59	0		59
Balance at December 31, 2015	(124)	(12,422)	(2,947)		(15,494)
Net Carrying Amount at December 31, 2014	65	12,457	181	5	12,708
Net Carrying Amount at December 31, 2015	59	30,404	15,482	0	45,944
Change in year	(6)	17,947	15,301	(5)	33,235

"Industrial Patents and Intellectual Property Rights" amount to Euro 59 thousand at December 31, 2015 (Euro 65 thousand at December 31, 2014).

The average residual useful life of the "Industrial Patents and Intellectual Property Rights", recorded in the financial statements at December 31, 2015, is 6 years.

"Concessions, Licences, Trademarks and Similar Rights" amount to Euro 30,404 thousand at December 31, 2015 (Euro 12,457 thousand at December 31, 2014).

The increase on the previous year is Euro 17,947 thousand and is principally due to the consolidation of Writefine Products Private Limited (India) with a total contribution at October 31, 2015, net of the relative accumulated amortisation provision, of Euro 19,716 thousand. This amount principally comprises the valuation under the "purchase price allocation" method of the brands held by the Indian company (principally the "DOMS" brand).

Amortisation in 2015 amounted to Euro 1,607 thousand, of which Euro 118 thousand relating to Writefine Products Private Limited and represents the amount recorded between November 1, 2015 and December 31, 2015.
The other historic brands subject to amortisation refer principally to "*Lapimex*" held by F.I.L.A.-Dixon, S.A. de C.V. (Mexico) and the brands "*Lyra*" held by Lyra KG (Germany).
The average useful life of the "Concessions, Licenses, Brands and Similar Rights", recorded in the financial statements of December 31, 2015, is 30 years.

"Other Intangible Assets" amount to Euro 15,482 thousand at December 31, 2015 (Euro 181 thousand at December 31, 2014). The change compared to the previous year amounts to Euro 15,301 thousand and is principally due to the change in the consolidation scope with a carrying amount contributed by Writefine Products Private Limited (India) at December 31, 2015 of Euro 15,572 thousand; this amount is principally attributable to the "Customer List" of the Indian company, identified as strategic asset of the company through the "purchase price allocation".
The amortisation for the year amounts to Euro 292 thousand of which Euro 204 thousand attributable to the Indian company for the period November 1, 2015 to December 31, 2015.
The average useful life of "Other Intangible Assets", recorded in the financial assets at December 31, 2015, is 13 years.

In 2015, the F.I.L.A. Group did not generate any intangible assets internally. There are no intangible assets subject to restrictions.

- **Note 2** - Property, plant and equipment

At December 31, 2015, “Property, Plant and Equipment” amounted to Euro 47,901 thousand (Euro 25,552 thousand at December 31, 2014).

The movements in the year are shown below:

Note 2.A - PROPERTY, PLANT AND EQUIPMENT

Euro thousands	Land	Buildings	Plant and Machinery	Industrial and Commercial Equipment	Other Assets	Assets in Progress	Total Amount
Change in Historical Cost							
December 31, 2014	4,334	22,774	35,361	9,788	5,545	1,085	78,888
Increases in the year	3,835	7,576	16,788	360	2,008	280	30,847
Increases (Investments)	0	539	3,039	325	469	3,305	7,677
of which Change in Consolidation Scope	*0*	*0*	*517*	*0*	*17*	*57*	*591*
Capitalisation from Assets in Progress	0	123	3,139	35	20	(3,317)	0
Reclassifications Increases	0	0	0	0	0	5	5
Contribution of Writefine Products Private Limited at Oct. 31, 2015	3,835	6,914	10,293	0	1,299	287	22,628
Space S.p.A. merger contribution at May 31, 2015	0	0	0	0	23	0	23
Increase Translation Differences	0	0	317	0	197	0	514
Decreases in the year	(4)	(231)	(198)	(320)	(221)	(29)	(1,003)
Decreases (Divestments)	(4)	(15)	(198)	(241)	(221)	0	(679)
Decrease Translation Differences	0	(216)	0	(79)	0	(29)	(324)
December 31, 2015	8,165	30,119	51,951	9,828	7,332	1,336	108,732
Change in year	3,831	7,344	16,590	40	1,787	251	29,845
Change in Depreciation							
December 31, 2014		(13,533)	(26,822)	(8,390)	(4,590)		(53,336)
Increases in the year		(1,592)	(4,352)	(728)	(1,451)		(8,123)
Depreciation in Year		(1,002)	(2,592)	(728)	(556)		(4,878)
of which Change in Consolidation Scope		*(62)*	*(295)*		*(106)*		*(463)*
Contribution of Writefine Products Private Limited at Oct. 31, 2015		(590)	(1,726)	0	(706)		(3,022)
Space S.p.A. merger contribution at May 31, 2015		0	0	0	(11)		(11)
Increase Translation Differences		0	(34)	0	(178)		(212)
Decreases in the year		80	140	209	199		628
Decreases (Divestments)		15	140	190	199		544
Decrease Translation Differences		65	0	19	0		84
December 31, 2015		(15,045)	(31,034)	(8,909)	(5,842)		(60,831)
Net Carrying Amount at December 31, 2014	4,334	9,242	8,539	1,398	954	1,085	25,552
Net Carrying Amount at December 31, 2015	8,165	15,074	20,917	919	1,490	1,336	47,901
Change in year	3,831	5,832	12,378	(479)	536	251	22,349

“Land” at December 31, 2015, amounts to Euro 8,165 thousand (Euro 4,334 thousand at December 31, 2014) and includes the land relating to the buildings and production facilities owned by the company F.I.L.A. S.p.A. (Rufina Scopeti – Italy), by the subsidiary Lyra KG (Germany) and by Writefine Products Private Limited (India).

“Buildings” at December 31, 2015 amount to Euro 15,074 thousand (Euro 9,242 thousand at December 31, 2014) and principally relate to the production plant buildings in Italy, Mexico, Germany, France and India. The increase compared to December 31, 2014 amounts to Euro 5,832 thousand and is mainly due to the accounting effects of the consolidation of the Indian company Writefine Products Private Limited (net book value contribution at October 31, 2015 of Euro 6,324 thousand).

Group investments in the year amounted to Euro 539 thousand and relate to the Parent F.I.L.A. S.p.A. (Italy) for Euro 116 thousand, Dixon Ticonderoga Company (U.S.A.) for Euro 337 thousand related to leasehold improvements on the new administrative offices, and to the company Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 85 thousand.

Group depreciation amounted to Euro 1,002 thousand of which Euro 62 thousand related to the Indian subsidiary from the date of first consolidation (November 1, 2015) to December 31, 2015.

“Plant and Machinery” amounted to Euro 20,917 thousand (Euro 8,539 thousand at December 31, 2014). The increase on the previous year amounts to Euro 12,378 thousand and is due to the consolidation of the company Writefine Products Private Limited (net book value contribution at October 31, 2015 of Euro 8,567 thousand) and investments undertaken by Group companies in 2015 (Euro 3,039 thousand assets capitalised and Euro 3,139 thousand transfer from fixed assets in progress). We highlight those undertaken by Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for the implementation of the new “*Ceddar wood Oxaca*” production line for a total of Euro 2,566 thousand, of which Euro 2,093 thousand transferred from fixed assets in progress. The other investments mainly refer to the Parent F.I.L.A. S.p.A. (Italy - Euro 776 thousand), Industria Maimeri S.p.A. (Italy - Euro 500 thousand) and FILA Dixon Stationary (Kunshan) Co., Ltd. (China - Euro 658 thousand).

The changes in the consolidation scope also include the investments undertaken by FILA Dixon Art & Craft Yixing Co. Ltd (China), incorporated in 2015 (Euro 304 thousand) and by Writefine Products Private Limited in the period between November 1, 2015 and December 31, 2015 (Euro 182 thousand).

Investment in new plant and machinery seeks to drive the efficiency of the current production capacity through upgrading and expanding the current “assets”.

Depreciation in the year amounted to Euro 2,592 thousand of which Euro 291 thousand in the new companies within the consolidation scope (FILA Dixon Art & Craft Yixing Co. Ltd for Euro 31 thousand and Writefine Products Private Limited for Euro 264 thousand).

The currency effect increased the net book value by Euro 283 thousand.

“Industrial and Commercial Equipment” amounted to Euro 919 thousand at December 31, 2015 (Euro 1,398 thousand at December 31, 2014). The decrease in 2015 is mainly due to depreciation on the assets for Euro 728 thousand. The effect is in part offset by new investments mainly in the Parent F.I.L.A. S.p.A. (Italy - Euro 263 thousand) and relates to the purchase of new production moulds and upgrading existing equipment.

“Other Assets” amount to Euro 1,490 thousand at December 31, 2015 (Euro 954 thousand at December 31, 2014) and include furniture and office equipment, EDP and motor vehicles. The increase mainly relates to the change in the consolidation scope with the contribution at October 31, 2015 by Writefine Products Private Limited (India) of a net book value of Euro 593 thousand. Other investments mainly related to the subsidiary Dixon Ticonderoga Company (U.S.A. - Euro 98 thousand), FILA Dixon Stationery (Kunshan) Co. Ltd. (China - Euro 52 thousand), FILA Argentina S.A. (Argentina - Euro 69 thousand), Industria Maimeri S.p.A. (Italy - 40 thousand) and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico - Euro 30 thousand).
Depreciation amounted to Euro 556 thousand of which Euro 106 thousand related to the companies entering the consolidation scope.
The currency effect amounted to Euro 19 thousand.

“Assets in Progress” include internal constructions undertaken by the individual companies of the Group which are not yet operational. The increase in the net book value at December 31, 2015 (Euro 251 thousand) compared to 2014 is mainly due to the change in the consolidation scope with the total contribution by Writefine Products Private Limited (India) at October 31, 2015 of Euro 287 thousand.

There are no intangible assets subject to restrictions.

▪ **Note 3** – Financial Assets

“Financial Assets” amount to Euro 2,055 thousand at December 31, 2015 (Euro 964 thousand at December 31, 2014).

Note 3.A - FINANCIAL ASSETS

Euro thousands		Loans and Receivables	Other Financial Assets	Total Amount
December 31, 2014		**7**	**957**	**964**
	non-current portion	7	700	707
	current portion	0	257	257
December 31, 2015		**354**	**1,701**	**2,055**
	non-current portion	354	1,433	1,787
	current portion	0	268	268
Change in year		**347**	**744**	**1,091**
	non-current portion	347	733	1,080
	current portion	0	11	11

“Other Financial Assets - non-current portion” amount to Euro 1,433 thousand (Euro 700 thousand at December 31, 2014) and relate to the investments undertaken by Dixon Ticonderoga Company (U.S.A.) and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) in financial assets relating to indemnities to be paid to employees and guarantee deposits on contracts for the supply of goods and services by various companies of the F.I.L.A. Group.

The increase compared to 2014 (Euro 744 thousand) is mainly due to the combined effect of the change in the financial investments of the subsidiary Dixon Ticonderoga Company (U.S.A.), which increased Euro 240 thousand, to the granting of a loan to third parties by F.I.L.A. S.p.A. for Euro 350 thousand and to the change in the consolidation scope for Euro 447 thousand relating to guarantee deposits of Writefine Products Private Limited (India) and Fila Dixon Art & Craft Yixing Co. Ltd (China).

Financial assets are measured at Fair Value at each reporting date.

Reference to Note 11 concerning the net financial position at December 31, 2015 of the F.I.L.A. Group.

The breakdown of the "Financial Assets" by timing of expected cash flows is reported in the table below:

NOTE 3.B - FINANCIAL ASSETS

Description	General information						Amount					Guarantees Received	Guarantees Granted
	Amount		Total	Year	Currency	Country	Current Financial Assets	Non-Current Financial Assets					
	Principal	Interest					2016	2017	2018	2019	Beyond 2020		
Euro thousands													
Guarantee Deposits	11	0	11	2004	EUR	Italy	0	0	0	0	11	None	None
Loans to third parties	350	3	353	2015	EUR	Italy	3	0	350	0	0	None	None
Guarantee Deposits	2	0	2	2006	EUR	France	0	0	0	0	2	None	None
Guarantee Deposits	468	0	468	2015	EUR	India	50	0	0	0	418	None	None
Guarantee Deposits	24	0	24	2004	EUR	UK	0	0	0	0	24	None	None
Guarantee Deposits	9	0	9	2015	EUR	China	0	0	0	0	9	None	None
Guarantee Deposits	15	0	15	2015	EUR	China	0	0	0	0	15	None	None
Guarantee Deposits	29	0	29	2015	EUR	China	0	0	0	0	29	None	None
Guarantee Deposits	12	0	12	2007	EUR	Scandinavia	0	0	0	0	12	None	None
Guarantee Deposits	2	0	2	2012	EUR	Turkey	0	0	0	0	2	None	None
Guarantee Deposits	109	0	109	2012	EUR	Brazil	109	0	0	0	0	None	None
Guarantee Deposits	106	0	106	2015	EUR	Argentina	106	0	0	0	0	None	None
Guarantee Deposits	72	0	72	2015	EUR	Italy	0	0	0	0	72	None	None
Guarantee Deposits	3	0	3	2015	EUR	Greece	0	0	0	0	3	None	None
Guarantee Deposits	5	0	5	2015	EUR	South Africa	0	0	0	0	5	None	None
Employee loan	4	0	4	2015	EUR	France	0	0	0	0	4	None	None
Financial Assets to cover Employee Obli	334	0	334	2004	EUR	Mexico	0	0	0	0	334	None	None
Financial Assets to cover Employee Obli	497	0	497	Pre 2000	EUR	United States	0	120	120	120	137	None	None
Total amount	2,052	3	2,055				268	120	470	120	1,077		

- **Note 4 -** Investments Measured at Equity

Note 4.A INVESTMENTS MEASURED AT EQUITY

	Investments in Associates
December 31, 2014	**6.746**
Increases in the year	**746**
Increases (Investments)	325
Movement in Investments at Equity	420
Decreases in the year	**(7.170)**
Decreases	(7.166)
Decrease Translation Differences	(4)
December 31, 2015	**322**
Change in year	**(6.425)**

The Investments measured at equity amount to Euro 322 thousand (Euro 6,746 thousand at December 31, 2014). The change compared to the previous year is fully attributable to the changes in the consolidation scope.

During 2015 the investment in the associate Writefine Products Private Limited (India) was subject to a step up acquisition by the Parent F.I.L.A. S.p.A., which acquired control of the Indian company, increasing its shareholding from 18.5% to 51%.

The operation resulted in the acquisition of control of the investee and the consequent change in the accounting treatment of the investment (from equity method to line-by-line consolidation); the decrease of Euro 7,166 thousand related to the closure of the investment measured under the equity method from November 1, 2015, effective date of the “business combination”.

The change of the investment based on the equity method amounts to Euro 420 thousand and mainly refers to the accounting adjustment to the “Carrying amount” of the investment at equity of the associate Writefine Products Private Limited (India) from January 1, 2015 to October 31, 2015, or rather the period prior to the acquisition of the majority holding in the company.

The increase of Euro 325 thousand is however due to the consolidation under the equity method of the company Pioneer Stationery Pvt Ltd. (India), a company in which Writefine Products Private Limited (India) has a 49% holding and is therefore considered as an associate.

Euro thousands	**December 2015**
Total Assets	**380**
Current Assets	232
Non-Current Assets	148
Total Liabilities	**(316)**
Current Liabilities	(94)
Non-Current Liabilities	(222)
Net Assets	**64**

	December 2015
Revenue	**463**
Costs	**(514)**
Net Profit	**(51)**
Group share of profit	**(25)**
Group share of Net assets	**49%**
Carrying amount	**31**
Consultant charges relating to the investment	
Share premium Acquisition of Pioneer Stationery Pvt Ltd. (India)	295
Exchange effects initial equity	(4)
Value of the Investment in the consolidated financial statements of the F.I.L.A. Group of Pioneer Stationery Pvt Ltd. (India)	**322**

- **Note 5** - Investments Measured at Cost

The Investments measured at cost, amounting to Euro 31 thousand, relate to the shareholding in Maimeri S.p.A. by F.I.L.A. S.p.A. for a value of Euro 28 thousand, corresponding to 1% of the share capital, and the quota held in the consortiums Conai, Energia Elettrica Zona Mugello and Energia Elettrica Milano by F.I.L.A. S.p.A. at December 31, 2015.

- **Note 6** – Deferred Tax Assets

"Deferred Tax Assets" amount to Euro 14,032 thousand at December 31, 2015 (Euro 10,429 thousand at December 31, 2014).
The breakdown of the "Deferred Tax Assets" is illustrated in the table below with indication of the opening balance, changes during the year and the closing balance at December 31, 2015.

Note 6.A - CHANGES IN DEFERRED TAX ASSETS

Euro thousands	
December 31, 2014	**10,429**
Provisions	4,224
of which Amount in Year from Change in Consolidation Scope	25
Utilisations	(2,442)
Contribution of Writefine Products Private Limited at Oct. 31, 2015	76
Space S.p.A. merger contribution at May 31, 2015	1,367
Translation differences	337
Change in Equity	41
December 31, 2015	**14,032**
Change in year	**3,603**

The account at December 31, 2015 mainly includes deferred tax assets calculated on "Intangible Assets", "Personnel", "Risk and Charges Provisions not deductible" as well as on other differences between statutory and fiscal values.

The table below illustrates the breakdown of deferred tax assets based on the nature of the provision:

NOTE 6.B - BREAKKDOWN OF DEFERRED TAX ASSETS

	Balance Sheet Values			Income Statement		Equity	
Euro thousands	2015	Contribution of Writefine Private Products Limited at October 31, 2015 and Space at May 31, 2015 (1)	2014	2015	2014	2015	2014
Deferred tax assets relating to:							
Intangible Assets	928		1.104	(176)	(132)	0	0
Property, Plant and Equipment	776		512	264	8	0	0
Provisions for Risks	160		155	5	33	0	0
Trade and Other Receivables	1.109		749	360	105	0	0
Inventories	2.252		1.098	1.154	84	0	0
Personnel	948		988	(81)	529	41	5
Exchange adjustments	51		20	31	20	0	0
Dividends Dixon Ticonderoga Inc. (Canada)	1.485		1.564	(79)	(817)	0	0
Translation reserve difference	339		437	(437)	868	339	437
Other	116	76	65	(23)	(344)	0	0
Tax Losses Carried Forward	1.656		2.728	(1.072)	601	0	0
Deferred deductible costs	1.946		1.009	937	0	0	0
ACE	2.266	1.367	0	899	0	0	0
Total deferred tax assets	**14.032**	**1.443**	**10.429**	**1.782**	**955**	**380**	**442**

(1) The Deferred tax assets contributed by Writefine Products Private Limited (India) at October 31, 2015 amount to Euro 76 thousand, while the contribution of Space S.p.A. at May 31, 2015 was Euro 1,367 thousand.

The provisions for deferred tax assets amount to Euro 14,032 thousand and mainly refer to the Parent F.I.L.A. S.p.A. (Euro 5,136 thousand), to the subsidiary Dixon Ticonderoga Company (U.S.A. - Euro 4,014 thousand) and to the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico, Euro 1,591 thousand).

The change in the year, in addition to the utilisations totalling Euro 1,782 thousand, include the effects deriving from the change in the consolidation scope (Euro 76 thousand contribution at October 31, 2015 by Writefine Private Products Limited) and the merger contribution with Space S.p.A. (Euro 1,367 thousand) relating to the ACE fiscal benefit calculated up to May 31, 2015.

The deferred tax assets were recognised by each company of the Group evaluating the projected future recovery of these assets, presently considered very probable, on the basis of updated strategic plans and relative tax planning.

The estimated deferred tax liabilities which will be released within the next 12 months amount to Euro 3,864 thousand.

The deferred tax assets on the fiscal losses generated in the first part of the year by F.I.L.A. S.p.A. (from January 1, 2015 to May 31, 2015), recorded following the merger with Space S.p.A. and amounting to Euro 3.7 million, prudently were not recognised in the financial statements.

▪ **Note 7** - Current Tax Receivables

At December 31, 2015, tax receivables relating to corporation tax totalling Euro 5,020 thousand (Euro 923 thousand at December 31, 2014), mainly comprised Euro 1,916 thousand relating to the parent F.I.L.A. S.p.A., Euro 1,517 thousand to Dixon Ticonderoga Co. (U.S.A.), Euro 281 thousand to Grupo F.I.L.A.- Dixon, S.A. de C.V. (Mexico) and Euro 995 thousand to Writefine Private Products Limited (India). These amounts principally relate to payments on account.

▪ **Note 8** - Inventories

Inventories at December 31, 2015 amount to Euro 118,519 thousand (Euro 92,035 thousand at December 31, 2014).

The breakdown of inventories is reported below.

Note 8.A - INVENTORIES

Euro thousands	Raw Materials, Ancillary and Consumables	Work-in-progress and Semi-finished Products	Finished Products and Goods	Total Amount
December 31, 2014	24.639	11.887	55.509	92.035
December 31, 2015	33.439	13.229	71.851	118.519
Change in year	8.800	1.342	16.342	26.484

The increase in inventory levels between 2014 and 2015 is mainly due to the procurement policies based on the production planning schedules and demand for finished products.

The increase is also due to the change in the consolidation scope for Euro 8,246 thousand concerning the Indian company Writefine Products Private Limited, for Euro 116 thousand to the company Fila Polska Sp.Z.o.o and for Euro 446 thousand to the company Fila Dixon Art & Craft Yixing Co., Ltd.

The increase in inventory, net of the changes from extraordinary operations, is mainly due to the procurement policies to support production planning and demand for finished products.

Inventories at December 31, 2015 are shown net of the obsolescence provision relating to raw materials (Euro 866 thousand), work-in-progress (Euro 108 thousand) and finished products (Euro 1,907 thousand). The provisions refer to obsolete or slow moving materials for which it is not considered possible to recover their value through sale.

The changes in the inventory obsolescence provision in the year were as follows:

Note 8.B- CHANGE IN INVENTORY OBSOLESCENCE PROVISION

	Inventory Obsolescence Provision			
Euro thousands	Raw Materials, Ancillary and Consumables	Work-in-progress and Semi-finished Products	Finished Products and Goods	Total Amount
December 31, 2014	**653**	**100**	**1,769**	**2,521**
Provisions	332	169	1,605	2,106
Utilisations	(103)	(161)	(1,453)	(1,718)
Release	0	0	(18)	(18)
Translation differences	(16)	0	4	(12)
December 31, 2015	**866**	**108**	**1,907**	**2,880**
Change in year	**213**	**8**	**138**	**359**

The inventory obsolescence provision at December 31, 2015 increased by Euro 359 thousand compared to December 31, 2014 mainly due to the higher provisions by the US subsidiary.

▪ Note 9 – Trade and Other Receivables

Trade and other receivables amount to Euro 77,731 thousand (Euro 76,067 thousand at December 31, 2014).

Note 9.A - TRADE AND OTHER RECEIVABLES

Euro thousands	December 31, 2015	December 31, 2014	Change in year
Trade Receivables	69,598	68,734	864
Tax Receivables	3,375	3,502	(127)
Other Receivables	3,838	3,131	707
Prepayments and Accrued Income	920	673	247
Third parties	**77,731**	**76,040**	**1,691**
Trade Receivables - Associates	0	27	(27)
Associates	**0**	**27**	**(27)**
Total amount	**77,731**	**76,067**	**1,664**

Trade receivables increased on December 31, 2014 by Euro 864 thousand. The increase is mainly due to the change in the consolidation scope at December 31, 2015; trade receivables recorded in the subsidiaries Writefine Products Private Limited (India) and Fila Polska Sp. Z.o.o (Poland) amounted respectively to Euro 919 thousand and Euro 86 thousand.

Excluding the effect of the changes in the consolidation scope and considering the impact of the negative currency differences for Euro 1,657 thousand, total receivables increased by Euro 1,516 thousand, in line with the increase in turnover during the year.

All of the above receivables are due within 12 months.

Trade receivables broken down by country are illustrated below:

Note 9.B - TRADE RECEIVABLES THIRD PARTIES - REGIONAL BREAKDOWN

Euro thousands	December 31, 2015	December 31, 2014	Change in year
Europe	23.537	23.486	51
North America	9.206	9.279	(73)
Central/South America	33.004	33.964	(960)
Asia	1.452	762	690
Rest of the World	2.399	1.243	1.156
Total amount	**69.598**	**68.734**	**864**

The changes in the doubtful debt provision to cover difficult recovery positions are illustrated in the table below.

Note 9.C - CHANGES IN DOUBTFUL DEBT PROVISION

Euro thousands	Doubtful Debt Provision
December 31, 2014	**3.181**
Provisions	992
Utilisations	(258)
Release	(7)
Exchange Differences	57
December 31, 2015	**3.966**
Change in year	**785**

The provision in the year is mainly due to the parent F.I.L.A. S.p.A. (Italy - Euro 616 thousand) and the US company Dixon Ticonderoga Company (U.S.A. - Euro 173 thousand).

"Tax Receivables" includes V.A.T. and other local taxes other than corporation taxes.

Current tax receivables amount to Euro 3,375 thousand at December 31, 2015 (Euro 3,502 thousand at December 31, 2014).

"Other Receivables" mainly relate to personnel and social security receivables and payments on account to suppliers. The balance at December 31, 2015 amounts to Euro 3,838 thousand (Euro

3,131 thousand at December 31, 2014). The increase is mainly due to advances to suppliers paid by the Indian company Writefine Products Private Limited (India) of Euro 1,257 thousand to guarantee supplies from the principal suppliers in accordance with commercial practice on the Indian market.

The carrying amount of "Other Receivables" represents the "Fair Value" at the reporting date.

All of the above receivables are due within 12 months.

▪ **Note 10** - Cash and Cash Equivalents

"Cash and Cash Equivalents" at December 31, 2015 amount to Euro 30,683 thousand (Euro 32,473 thousand at December 31, 2014).
The breakdown and comparison with the previous year is illustrated in the table below.

Note 10 - CASH AND CASH EQUIVALENTS

Euro thousands	Bank and Post Office Deposits	Cash in hand and similar	Total Amount
December 31, 2014	**32,415**	**58**	**32,473**
December 31, 2015	**30,551**	**132**	**30,683**
Change in year	**(1,864)**	**74**	**(1,790)**

"Bank and post office deposits" consist of temporary liquidity positions generated within the treasury management and mainly relating to ordinary current accounts of F.I.L.A. S.p.A. (Italy) for Euro 1,129 thousand and current accounts of the subsidiary companies for Euro 29,422 thousand, in particular: Dixon Ticonderoga Company (U.S.A.; Euro 9,640 thousand), the Chinese subsidiaries (Euro 3,927 thousand) and Omyacolor S.A. (France; Euro 3,677 thousand).

"Cash in hand and similar" amount to Euro 132 thousand, of which Euro 11 thousand relates to the Parent F.I.L.A. S.p.A and Euro 121 thousand to the various subsidiaries.

The book value approximates the "Fair Value" at the reporting date.

Bank and post office deposits are remunerated at rates indexed to inter-bank rates such as Libor and Euribor.

There are no bank and postal deposits subject to restrictions.

Reference to the paragraph: "Statement of Financial Position" for comments relating to the Net Financial Position of the F.I.L.A. Group.

▪ Note 11 - Net Financial Position

The F.I.L.A. Group Net Financial Position at December 31, 2015 is as follows:

	Euro thousands	December 31, 2015	December 31, 2014	Change in year
A	Cash	132	58	74
B	Other cash equivalents	30,551	32,415	(1,864)
C	Securities held-for-trading			
D	**Liquidity (A + B + C)**	**30,683**	**32,473**	**(1,790)**
E	**Current financial receivables**	**268**	**257**	**11**
F	Current bank payables	(67,319)	(62,311)	(5,008)
G	Current portion of non-current debt	(715)	(8,214)	7,499
H	Other current financial payables	(505)	(512)	7
I	**Current financial debt (F + G + H)**	**(68,539)**	**(71,037)**	**2,498**
J	**Net current financial debt (I + E+ D)**	**(37,588)**	**(38,307)**	**719**
K	Non-current bank payables	(1,404)	(20,071)	18,667
L	Bonds issued	0	0	0
M	Other non-current payables	(106)	(63)	(43)
N	**Non-current financial debt (K + L + M)**	**(1,510)**	**(20,134)**	**18,624**
O	**Net financial debt (J+N)**	**(39,098)**	**(58,441)**	**19,343**
P	**Loans issued to third parties**	**354**	**6**	**348**
Q	**Net financial debt (O + P) - F.I.L.A. Group**	**(38,744)**	**(58,435)**	**19,691**

Note:

1) The net financial debt calculated at point "O" complies with Consob Communication DEM/6064293 of July 28, 2006, which excludes non-current financial assets. The net financial debt of the F.I.L.A. Group differs from the above communication by Euro 354 thousand in relation to the non-current loans granted to third parties by F.I.L.A. S.p.A. (Euro 350 thousand) and Omyacolor S.A. (Euro 4 thousand)

2) The Market Warrants recognised to the financial statements at December 31, 2015 of Euro 21,504 thousand are not considered an integral part of the net financial debt as cashless financial instruments.

3) At December 31, 2015 there were no transactions with related parties which impacted the net financial debt.

4) At December 31, 2014, the impact on the net financial debt includes for Euro 25,456 thousand loans and for Euro 4,968 thousand bank deposits with Intesa Sanpaolo S.p.A.

The F.I.L.A. Group "Net Financial Position" at December 31, 2015 was a net debt of Euro 38,744 thousand, improving Euro 19,691 thousand on December 31, 2014.

Reference to the paragraph: "Statement of Financial Position" for comments relating to the Net Financial Position of the F.I.L.A. Group.

▪ Note 12 - Share Capital and Equity

Share capital

The subscribed and paid-in share capital at December 31, 2015 of the parent F.I.L.A. S.p.A., fully paid-in, comprises 39,030,842 shares, as follows:

- 32,464,334 ordinary shares, without nominal value
- 6,566,508 class B shares, without nominal value, which attribute 3 votes exercisable at the Shareholders' Meeting (ordinary and extraordinary) of F.I.L.A. S.p.A..

The breakdown of the share capital of F.I.L.A. S.p.A. is illustrated below.

Shares	No. of Shares	% of Share Capital	Listing
Ordinary shares	32,464,334	*83.18%*	MTA - STAR Segment
Class B Shares (multiple votes)	6,566,508	*16.82%*	Non Listed

The change in the share capital in the year is due to the merger of Space S.p.A. and F.I.L.A. S.p.A. involving, from June 1, 2015, a change in the legal entity heading the F.I.L.A. Group. The parent until May 31, 2015 was in fact F.I.L.A. S.p.A. (a company concluding on May 31, 2015 as merged into Space S.p.A., now F.I.L.A. S.p.A.).

The principal changes of the share capital during 2015 are illustrated below:

- recognition in the consolidated financial statements of the share capital of Space S.p.A. (now F.I.L.A. S.p.A.) at May 31, 2015 of Euro 13,555 thousand and the simultaneous reversal of Euro 2,748 thousand of the share capital of the pre-merger parent, F.I.L.A.

S.p.A., merged into Space S.p.A. (now F.I.L.A. S.p.A.). The net effect of these movements was Euro 10,807 thousand;

- share capital increase of Euro 23,616 thousand, in favour of the shareholders of F.I.L.A. S.p.A., merged into Space S.p.A. (now F.I.L.A. S.p.A.).

The effects on the share capital and on the consolidated financial statement reserves of the merger are outlined in the following table.

Movements in the consolidated share capital and reserves due to the merger of June 1, 2015	
Euro thousands	
Recognition Space share capital	13,555
Reversal of FILA share capital	(2,748)
Increase in share capital	23,616
Total share capital movement from merger adjustments of Parent	**34,424**
Reversal Space investment in FILA	(39,073)
Recognition other reserves of Space	71,351
Recognition residual portion Fair Value of Space	24,923
Total increase in reserves from merger adjustments of Parent	**57,201**

The following table outlines the calculation of the Fair Value of Space S.p.A. and the relative allocation of the merger equity. As indicated in the consolidation principles section, the difference between the Fair Value of Space S.p.A. at May 31, 2015 and its book equity was recognised to financial expense.

Fair Value of Space S.p.A. at May 31, 2015	
Euro thousands	
Share value (Euro) at May 29, 2015	9.71
Number of Space shares	13,459,999
Fair value of share capital increase	**130,697**

Allocation of Space FV at May 31, 2015	
Euro thousands	
Equity of Space S.p.A.	84,906
Increase of share capital (including FILA cap. increase)	20,868
Reserves	24,923
Total Fair Value of Space S.p.A. at May 31, 2015	**130,697**

According to the available information, published by Consob and updated to December 31, 2015, the main parent shareholders were:

Shareholder	Ordinary shares	%
Pencil S.p.A.	13.133.032	40,5%
Venice European Investment Capital S.p.A.	3.916.291	12,1%
Sponsor	2.300.000	7,1%
Market Investors	13.115.011	40,4%
Total	**32.464.334**	**100%**

Shareholder	Ordinary shares	Class B Shares	Total	Voting rights
Pencil S.p.A.	13.133.032	6.566.508	19.699.540	62,9%
Venice European Investment Capital S.p.A.	3.916.291		3.916.291	7,5%
Sponsor	2.300.000		2.300.000	4,4%
Market Investors	13.115.011		13.115.011	25,1%
Total	**32.464.334**	**6.566.508**	**39.030.842**	**100%**

Each ordinary share attributes voting rights without limitations.
Each class B share attributes three votes, in accordance with Article 127-*sexies* of Legislative Decree No. 58/1998.

There are no restrictions on the distribution of dividends and the repayment of capital.

At December 31, 2015 there were no privileges or restrictions of any nature on the shares of the company, with the exception of the lien relating to the shares held by F.I.L.A. S.p.A. in Omyacolor S.A. (France), Dixon Ticonderoga Co. (U.S.A.) and Lyra KG (Germany) to guarantee the bank loans in place at December 31, 2015.

Legal reserve

At December 31, 2015, this amounted to zero as the legal reserve of F.I.L.A. S.p.A., a discontinued company at May 31, 2015 was merged with Space S.p.A. (now F.I.L.A. S.p.A.).

Share premium reserve

Within the accounting of the merger between F.I.L.A. and Space S.p.A., a share premium reserve of Space S.p.A. (now F.I.L.A. S.p.A.) was recognised for Euro 109,879 thousand.

As reported in the Directors' Report, it is recalled that as part of the listing process, the current parent issued the following warrants, exercisable according to the terms and conditions detailed in the respective regulations approved by the Shareholders' Meeting:

Market Warrants

4,333,333 market warrants were issued within the institutional placement for the admission to listing, traded on the MIV/SIV segment separately from the shares and a further 4,324,169 market warrants were issued from the effective merger date (June 1, 2015) and allocated to holders of ordinary shares (excluding pre-merger shareholders of Space S.p.A. – now F.I.L.A. S.p.A. – and of Space Holding S.p.A.).

The market warrants may be exercised cashless in the 5-year period from the Effective Merger Date upon meeting the conditions outlined in the market warrant regulation.

Of the 8,657,502 Market Warrants initially issued, 290,293 Market Warrants were exercised in the first Exercise period (July 23 - July 31, 2015) and therefore 69,667 ordinary shares were subscribed, 172,767 Market Warrants were exercised in the second Exercise period (August 1 - August 31, 2015) and therefore 41,463 ordinary shares were subscribed, 11,666 Market Warrants were exercised in the third Exercise period (September 1 - September 30, 2015) and therefore 2,332 ordinary shares were subscribed, 250 Market Warrants were exercised in the fourth Exercise period (October 1 - October 31, 2015) and therefore 55 ordinary shares were subscribed, 6,232 Market Warrants were exercised in the fifth Exercise period (November 1 - November 30, 2015) and therefore 1,495 ordinary shares were subscribed.

Sponsor warrants

690,000 sponsor warrants were issued, in the amount of 3 sponsor warrants for every 2 sponsor shares. The exercise of these warrants allocates to holders sponsor shares through a cash-based regulation. The non-listed sponsor warrants, exercisable on payments of the unitary "Exercise Price" of Euro 10.385 may be exercised, in full or in part, from the third trading day subsequent to

June 1, 2015 and within the ten subsequent years, only where the official price of the share recorded in at least one of the days in the exercise period is equal or greater to Euro 10.385.

In service of the market warrants and sponsor warrants, the Shareholders' Meeting of Space S.p.A. of October 9, 2013 approved:

- the issue of a maximum 2,692,307 ordinary Space S.p.A. shares in service of the market warrants, subject to a maximum number of ordinary Space S.p.A. shares in service of the market warrants to be issued under the acceleration of 2,333,333 and
- a share capital increase, excluding the option right, in accordance with Article 2441, paragraph 5 of the Civil Code, for a maximum total amount, including share premium, of Euro 9,750,000, through the issue of a maximum 750,000 ordinary Space S.p.A. shares in service of the market warrants, subject to the maximum number of ordinary Space S.p.A. shares in service of the sponsor warrants totalling 690,000 on the basis of the 690,000 sponsor warrants issued.

At December 31, 2015 no sponsor warrants had been exercised.

IAS 19 Reserve

Following the application of IAS 19, the equity reserve is negative for Euro 1,361 thousand, while at December 31, 2014 negative for Euro 1,368 thousand.

Other reserves

The account decreased Euro 27,311 thousand compared to December 31, 2014 due to the accounting effects of the merger between Space S.p.A. (now F.I.L.A. S.p.A.) and F.I.L.A. S.p.A..

Translation difference

The account refers to the exchange differences relating to the translation of the financial statements of subsidiaries prepared in local currencies and converted into Euro as the consolidation currency.

The changes in the "Translation Difference" in 2015 are illustrated below:

Euro thousands	**Translation Difference**
December 31, 2014	**(1,756)**
Changes in the year:	
Difference between Year Average Rate and Year-End Rate	1,220
Difference between Historical Rate and Year-End Rate	157
December 31, 2015	**(379)**
Change in year	**1,377**

Retained earnings

The increase in the reserve amounted to Euro 3,852 thousand and mainly relates to the increase generated from the allocation of the Group result for the year 2014 (Euro 16,575 thousand), offset by the decrease attributable to the accounting effects of the merger between Space S.p.A. (now F.I.L.A. S.p.A.) and F.I.L.A. S.p.A. (Euro 13,237 thousand). For further details, reference to the table above concerning movements in the share capital and reserves of the consolidated financial statements due to the merger of June 1, 2015.

Non-controlling interest equity

Non-Controlling Interest equity increased by Euro 22,532 thousand mainly due to the line-by-line consolidation of the Indian company Writefine Products Private Limited (India), with the contribution to the consolidation of non-controlling interest equity of Euro 22,360 thousand.

The profit produced by the Group and attributable to non-controlling interests amounts to Euro 263 thousand.

The Dividends distributed by the companies of the Group to non-controlling interests amount to Euro 281 thousand.

Basic and diluted earnings per share

The basic earnings per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares in portfolio.
The diluted earnings/(loss) per share is calculated by dividing the result of the company by the weighted average number of ordinary shares in circulation during the year and those potentially arising from the conversion of all potential ordinary shares with dilutive effect.

The table below illustrates the reconciliation between the equity of the Parent F.I.L.A. S.p.A. and the consolidated equity and the reconciliation between the result of the Parent F.I.L.A. S.p.A. and the consolidated result:

Reconciliation at December 31, 2015 between Parent Equity and F.I.L.A. Group Equity	
Euro thousands	
F.I.L.A. S.p.A. Equity	**131.320**
Effect elimination intercompany margins	(2.433)
Consolidation effect Omyacolor S.A. (France)	9.295
Consolidation effect F.I.L.A. Hispania S.A. (Spain)	3.001
Consolidation effect Licyn Mercantil Industrial Ltda (Brazil)	(3.673)
Consolidation effect Dixon Ticonderoga group	55.928
Consolidation effect Lyra group	(1.165)
Consolidation effect FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	(1.475)
Consolidation effect FILA Stationary O.O.O. (Russia)	11
Consolidation effect FILA Hellas (Greece)	536
Consolidation effect Industria Maimeri S.p.A. (Italy)	492
Consolidation effect FILA Cartorama S.A. (South Africa)	(905)
Consolidation effect Fila Polska Sp. Z.o.o (Poland)	(972)
Consolidation effect Writefine Private Limited (India)	21.766
Total Equity	**211.727**
"Non-controlling interest" consolidation effect	23.967
F.I.L.A. Group Equity	**187.760**

Reconciliation at December 31, 2015 between Parent Result and F.I.L.A. Group Result

Euro thousands

F.I.L.A. S.p.A. Net Profit	**(25.156)**
Elimination of the effects of transactions between consolidated companies:	
Dividends	(7.780)
Inventory margins	(2.351)
Adjustlments to Group accounting principles:	
Consolidation Maimeri (U.S.A.)	(8)
Consolidation FILA Polska (Poland)	(33)
Consolidation Writefine Private Limited (India)	(1.569)
Result of Subsidiaries of the Parent	20.497
Total Net Result	**(16.400)**
Non-controlling interest share	263
F.I.L.A. Group Net Profit	**(16.663)**

- **Note 13 -** Financial Liabilities

The balance at December 31, 2015 amounts to Euro 70,049 thousand (Euro 91,171 thousand at December 31, 2014), of which Euro 1,510 thousand long-term and Euro 68,539 thousand short-term. The account refers to both non-current and current portions of the loans granted by banking institutions, other lenders and bank overdrafts.

The breakdown at December 31, 2015 is illustrated below.

Note 13.A - FINANCIAL LIABILITIES: Third Parties

Euro thousands		Banks		Other Lenders		Bank Overdrafts		Total Amount
		Principal	Interest	Principal	Interest	Principal	Interest	
December 31, 2014		**88.566**	**220**	**572**	**3**	**1.810**	**0**	**91.171**
	non-current portion	20.183	(112)	63	0	0	0	20.134
	current portion	68.383	332	509	3	1.810	0	71.037
December 31, 2015		**56.168**	**99**	**607**	**4**	**13.141**	**30**	**70.049**
	non-current portion	1.404	0	106	0	0	0	1.510
	current portion	54.764	99	501	4	13.141	30	68.539
Change in year		**(32.398)**	**(121)**	**35**	**1**	**11.331**	**30**	**(21.122)**
	non-current portion	(18.779)	112	43	0	0	0	(18.624)
	current portion	(13.619)	(233)	(8)	1	11.331	30	(2.498)

With reference to the "Bank Loans" the total exposure of the Group amounts to Euro 56,168 thousand, of which Euro 54,764 thousand considered as current (Euro 68,383 thousand at December 31, 2014) and Euro 1,404 thousand as non-current (Euro 20,071 thousand at December 31, 2014).

The non-current portion of bank loans reduced compared to 2014 by Euro 18,779 thousand, mainly due to the advance voluntary repayment of the loans of the parent F.I.L.A. S.p.A. (Euro 14.5 million from Intesa Sanpaolo S.p.A. and Euro 4.5 million with the credit institutions Intesa Sanpaolo S.p.A. and Banca Nazionale del Lavoro S.p.A.) and the subsidiary Industria Maimeri S.p.A. (Italy - Euro 208 thousand granted by Made in Lombardy).

Following the change in the consolidation scope, the non-current bank exposure increased by Euro 533 thousand due to the non-current portion of the loan of the company Writefine Products Private Limited (India) with the financial institution HDFC Bank.

The current portion of the bank loans reduced by Euro 13,619 thousand.

The change is mainly due to the repayment of the current portion of the loans of the parent F.I.L.A. S.p.A. following the advance voluntary repayment of the entire amount of the loans held at

December 31, 2014. The amounts repaid related to the two loan tranches issued by the credit institutions Intesa Sanpaolo S.p.A. and Banca Nazionale del Lavoro S.p.A. (Euro 4,250 thousand) and the current portion of the loan with Banca Intesa Sanpaolo S.p.A. (Euro 6.5 million).

In relation to the other companies of the Group, the reduction in the bank exposure of Lyra KG (Germany) was particularly significant, relating to the loan with HVB and amounting to Euro 8 million at December 31, 2014, offset by the simultaneous opening of a credit line with Commerzbank and utilised at December 31, 2015 for Euro 1,500 thousand.

The subsidiaries Dixon Ticonderoga Company (U.S.A.) and Licyn Mercantil Industrial Ltda (Brazil) during 2015 also reduced their bank exposure respectively for Euro 1,596 thousand and Euro 1,417 thousand.

On the other hand, bank lending increased for the following subsidiaries: Industria Maimeri S.p.A. (Italy - Euro 720 thousand), Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico - Euro 1,913 thousand), F.I.L.A Argentina S.A. (Argentina - Euro 219 thousand), and F.I.L.A. Chile Ltda (Chile - Euro 136 thousand), mainly due to an increase in the utilisation of the credit lines granted.

Finally, in Asia the bank exposure improved by Euro 778 thousand against the settlement of the credit line granted to the company Beijing F.I.L.A.-Dixon Stationery Company Limited (China) by UniCredit Bank. This reduction was however offset by the opening of a new credit line provided by Intesa Sanpaolo S.p.A. on behalf of Xinjiang F.I.L.A.-Dixon Plantation Company Ltd. (China - Euro 425 thousand) and the change in the consolidation scope with the contribution by Writefine Products Private Limited of Euro 3,986 thousand.

The table below shows the breakdown of the capital portion of the "Financial Liabilities" of the F.I.L.A. Group with indication of the relative interest applied and contract maturity dates.

Note 13.B - FINANCIAL LIABILITIES: INTEREST RATE AND MATURITY

Euro thousands	Company	Interest Rate	Maturity	Balance at 31-12-2015	Balance at 31-12-2014
Non-current liabilities: bank payables					
Intesa Sanpaolo	F.I.L.A. S.p.A. (Italy)	Euribor at 6 months + spread 1.20%	Repaid December 2015	0	14,500
Banca Nazionale del Lavoro / Intesa Sanpaolo	F.I.L.A. S.p.A. (Italy)	Euribor at 6 months + spread 1.70%	Repaid September 2015	0	4,500
Hypo Real Estate	Lyra KG (Germany)	Rate of 4.25% (spread included)	December 2021	716	901
Made in Lombardy	Industria Maimeri S.p.A. (Italy)	Euribor at 3 months + spread 2.40%	Repaid October 2015	0	208
Creval	Industria Maimeri S.p.A. (Italy)	Euribor at 3 months + spread 2.10%	January 2020	155	0
HDFC Bank	Writefine Products PVT LTD	Rate of 9.35% + spread 1.5%	April 2020	533	0
Banco Itau	Licyn Industrial Mercantil Ltda (Brazil)	Rate of 6.5% (spread included)	Reclassified to Short-term	0	74
Total non-current liabilities				**1,404**	**20,183**
Current liabilities: bank payables					
Unicredit Bank Intesa Sanpaolo	Dixon Ticonderoga Company (U.S.A.)	Rate of 1.98% (spread included) Rate of 2.10% (spread included)	January 2016* December 2016 *	16,447	18,043
Scotia Bank Inverlat BBVA Bancomer BBVA Bancomer Banco Nacional de México Banco Santander	F.I.L.A.-Dixon, S.A.de C.V. Group (Mexico)	Rate of 3.41% + spread 1.45% Rate of 3.27% + spread 1.5% Rate of 0.25% + spread 1.62% Rate of 3.45% + spread 1.3% Rate of 3.36% + spread 1.5%	January 2016* December 2016*	23,045	21,132
Intesa Sanpaolo	F.I.L.A. S.p.A. (Italy)	Euribor at 6 months + spread 1.20%	Repaid December 2015	0	6,500
Banca Nazionale del Lavoro / Intesa Sanpaolo	F.I.L.A. S.p.A. (Italy)	Euribor at 6 months + spread 1.70%	Repaid September 2015	0	1,250
Banca Nazionale del Lavoro / Intesa Sanpaolo	F.I.L.A. S.p.A. (Italy)	Euribor at 6 months + spread 1.50%	Repaid September 2015	0	3,000
HVB	Lyra KG (Germany)	Rate of 1.49% (spread included)	December 2015	0	8,000
Hypo Real Estate EuroHypo	Lyra KG (Germany)	Rate of 4.25% (spread included) Rate of 4.42% (spread included)	December 2016	184	192
Commerzbank	Lyra KG (Germany)	Rate of 1.58% (spread included)	February 2016*	1,500	0
Unicredit Bank	Beijing F.I.L.A.-Dixon Stationery Company Ltd (China)	Rate of 5.1% + spread 1.53%	December 2015	0	778
TEB (BNL Branch)	FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	Rate of 6% (spread included)	June 2016*	1,811	1,807
HDFC Bank	Writefine Products PVT LTD	Libor rate + 3.50% Spread Rate of 9.35% + 1.50%	January 2016 December 2016	3,986	0
Banco BICE	F.I.L.A. Chile Ltda (Chile)	Rate of 7% (spread included)	March 2016	136	0
Banco de Galicia y Buenos Aires Banco Provincia	F.I.L.A. Argentina S.A. (Argentina)	Rate of 19.5% (spread included) Rate of 19.5% (spread included)	Aprile 2016* December 2016*	266	47
BNL Banco Popolare Unicredito Italiano S.p.A Creval	Industria Maimeri S.p.A. (Italy)	Euribor at 3 months + spread 1.25% Euribor at 3 months + spread 1.25% Euribor at 3 months + spread 2.75% Euribor at 3 months + spread 2.10%	March 2016* December 2016*	1,355	635
Intesa Sanpaolo Intesa Sanpaolo Unicredit Bank	Fila Dixon Stationery (Kunshan) Co., Ltd. (China)	Rate of 5.13% (spread included) Rate of 3.17% + spread 0.47% Rate of 4.35% (spread inclusive)	January 2016* May 2016*	5,430	5,403
Intesa Sanpaolo	Xinjiang F.I.L.A.-Dixon Plantation Company Ltd. (China)	Rate of 5.10% + spread 0.77%	February 2016*	425	0
Banco Itau Caixa Economica Federal BNP	Licyn Industrial Mercantil Ltda (Brazil)	Rate of 6.5% (spread included) Rate of 19.60% (spread included) Rate of 15.50% (spread included)	March 2016* September 2016*	179	1,596
Total current liabilities				**54,764**	**68,383**

*** renewable on maturity**
**** for further details on repayments, see the comment concerning the Parent below**

The breakdown of the F.I.L.A. Group long-term bank loans at December 31, 2015 is illustrated below:

- Euro 716 thousand granted to Lyra KG (Germany) by Hypo Real Estate. The repayment of the residual debt at December 31, 2015 is over periodic instalments in arrears. The interest rate is 4.25% including the spread;

- Euro 155 thousand granted by Creval in favour of Industria Maimeri S.p.A. (Italy). The repayment of the residual debt at December 31, 2015 is over monthly instalments in arrears, with maturity in January 2020. The interest rate applied is the Euribor at 3 months increased by a spread of 2.10%;

- Euro 533 thousand represents the non-current portion of the loan granted to Writefine Products Private Limited (India) by the credit institution HDFC Bank. The repayment of the residual debt at December 31, 2015 is over monthly instalments from January 2017. The interest rate applied is 9.35% and a spread of 1.50%.

Financial liabilities are initially recognised at Fair Value, including directly attributable transaction costs. The initial carrying amount is subsequently adjusted to account for redemptions in principal, any write-downs and amortisation of the difference between the redemption value and initial carrying amount. Amortisation is made on the basis of the internal effective interest rate represented by the rate equal to, at the moment of initial recognition, the present value of expected cash flows and the initial carrying amount (amortised cost method).

The breakdown of current bank loans of the Group is reported below:

- Euro 23,045 thousand relating to credit lines granted to Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico), broken down as follows:
  - Banco Nacional de México, S.A. equal to Euro 8,647 thousand at an annual interest rate of 3.45% plus a spread of 1.30%;
  - 2 credit lines granted by BBVA for a total of Euro 7,525 thousand, at an interest rate of 3.27% plus a spread of 1.50% and 0.25% plus a spread of 1.62% respectively;

- Bank Santander equal to Euro 4,230 thousand at an annual interest rate of 3.36% plus a spread of 1.50%;
- Scotia Bank Inverlat equal to Euro 2,643 thousand at an annual interest rate of 3.41% plus a spread of 1.45%;

- Euro 16,447 thousand granted to Dixon Ticonderoga Company (U.S.A.), broken down as follows:
  - Euro 13,778 thousand relating to the current utilisation of the credit lines totalling USD 20 million from Unicredito Italiano S.p.A. (USD 14 million in June 2005 and subsequent extension for USD 6 million in March 2007) at an interest rate of 1.98% including the spread;
  - Euro 2,669 thousand relating to the current utilisation of the original credit line totalling USD 10 million by Intesa Sanpaolo at an interest rate of 2.10% including the spread;

- Euro 5,430 thousand granted in favour of Fila Dixon Stationery (Kunshan) Co., Ltd. (China), as follows:
  - Euro 4,589 thousand concerning credit lines granted by Intesa Sanpaolo S.p.A. at an annual interest rate of 5.13% and 3.17%, with a spread of 0.48%;
  - Euro 841 thousand concerning the credit line granted by Unicredit S.p.A. at an annual interest rate of 4.35% including the spread;

- Euro 3,986 thousand in favour of Writefine Products Private Limited ((India), as follows:
  - Euro 3,497 thousand relating to the credit line granted by HDFC at an interest rate equal to LIBOR plus a spread of 3.5% and an interest rate of 9.35% with a spread of 1.50%;
  - Euro 489 thousand concerning the current portion of the loan granted by HDFC at an annual interest rate of 9.35% with a spread of 1.50%;

- Euro 1,684 thousand in favour of Lyra KG (Germany), as follows:
  - Euro 1,500 thousand concerning the credit line granted by Commerzbank at an annual interest rate of 1.58% including the spread;
  - Euro 168 thousand concerning the current portion of the loan granted by Hypo Real Estate at an annual interest rate of 4.25% including the spread;

- Euro 16 thousand concerning the loan granted by EuroHypo at an annual interest rate of 4.42% including the spread;

- Euro 1,811 thousand in favour of FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) concerning the credit line granted by TEB (BNL Branch) at an interest rate of 6%, including the spread;

- Euro 1,355 thousand granted in favour of Industria Maimeri S.p.A. (Italy), as follows:
  - Euro 500 thousand concerning credit lines granted in favour of Industria Maimeri S.p.A. (Italy) by Unicredito Italiano S.p.A. at Euribor at 3 months and a spread of 2.75%;
  - Euro 600 thousand concerning credit lines granted in favour of Industria Maimeri S.p.A. (Italy) by the credit institution Banco Popolare. The repayment of the residual debt at December 31, 2015 is over monthly instalments in arrears, from March 2016. The interest rate applied is the Euribor at 3 months, with a spread of 1.25%;
  - Euro 49 thousand concerning the current portion of the loan granted to Industria Maimeri S.p.A. (Italy) by Creval. The interest rate applied is the Euribor at 3 months increased by a spread of 2.10%;
  - Euro 206 thousand relating to the credit line granted by BNL at the 3 month Euribor with a spread of 1.25%.

- Euro 425 thousand concerning credit lines granted by Intesa Sanpaolo in favour of Xinjiang F.I.L.A.-Dixon Plantation Company Ltd. (China) at an annual interest rate of 5.10%, plus a spread of 0.77%;

- Euro 136 thousand concerning the credit line granted by BICE to F.I.L.A. Chile Ltda (Chile) at an annual interest rate of 7% including the spread;
- Euro 266 thousand granted in favour of FILA Argentina S.A. (Argentina) as follows:
  - Euro 130 thousand concerning the credit line granted by Banco de Galicia y Buenos Aires, at an annual interest rate of 19.5% including the spread;
  - Euro 136 thousand concerning the credit line granted by Banco Provincia, at an annual interest rate of 19.5% including the spread;

- Euro 179 thousand in favour of Licyn Mercantil Industrial Ltda (Brazil), as follows:
  - Euro 25 thousand concerning the credit line granted by Caixa Economica Federal, at an annual interest rate of 19.6% including the spread;
  - Euro 11 thousand relating to the residual portion of the loan granted by Banca Itau over monthly instalments in arrears, from September 2016. The interest rate applied is 6.5% including the spread;
  - Euro 143 thousand concerning the new credit line granted by BNP Paribas, at an annual interest rate of 15.5% including the spread;

The bank loans held by the parent F.I.L.A. S.p.A. and granted by the credit institutions Intesa Sanpaolo S.p.A. and Banca Nazionale del Lavoro S.p.A. provide for compliance with specific financial ratios ("covenants"). However, the advanced closure of these loans during 2015 resulted in the lapsing of these covenants.

Currently, no Group companies have loans subject to financial covenants.

The contractual maturity and details concerning "Bank Borrowings" is reported in the table below:

Note 13.C - BANK BORROWINGS F.I.L.A. GROUP

Description	General information							Interest		Loan Repayments				
	Amount			Total	Year	Currency	Country	Interest		Current Financial Liabilities	Non-Current Financial Liabilities			
	Principal	Interest												
Euro thousands		Per contract	Amortised Cost					Variable	Spread	31/12/2016	2017	2018	2019	Beyond 2019
UniCredit Revolving	13.778	0	0	13.778	2005	EUR	USA	1,98%	0,00%	13.778	0	0	0	0
Banca Intesa Sanpaolo	2.669	14	0	2.683	2010	EUR	USA	2,10%	0,00%	2.683	0	0	0	0
Sub-total	**16.447**	**14**	**0**	**16.461**						**16.461**	**0**	**0**	**0**	**0**
Grupo Financiero Scotiabank Inverlat, S.A.	2.643	2	0	2.645	2015	EUR	Mexico	3,41%	1,45%	2.645	0	0	0	0
Grupo Financiero BBVA Bancomer, S.A.	6.609	0	0	6.609	2015	EUR	Mexico	3,27%	1,50%	6.609	0	0	0	0
Banco Santander, S.A.	4.230	0	0	4.230	2015	EUR	Mexico	3,36%	1,50%	4.230	0	0	0	0
Banco Nacional de México, S.A.	8.647	1	0	8.648	2015	EUR	Mexico	3,45%	1,30%	8.648	0	0	0	0
Grupo Financiero BBVA Bancomer, S.A.	916	0	0	916	2015	EUR	Mexico	0,25%	1,62%	916	0	0	0	0
Sub-total	**23.045**	**3**	**0**	**23.048**						**23.048**	**0**	**0**	**0**	**0**
HDFC Bank	1.873	0	0	1.873	2015	EUR	India	Libor	3,50%	1.873	0	0	0	0
HDFC Bank	1.624	11	0	1.635	2014	EUR	India	9,35%	1,50%	1.635	0	0	0	0
HDFC Bank	1.022	9	0	1.031	2014	EUR	India	9,35%	1,50%	498	170	145	161	57
Sub-total	**4.519**	**20**	**0**	**4.539**						**4.006**	**170**	**145**	**161**	**57**
BNL	206	0	0	206	2015	EUR	Italy	Euribor 3 mth.	1,25%	206	0	0	0	0
Unicredito Italiano S.p.A.	500	0	0	500	2014	EUR	Italy	Euribor 3 mth.	2,75%	500	0	0	0	0
Banco Popolare	600	0	0	600	2015	EUR	Italy	Euribor 3 mth.	1,25%	600	0	0	0	0
Creval	204	0	0	204	2015	EUR	Italy	Euribor 3 mth.	2,10%	49	49	50	56	0
Sub-total	**1.510**	**0**	**0**	**1.510**						**1.355**	**49**	**50**	**56**	**0**
Commerzbank	1.500	0	0	1.500	2015	EUR	Germany	1,58%	0,00%	1.500	0	0	0	0
Euro Hypo (Commerzbank)	16	0	0	16	2014	EUR	Germany	4,42%	0,00%	16	0	0	0	0
Hypo real Estate	884	0	0	884	2014	EUR	Germany	4,25%	0,00%	168	176	183	191	166
Sub-total	**2.400**	**0**	**0**	**2.400**						**1.684**	**176**	**183**	**191**	**166**
Banco BICE	136	0	0	136	2015	EUR	Chile	7,00%	0,00%	136	0	0	0	0
Sub-total	**136**	**0**	**0**	**136**						**136**	**0**	**0**	**0**	**0**
Intesa Sanpaolo	425	2	0	427	2015	EUR	China	5,10%	0,77%	427	0	0	0	0
Sub-total	**425**	**2**	**0**	**427**						**427**	**0**	**0**	**0**	**0**
Intesa Sanpaolo	4.226	23	0	4.249	2014	EUR	China	5,13%	0,00%	4.249	0	0	0	0
Intesa Sanpaolo	363	0	0	363	2015	EUR	China	3,17%	0,48%	363	0	0	0	0
Unicredit Bank	841	3	0	844	2014	EUR	China	4,35%	0,00%	844	0	0	0	0
Sub-total	**5.430**	**26**	**0**	**5.456**						**5.456**	**0**	**0**	**0**	**0**
Banco de Galicia y Buenos Aires	130	1	0	131	2015	EUR	Argentina	19,5%	0,0%	131	0	0	0	0
Banco Provincia	136	2	0	138	2015	EUR	Argentina	19,5%	0,0%	138	0	0	0	0
Sub-total	**266**	**3**	**0**	**269**						**269**	**0**	**0**	**0**	**0**
TEB (BNL branch)	1.811	26	0	1.837	2012	EUR	Turkey	6,00%	0,00%	1.837	0	0	0	0
Sub-total	**1.811**	**26**	**0**	**1.837**						**1.837**	**0**	**0**	**0**	**0**
Banco Itau	11	0	0	11	2014	EUR	Brazil	6,50%	0,00%	11	0	0	0	0
Caixa Economica Federal	25	0	0	25	2014	EUR	Brazil	19,60%	0,00%	25	0	0	0	0
BNP Paribas	143	4	0	147	2015	EUR	Brazil	15,50%	0,00%	147	0	0	0	0
Sub-total	**179**	**4**	**0**	**183**						**183**	**0**	**0**	**0**	**0**
Total amount	**56.168**	**99**	**0**	**56.266**						**54.862**	**395**	**378**	**408**	**223**

"Financial Liabilities – Other Loans" at December 31, 2015 totalled Euro 612 thousand (Euro 575 thousand at December 31, 2014), with the current portion totalling Euro 507 thousand (Euro 512 thousand at December 31, 2014).

The account includes the following financial liabilities to other lenders:

- F.I.L.A. S.p.A., concerning Safety Kleen for the residual portion of leasing contracts (Euro 2 thousand) and advances from factoring companies (Ifitalia - International Factors S.p.A. – Euro 65 thousand).
- Writefine Products PVT LTD (India) for the liabilities on leasing contracts totalling Euro 157 thousand;
- FILA Cartorama SA PTY LTD (South Africa) with Euro 231 thousand relating to loans held prior to the acquisition by F.I.L.A. S.p.A..

Details on the timing of financial cash flows and “Loans from Other Lenders” at December 31, 2015 are illustrated in the following table:

Note 13.D - LOANS FROM OTHER LENDERS

Description	General information						Interest		Loan Repayments		
	Amount		Total	Year	Curr.	Country	Interest		Financial Liabilities Current	Non-Current Financial Liabilities	Guarantees Granted
Euro thousands	Principal	Interest					Variable	Spread	2016	2017	
Safety Kleen Italia S.p.A. (Leasing)	2	0	2	2015	EUR	Italy	0,00%	0,00%	2	0	None
International Factors S.p.A. (Ifitalia)	65	0	65	2015	EUR	Italy	Euribor 3 mths.	0,75%	65	0	None
Finance Working Capital	34	0	34	2013-2018	EUR	USA	4,30%	0,00%	18	16	None
Finance Working Capital	34	0	34	2011	EUR	France	0,00%	0,00%	20	14	None
Finance Working Capital	51	0	51	2014	EUR	Italy	0,00%	0,00%	39	12	None
Finance Working Capital	155	2	157	2015	EUR	India	11,00%	0,00%	94	63	None
Finance Working Capital	19	2	21	2014	EUR	Argentina	12,00%	0,00%	21	0	None
Finance Working Capital	231	0	231	2014	EUR	Sth. Africa	8,00%	0,00%	231	0	None
Finance Working Capital	4	0	4	2014	EUR	Germany	0,00%	0,00%	4	0	None
Finance Working Capital	12	0	12	2015	EUR	Brazil	12,00%	0,00%	12	0	None
Total amount	**607**	**4**	**611**						**506**	**105**	

“Bank Overdrafts” amounted to Euro 13,171 thousand (Euro 1,810 thousand at December 31, 2014) and refers to the Parent F.I.L.A. S.p.A. (Euro 5,303 thousand), to the subsidiary Lyra KG (Germany – Euro 4,686 thousand), to the company Industria Maimeri S.p.A. (Italy – Euro 2,853 thousand) and to the subsidiary Fila Stationary O.O.O. (Russia - Euro 329 thousand).

The breakdown of "Bank Overdrafts" at December 31, 2015 is outlined below:

Note 13.E - BANK OVERDRAFTS

Description	General information						Interest		Loan Repayments	Guarantees Granted
	Amount		Total	Year	Curr.	Country	Interest		Financial Liabilities Current	
	Principal	Interest					Variable	Spread	2016	
Euro thousands										
Various Credit Institutions	2.840	13	2.853	2015	EUR	Italy	Euribor 3 mths.	3,00%	2.853	None
Hypovereinsbank	4.686	0	4.686	2015	EUR	Germany	1,49%	0,00%	4.686	None
Various Credit Institutions	5.286	17	5.303	2015	EUR	Italy	0,80%	0,00%	5.303	None
Banca Intesa Sanpaolo S.p.A.	329	0	329	2015	EUR	Russia	3,50%	0,00%	329	None
Total amount	**13.141**	**30**	**13.171**						**13.171**	

▪ **Note 14** - Employee Benefits

The F.I.L.A. Group companies guarantee post-employment benefits for employees, both directly and through contributions to external funds.

The means for accruing these benefits varies according to the legal, fiscal and economic conditions of each State in which the Group operates. These benefits are based on remuneration and years of employee service.

The benefits recognised to employees of the Parent F.I.L.A. S.p.A. concern salary-based Post-Employment Benefits, governed by Italian legislation and in particular Article 2120 of the Italian Civil Code. The amount of these benefits is in line with the contractually-established compensation agreed between the parties on hiring.

The other Group companies, particularly Omyacolor S.A. (France), Dixon Ticonderoga Company (U.S.A.) and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico), guarantee post-employment benefits, both through defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the Group companies pay the contributions to public or private insurance institutions based on legal or contractual obligations, or on a voluntary basis. With the payment of contributions the companies fulfill all of their obligations. The cost is accrued based on employment rendered and is recorded under labour costs.

The defined benefit plans may be unfunded, or they may be partially or fully funded by the contributions paid by the company, and sometimes by its employees to a company or fund, legally separate from the company which provides the benefits to the employees. The funds provide for a fixed contribution by the employees and a variable contribution by the employer, necessary to at least satisfy the funding requirements established by law and regulation in the individual countries.

Finally, the Group recognises to employees other long-term benefits, generally issued on the reaching of a fixed number of years of service or in the case of invalidity. In this instance, the value of the obligation recognised to the financial statements reflects the probability that the payment will be issued and the duration for which payment will be made. The value of these funds are calculated on an actuarial basis, utilising the "projected unit credit" method.

The amounts at December 31, 2015 were as follows:

Note 14.A -POST-EMPLOYMENT BENEFITS ITALY ("TFR") AND OTHER EMPLOYEE BENEFITS

Euro thousands	**Post-employment benefits (Italy)**	**Other Employee benefits**	**Total Amount**
December 31, 2014	**2.779**	**2.146**	**4.925**
Disbursements	(119)	(1.689)	(1.808)
Financial Expenses	40	46	86
Past Service Cost	0	(6)	(6)
Pension Cost for Service	0	1.895	1.895
of which Amount in Year from Change in Consol. Scope	0	*18*	*18*
IAS 19 Reserve	(129)	59	(70)
of which Amount in Year from Change in Consol. Scope	*0*	*(23)*	*(23)*
Contrib. of Writefine Products Private Ltd. at Oct. 31, 2015	0	306	306
Translation differences	0	23	23
December 31, 2015	**2.572**	**2.780**	**5.352**
Change in year	**(207)**	**634**	**426**

The "Actuarial Gains" for the year 2015 were recognised, net of the fiscal effect, directly to equity.

The following table outlines the amount of employee benefits, broken down by funded and unfunded by assets in service of the plan over the last two years:

1. Obligations for Employee Benefits	**31-12-2015**	**31-12-2014**
Present Value of Obligations Not Covered by Assets to Service Plan	2.572	2.779
	2.572	**2.779**
Present Value of Obligations Covered by Assets to Service Plan	3.611	3.868
Fair value of Plan Assets Relating to the Obligations	(831)	(1.722)
	2.780	**2.146**
Total amount	**5.352**	**4.925**

The financial assets at December 31, 2015 invested by the F.I.L.A. Group to cover financial liabilities arising from "Employee Benefits" amount to Euro 831 thousand (Euro 1,722 thousand at December 31, 2014) and relate to Dixon Ticonderoga Company (U.S.A. – Euro 497 thousand) and F.I.L.A.-Dixon, S.A. de C.V. (Mexico – Euro 334 thousand). The financial investments have an average yield of 5.8% on invested capital (equally broken down between investments in the "Ticket PFG" fund and investments in guaranteed yield contracts). The "structure" of financial investments at December 31, 2015 did not change on the previous year.

The table below highlights the net cost of employee benefit components recognised to the income statement in 2015 and 2014:

2. Cost Recognised in Income Statement	**31-12-2015**	**31-12-2014**
Pension Cost for Service	1.889	1.579
Financial charges	86	184
Cost Recognised in Income Statement	**1.975**	**1.763**

The principal actuarial assumptions used for the estimate of the post-employment benefits were the following:

3. Main Actuarial Assumptions at Reporting Date (average values)	**31-12-2015**	**31-12-2014**
Annual Technical Discounting Rate	4,3%	4,1%
Increase Cost of Living	4,3%	4,4%
Future Increase in Salaries	2,4%	2,4%
Future Increase in Pensions	2,0%	2,0%

Details of the financial cash flows of employee benefits at December 31, 2015 are illustrated in the table below.

Note 14.B EMPLOYEE BENEFITS: TIMING CASH FLOWS

		Timing cash flows				
Nature	**Amount**	**2016**	**2017**	**2018**	**2019**	**Beyond 2019**
Euro thousands						
Post-employment benefits Italy (TFR)	2.572	120	106	107	100	2.139
Other Employee Benefits	2.780	155	94	89	33	2.409
Total amount	**5.352**					

▪ **Note 15** - Provision for Risks and Charges

"Provision for Risks and Charges" at December 31, 2015 amount to Euro 1,376 thousand (Euro 993 thousand at December 31, 2014), of which Euro 942 thousand (Euro 731 thousand at December 31, 2014) concerning the non-current portion and Euro 434 thousand (Euro 262 thousand at December 31, 2014) concerning the current portion.

Note 15A - PROVISION FOR RISKS AND CHARGES

Euro thousands	Risks Provisions for Tax Disputes	Risks Provisions for Legal Disputes	Provisions cover Losses in Associates	Provisions for Agents	Restructuring Provisions	Other Provisions	Total Amount
December 31, 2014	51	67	0	686	0	189	993
non-current portion	0	0	0	646	0	85	731
current portion	51	67	0	40	0	104	262
December 31, 2015	39	132	0	647	0	558	1.376
non-current portion	0	0	0	607	0	335	942
current portion	39	132	0	40	0	223	434
Change in year	(12)	65	0	(39)	0	369	383
non-current portion	0	0	0	(39)	0	250	211
current portion	(12)	65	0	0	0	119	172

The change in the account "Provision for Risks and Charges" at December 31, 2015 was as follows:

Note 15.B PROVISION FOR RISKS AND CHARGES: CHANGES IN YEAR

Euro thousands	**Risks Provisions for Tax Disputes**	**Risks Provisions for Legal Disputes**	**Provisions for Agents**	**Restructuring Provisions**	**Other Provisions**
December 31, 2014	51	67	686	0	189
Utilisation of Provisions	(12)	(35)	(139)	0	(18)
Provisions Accrued	0	100	43	0	366
Release provision for risks and charges	0	0	0	0	0
Discounting	0	0	57	0	0
Exchange Differences	0	0	0	0	21
December 31, 2015	39	132	647	0	558
Change in year	(12)	65	(39)	0	369

- Risk Provisions for Tax Disputes:

  this provision represents the best estimate by management of liabilities concerning a tax assessment of F.I.L.A. S.p.A. by the public tax departments, concerning financial year 2004 and relating to direct and indirect taxes (Euro 39 thousand).

- Legal Dispute Provisions:

  this provision represents the best estimate by management of liabilities to be discharged concerning:

  - legal proceedings arising from ordinary operating activities;
  - legal proceedings concerning disputes with employees or former employees and agents.

  The provision of Euro 100 thousand relates to the company Lyra KG and related to a legal dispute with a client of the company.

  The utilisation of Euro 35 thousand mainly concerns the French subsidiary Omyacolor S.A., following the settlement of the outstanding dispute at December 31, 2014.

- Provisions for Pensions and Similar Obligations:

  the provision for pensions and similar obligations concerns the agent supplementary indemnity provision at December 31, 2015 of the Parent F.I.L.A. S.p.A.. and the subsidiary Industria Maimeri S.p.A.. The “Actuarial Loss” in 2015 amounts to Euro 57 thousand. The actuarial changes in the year, net of the tax effect, are recognised directly to equity.

- Other Provisions:

  The provision of Euro 558 thousand principally relates to the environmental reclamation provision accrued by the subsidiary Dixon Ticonderoga Company (U.S.A.), concerning the activities undertaken in the US in the period prior to the acquisition by F.I.L.A. S.p.A.. Reclamation times and estimates will be revised by management until completion.

No further disposal and environmental reclamation costs are expected following the reorganisation process involving the F.I.L.A. Group sites.

In order to establish the best estimate of the potential liability, each F.I.L.A. Group company assesses legal proceedings individually to estimate the probable losses which generally derive from similar events. The best estimate considers, where possible and necessary, the opinion of legal consultants and other experts, the prior experience of the company, in addition to the intention of the company itself to undertake further actions in each case. The present provision in the F.I.L.A. Group consolidated financial statements concerns the sum of individual allocations made by each Group company.

▪ **Note 16** - Deferred tax liabilities

Deferred Tax Liabilities amount to Euro 19,485 thousand (Euro 5,825 thousand at December 31, 2014).

Note 16.A - CHANGES IN DEFERRED TAX LIABILITIES

Euro thousands	
December 31, 2014	**5.825**
Provisions	96
Utilisations	(472)
of which Amount in Period from Change in Consolidation Scope	*(218)*
Contribution of Writefine Products Private Limited at Oct. 31, 2015	13.923
Translation differences	94
Change in Equity	19
December 31, 2015	**19.485**
Change in year	**13.661**

The deferred tax liabilities are calculated on "Intangible Assets" and "Property, Plant and Equipment", in addition to other differences between tax values and carrying amounts.

The table below shows the deferred tax liability provision by nature of the provision:

NOTE 16.B - BREAKDOWN OF DEFERRED TAX LIABILITIES

Euro thousands	Balance Sheet Values			Income Statement		Equity	
	2015	Contribution of Writefine Private Products Limited at October 31, 2015 and Space at May 31, 2015	2014	2015	2014	2015	2014
Deferred tax liabilities relating to:							
Inventories (PPA Mexico)	0	0	0	0	(201)	0	0
Intangible Assets	14.346	11.987	2.988	(630)	144	0	0
Property, Plant and Equipment	3.837	1.930	1.532	375	257	0	0
Personnel - IAS 19	154	0	108	27	180	19	(104)
Dividends planned F.I.L.A. Group - IAS 12	125	0	125	0	(1)	0	0
Translation reserve difference	99	0	209	(209)	(936)	99	209
Other	924	0	863	61	42	0	0
Total deferred tax liabilities	**19.485**	**13.918**	**5.825**	**(376)**	**(515)**	**118**	**105**

The balance at December 31, 2015 is mainly due to the change in the consolidation scope. The acquisition of Writefine Products Private Limited (India) in fact resulted in the contribution to the consolidated financial statements of deferred tax liabilities principally from the fiscal effects calculated on the revaluations of the Fair Values of the “Brands, Customer List and Property, Plant and Equipment”, recorded during the “Business Combination” process. At December 31, 2015, the total balance of the provision of the Indian subsidiary amounted to Euro 13,705 thousand against an initial contribution at October 31, 2015 of Euro 13,923 thousand offset by the reversal for Euro 218 thousand recognised at the end of the year. The “Deferred tax liabilities” at December 31, 2015 relate to the provisions accrued by the parent, by Dixon Ticonderoga Company (U.S.A.), by Lyra KG and by Lycin Mercantil Industrial Ltda., principally relating to “Intangible Assets” and “Property, Plant and Equipment”.

The change in the Equity represents the tax effect of the “Actuarial Gains/Losses” calculated on the “Post-Employment Benefits and Employee Benefits” and recognised, in accordance with IAS 19, as an Equity reserve.

The expected reversal within the next 12 months amounts to Euro 1,579 thousand.

- **Note 17 –** Financial Instruments

The account at December 31, 2015 totalled Euro 21,504 thousand and reflects the estimate of the Fair Value of market warrants, calculated as the number of warrants issued by the relative listing price. The Fair Value was established according to level 1 of the hierarchy, as the market warrants are listed on an active market.

During the year 490,373 warrants were exercised for a total value of Euro 986 thousand.

The market warrants recorded in the accounts at December 31, 2015 were adjusted to their Fair Value calculated based on the current listing price at the reporting date (Euro 2.63). The difference between the Fair Value at December 31, 2015 and the value at May 31, 2015 (Euro 2) was recognised in the income statement under financial expense totalling Euro 5,156 thousand.

▪ **Note 18 -** Current Tax Payables

The account "Tax Payables" concerns current tax payables totalling Euro 1,840 thousand at December 31, 2015 (Euro 2,536 thousand at December 31, 2014), principally relating to the parent F.I.L.A. S.p.A., to the Mexican company Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico), to FILA Argentina S.A. (Argentina), to FILA Dixon Stationery (Kunshan) Co., Ltd. (China) and to the Indian company consolidated at December 31, 2015, Writefine Products Private Limited.

▪ **Note 19 -** Trade and Other Payables

The breakdown of "Trade and Other Payables" of the F.I.L.A. Group is reported below:

Note 19.A TRADE AND OTHER PAYABLES

Euro thousands	**December 31, 2015**	**December 31, 2014**	**Change in year**
Trade Payables	38.412	36.968	1.444
Tax Payables	4.775	3.839	936
Other Payables	8.787	7.442	1.345
Accrued Liabilities & Deferred Income	1.011	630	381
Third parties	**52.985**	**48.879**	**4.106**
Trade Payables - Associates	0	205	(205)
Associates	**0**	**205**	**(205)**
Total amount	**52.985**	**49.084**	**3.901**

“Trade and Other Payables” at December 31, 2015 amount to Euro 52,985 thousand (Euro 49,084 thousand at December 31, 2014).

The increase in “Trade Payables” (Euro 1,444 thousand) is mainly due to the change in the consolidation scope. The total effect amounts to Euro 3,359 thousand and relates for Euro 3,215 thousand to Writefine Products Private Limited, for Euro 142 thousand to Fila Dixon Art & Craft Yixing Co., Ltd (China) and for Euro 2 thousand to Fila Polska Sp. Z.o.o (Poland).

Excluding the changes in the consolidation scope, trade payables at December 31, 2015 reduced by Euro 1,915 thousand.

The geographic breakdown of trade payables is shown below:

Note 19.B TRADE PAYABLES FROM THIRD PARTIES - REGIONAL BREAKDOWN

Euro thousands	December 31, 2015	December 31, 2014	Change in year
Europe	22.240	20.763	1.477
North America	3.102	5.470	(2.368)
Central/South America	2.717	3.729	(1.012)
Asia	9.804	6.516	3.288
Rest of the World	549	490	59
Total amount	**38.412**	**36.968**	**1.444**

The carrying amount of trade payables at the reporting date approximates their “fair value”.

The trade payables reported above are due within 12 months.

The account “Tax Payables” to third parties amounts to Euro 4,775 thousand at December 31, 2015 (Euro 3,839 thousand at December 31, 2014), of which Euro 3,621 thousand VAT payables and Euro 1,154 thousand concerning tax payables other than current taxes.
VAT payables mainly relate to the Mexican subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Euro 3,111 thousand), Lyra Scandinavia AB (Euro 127 thousand), the English company FILALYRA GB Ltd. (Euro 90 thousand) and F.I.L.A. Chile Ltda (Euro 76 thousand).
“Other Tax Payables” concern consultants withholding taxes arising in December 2015 and paid in January 2016 and principally relating to the Parent F.I.L.A. S.p.A (Euro 414 thousand). The

residual amount refers mainly to the Chinese subsidiary (Euro 306 thousand) for local taxes and to Writefine Products Private Limited (Euro 105 thousand).

"Other Payables" amount to Euro 8,787 thousand at December 31, 2015 and principally include:

- employee salary payables of Euro 5,111 thousand (Euro 4,032 thousand at December 31, 2014);
- social security contributions to be paid of Euro 2,099 thousand (Euro 1,874 thousand at December 31, 2014);
- payables for agent commissions of Euro 172 thousand (Euro 199 thousand at December 31, 2014).

The carrying amount of "Tax Payables", "Other Payables" and "Accrued Liabilities and Deferred Income" at the reporting date approximate their fair value.

With reference to the other non-current payables, the balance at December 31, 2015 amounted to Euro 132 thousand and refers to deposits paid by clients to guarantee long-term supply contracts of the Indian company Writefine Products Private Limited (India).

▪ **Note 20 –** Core Business Revenue

Core business revenue in 2015 amounted to Euro 275,333 thousand (Euro 233,585 thousand in 2014).

Revenue was broken down as follows:

Note 20.A - CORE BUSINESS REVENUE			
Euro thousands	**2015**	**2014**	**Change 2015 - 2014**
Revenue from Sales and Service	294.295	248.207	46.088
Adjustments on Sales	(18.962)	(14.622)	(4.340)
Returns on Sales	(10.282)	(7.370)	(2.912)
Discounts, Allowances & Premiums	(8.680)	(7.252)	(1.428)
Total amount	**275.333**	**233.585**	**41.749**

"Core Business Revenue" in 2015 relating to the changes in the consolidation scope, amounting to Euro 7,005 thousand, principally relates to Writefine Products Private Limited.

The breakdown of revenue by end customer location is reported in the following table:

Note 20.B CORE BUSINESS REVENUE			
Euro thousands	**2015**	**2014**	**Change 2015 - 2014**
Europe	116.873	111.011	5.862
North America	86.065	62.874	23.191
Central/South America	55.034	50.592	4.442
Asia	8.643	1.899	6.744
Rest of the World	8.719	7.209	1.510
Total amount	**275.333**	**233.585**	**41.748**

▪ Note 21 – Other Revenue and Other Operating Income

The account other income relates to ordinary operations and does not include the sale of goods and provision of services.

"Other Revenue and Income" in 2015 amounted to Euro 7,210 thousand (Euro 3,817 thousand in 2014).

Note 21 – OTHER REVENUE AND OTHER OPERATING INCOME

Euro thousands	2015	2014	Change 2015 - 2014
Gains on Sale of Property, Plant and Equipment	46	42	4
Unrealised Exchange Gains on Commercial Transactions	2.390	1.467	923
Realised Exchange Gains on Commercial Transactions	2.528	1.076	1.452
Other Revenue and Income	2.247	1.232	1.015
Total amount	**7.210**	**3.817**	**3.393**

"Other Revenue and Income" mainly includes:

- commissions from the Ticonderoga brand sales for Euro 577 thousand;
- government reimbursement received by Beijing F.I.L.A.-Dixon Stationery Company Ltd., amounting to Euro 218 thousand following investments in Plant and Machinery;
- sale of production waste for Euro 399 thousand, concerning Beijing F.I.L.A.-Dixon Stationery Company Ltd., FILA Dixon Stationery (Kunshan) Co. Ltd. and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico);
- royalties and recharge of gifts recognised to F.I.L.A. S.p.A., amounting to Euro 79 thousand, and Lyra KG amounting to Euro 80 thousand;
- rental income of Industria Maimeri S.p.A. totalling Euro 31 thousand.

"Other Revenue and Income" in 2015 relating to the changes in the consolidation scope, amounting to Euro 95 thousand, principally relates to Writefine Products Private Limited.

- **Note 22** - Costs for Raw Materials, Ancillary, Consumables and Goods

The account includes all purchases of raw materials, semi-processed products, transport for purchases, goods and consumables for operating activities.

The breakdown is provided below:

Note 22 - COSTS FOR RAW MATERIALS, ANCILLARY, CONSUMABLES AND GOODS

Euro thousands	2015	2014	Change 2015 - 2014
Raw materials, Ancillary, Consumables and Goods	(104.197)	(85.475)	(18.722)
Shipping Expenses on Purchases	(8.869)	(5.838)	(3.031)
Packaging	(2.716)	(1.831)	(885)
Import Charges and Customs Duties	(3.567)	(2.668)	(899)
Other Accessory Charges on Purchases	(7.302)	(5.948)	(1.354)
Materials for Maintenance	(104)	0	(104)
Adjustments on Purchases	146	46	100
Returns on Purchases	82	0	82
Discounts, Allowances and Premiums	64	46	18
Total amount	**(126.609)**	**(101.716)**	**(24.893)**

The increase in the account is mainly due to the sourcing of raw materials, ancillary, consumables and goods by the Parent, by the subsidiary Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico) and the subsidiary Industria Maimeri S.p.A. (Italy).

The increase in “Import Charges and Customs Duties” on 2014 (Euro 899 thousand) is in line with the changes in “Purchases of Raw Materials, Ancillary, Consumables and Goods”.
Higher “Other Accessory Charges on Purchases”, which include all accessory charges concerning purchases made, such as outsourcing and consortium contributions, is also due to increased procurement.

“Costs for Raw Materials, Ancillary, Consumables and Goods” in 2015 relating to the changes in the consolidation scope, amounting to Euro 4,897 thousand, principally relates to Writefine Products Private Limited.

The increases in inventories at December 31, 2015 totalled Euro 18,175 thousand, of which:

- increase of "Raw Materials, Ancillary, Consumables and Goods" for Euro 4,944 thousand (increase of Euro 5,133 thousand in 2014);
- decrease in "Contract Work-in-Progress and Semi-Finished products" of Euro 1,088 thousand (increase of Euro 1,323 thousand in 2014);
- increase in "Finished Products" of Euro 14,319 thousand (decrease of Euro 4,308 thousand in 2014).

▪ Note 23 - Service Costs and Rent, Leases and Similar Costs

"Service Costs and Rent, Leases and Similar Costs" amounted in 2015 to Euro 68,477 thousand (Euro 57,655 thousand in 2014).

Services costs are broken down as follows:

Note 23 - SERVICE COSTS AND RENT, LEASES AND SIMILAR COSTS

Euro thousands	**2015**	**2014**	**Change 2015 - 2014**
Sundry services	(6.490)	(5.452)	(1.038)
Transport	(9.329)	(8.290)	(1.039)
Warehousing	(693)	(589)	(104)
Maintenance	(3.543)	(2.866)	(677)
Utilities	(4.213)	(4.017)	(196)
Consulting	(7.509)	(7.093)	(416)
Directors and Statutory Auditors Fees	(3.774)	(3.197)	(577)
Advertising, Promotions, Shows and Fairs	(5.202)	(3.985)	(1.217)
Cleaning	(408)	(323)	(85)
Bank Charges	(819)	(845)	26
Agents	(6.012)	(5.373)	(639)
Sales representatives	(2.687)	(2.109)	(578)
Sales Commissions	(8.247)	(5.947)	(2.300)
Insurance	(1.226)	(1.251)	25
Other Service Costs	(1.473)	(539)	(934)
Hire Charges	(4.453)	(3.709)	(744)
Rental	(722)	(701)	(21)
Operating Leases	(1.081)	(941)	(140)
Royalties and Patents	(597)	(428)	(169)
Total amount	**(68.477)**	**(57.655)**	**(10.821)**

In 2015 non-recurring service costs amounted to Euro 5,339 thousand, principally concerning the merger and listing which involved the parent and M&A operations. This change, principally within the "Consulting" item, mainly concerns parent company.

The movement on the previous year, in addition to that described above, stems mainly from the increase in "Sales Commissions" (Euro 2,300 thousand), principally concerning the company Dixon Ticonderoga Co. (U.S.A) and "Transport" (Euro 1,039 thousand), almost exclusively concerning F.I.L.A. S.p.A. and the company Dixon Ticonderoga Co. (U.S.A), both related to higher sales volumes during the year, "Advertising, Promotions, Shows and Fairs" (Euro 1,217 thousand) mainly relating to Dixon Ticonderoga Co. (U.S.A) totalling Euro 817 thousand, in addition to Directors and Statutory Auditors fees, mainly relating to the parent.

"Service Costs and Rent, Leases and Similar Costs" relating to the changes in the consolidation scope amounted to Euro 1,564 thousand, mainly relating to Writefine Products Private Limited and to the accounts: "Utilities", "Transport", and "Advertising, Promotions, Shows and Fairs".

- **Note 24 –** Other Costs

"Other Costs" in 2015 totalled Euro 8,188 thousand (Euro 4,947 thousand in 2014).

Note 24 – OTHER COSTS

Euro thousands	2015	2014	Change 2015 - 2014
Unrealised Exchange Losses on Commercial Transactions	(3.290)	(1.795)	(1.496)
Realised Exchange Losses on Commercial Transactions	(3.588)	(1.578)	(2.010)
Other Operating Charges	(1.309)	(1.574)	265
Total amount	**(8.188)**	**(4.947)**	**(3.241)**

The account "Other Operating Charges" amounting to Euro 1,309 thousand mainly relates to the subsidiary Lyra KG (Germany – Euro 326 thousand), Dixon Ticonderoga Co. (U.S.A – Euro 289 thousand), the Parent F.I.L.A. S.p.A. (Italy – Euro 222 thousand), the Chinese subsidiary Beijing F.I.L.A – Dixons Stationery Company (China – Euro 173 thousand) and Fila Dixon Stationery

(Kunshan) Co., Ltd. (China – Euro 151 thousand); the above-mentioned account mainly includes other taxes such as property taxes, register taxes and indirect taxes, as well as gifts and promotional articles.

In 2015, non-recurring other operating costs amounted to Euro 443 thousand, principally relating to the environmental reclamation provision accrued by the subsidiary Dixon Ticonderoga Company (U.S.A.), concerning the activities undertaken in the US in the period prior to the acquisition by F.I.L.A. S.p.A..

"Other Costs" in 2015 relating to the companies subject to changes in the consolidation scope amounted to Euro 9 thousand.

▪ Note 25 – Labour Costs

"Labour Costs" include all costs and expenses incurred for employees.

These costs are broken down as follows:

Note 25 – LABOUR COSTS

Euro thousands	2015	2014	Change 2015 - 2014
Wages and Salaries	(41.898)	(36.297)	(5.601)
Social Security Charges	(10.681)	(9.547)	(1.134)
Post-Employment Benefits	(1.889)	(1.579)	(310)
Other Personnel Expenses	(1.197)	(1.405)	208
Total amount	**(55.664)**	**(48.829)**	**(6.836)**

The changes in F.I.L.A. Group labour costs principally concerns the workforce at Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico), particularly in terms of skilled workers at the production facilities as well as the Chinese group company FILA Dixon Stationery (Kunshan) Co. Ltd., fully operational compared to the previous year.

The increase in labour costs also naturally included normal labour cost increases as well as the currency effect, principally relating to the Renminbi.
"Labour Costs" in 2015 relating to the changes in the consolidation scope, amounting to Euro 1,329 thousand, principally related to Writefine Products Private Limited.

Non-recurring labour costs amounted to Euro 61 thousand, attributable to the US Group company Dixon Ticonderoga Co. (U.S.A. – Euro 46 thousand) and the Turkish Group company FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey – Euro 15 thousand), relating to internal reorganisations.

The F.I.L.A. Group workforce at December 31, 2015 numbered 6,036 FTE (2,842 at December 31, 2014).
The increase in the workforce attributable to the Indian group company Writefine Products Pvt Ltd. amounted to 3,334 employees.

Excluding the contribution to the workforce of the newly acquired Indian company (3,334 employees at December 31, 2015), the increase in Group employees is principally due to the increased blue-collar workforce, in particular at the production facilities of the subsidiary Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico – 29 employees) and the subsidiary Fila Dixon Art & Craft Yixing Co. (China - 26 employees).
The following table reports the breakdown of the F.I.L.A. Group workforce at December 31, 2015 and 2014.

	Europe	**North America**	**Central - South America**	**Asia**	**Rest of the World**	**Total**
December 2015	527	92	1,322	4,083	12	**6,036**
December 2014	515	103	1,286	930	8	**2,842**
Change	**12**	**(11)**	**36**	**3,153**	**4**	**3,194**

and the breakdown and movement by worker category:

PERSONNEL	Managers	White-collar	Blue-collar	Total
Total at 31/12/2014	**39**	**729**	**2,074**	**2,842**
Increases	4	762	2,836	3,602
Decreases	(2)	(168)	(238)	(408)
Total at 31/12/2015	**41**	**1,323**	**4,672**	**6,036**
of which change in consolidation scope	**4**	**583**	**2,747**	**3,334**

The average workforce in 2015 of the F.I.L.A. Group was 5,596, higher than the average workforce in 2014 of 2,817. Excluding the increased contribution by the Indian company Writefine Products Pvt Ltd. of 2,902, the workforce of the F.I.L.A Group did not change significantly.

PERSONNEL	Managers	White-collar	Blue-collar	Total
Total at 31/12/2014	**55**	**752**	**2,010**	**2,817**
Total at 31/12/2015	**53**	**1,167**	**4,376**	**5,596**

The turnover was affected by the restructuring of the workforce, principally in terms of the blue-collar category.

▪ Note 26 – Amortisation and Depreciation

Amortisation and depreciation in 2015 and 2014 is reported below:

Note 26 – AMORTISATION AND DEPRECIATION			
Euro thousands	**2015**	**2014**	**Change 2015 - 2014**
Depreciation of Property, Plant and Equipment	(4.879)	(4.139)	(740)
Amortisation of Intangible Assets	(1.913)	(1.559)	(354)
Total amount	**(6.792)**	**(5.698)**	**(1.094)**

The increase in amortisation and depreciation reflects the production investments in the year.

In 2015 "Amortisation and depreciation" relating to the changes in the consolidation scope amounted to Euro 785 thousand, principally relating to Writefine Products Private Limited.

For further details, reference to "Note 1 – Intangible Assets" and "Note 2 – Property, Plant and Equipment".
No impairments were recognised in the year.

- **Note 27 –** Write-Downs

The write-downs in 2015 and 2014 are reported below:

Note 27 – WRITE-DOWNS

Euro thousands	2015	2014	Change 2015 - 2014
Write-down Property, Plant and Equipment	(3)	(48)	44
Doubtful Debt Provisions	(985)	(296)	(689)
Total amount	**(989)**	**(344)**	**(645)**

Doubtful debt provisions principally relate to the Parent F.I.L.A. S.p.A. (Italy) for an amount of Euro 616 thousand and to the Group company Dixon Ticonderoga Co. (U.S.A) for Euro 173 thousand.

In 2015m there were no "Write-downs" relating to the changes in the consolidation scope.

▪ Note 28 – Financial Income

Financial income, together with the comment on the main changes on the previous year, was as follows:

Note 28 - FINANCIAL INCOME			
Euro thousands	**2015**	**2014**	**Change 2015 - 2014**
Investment income	13.922	0	13.922
Interest on Bank Deposits	467	53	414
Other Financial Income	216	110	106
Unrealised Exchange Gains on Financial Transactions	988	226	762
Realised Exchange Gains on Financial Transactions	101	200	(99)
Total amount	**15.695**	**589**	**15.106**

"Other Financial Income" mainly includes interest on excess liquidity of the Parent (Euro 128 thousand).

In 2015 "Financial Income" relating to the change in the consolidation scope, amounting to Euro 49 thousand, principally relates to Writefine Products Private Limited.

In relation to investment income amounting to Euro 13,922 thousand, reference to the section "Business Combinations".

▪ Note 29 - Financial Expense

Financial expense, together with the comment on the main changes on the previous year, were as follows:

Note 29 - FINANCIAL EXPENSES

Euro thousands	2015	2014	Change 2015 - 2014
Interest on Bank Overdrafts	(316)	(278)	(38)
Interest on Bank Loans	(3.363)	(3.504)	141
Interest to Other Lenders	(7)	(7)	0
Other Financial Charges	(52.251)	(729)	(51.522)
Unrealised Exchange Losses on Financial Transactions	(2.141)	(516)	(1.625)
Realised Exchange Losses on Financial Transactions	(203)	(50)	(153)
Total amount	**(58.281)**	**(5.084)**	**(53.197)**

“Other Financial Expense” concerns the difference of Euro 45,791 thousand between the Fair Value of Space at May 31, 2015 (the market capitalisation of shares at May 29, 2015) and the relative carrying amount of the equity at the same date. This difference derives from the application of IFRS 2, which establishes the accounting of Space at Fair Value (in accounting terms the company acquired).

No goodwill or intangible asset was recognised, as not relating to a business combination and therefore not in accordance with the provisions of IAS 38 (Space S.p.A. was in fact without any specific core business).

The account “Other Financial Expense” includes the adjustments to Fair Value of the market warrants for Euro 5,156 thousand. As concerning financial instruments listed on an active market, the Fair Value was determined utilising the hierarchy level 1.

Reference to Note 12 for further information on the establishment of the Fair Value of Space S.p.A. at May 31, 2015.

“Interest Charges on Bank Loans” includes interest matured on the financial exposure of the group companies.

“Financial Expense” in 2015 relating to the changes in the consolidation scope, amounting to Euro 136 thousand, principally relate to Writefine Products Private Limited.

▪ **Note 30** - Foreign Currency Transactions

Exchange differences on financial and commercial transactions in foreign currencies in 2015 are reported below.

Note 30 - FOREIGN CURRENCY TRANSACTIONS

Euro thousands	2015	2014	Change 2015 - 2014
Unrealised Exchange Gains on Commercial Transactions	2.390	1.467	923
Realised Exchange Gains on Commercial Transactions	2.528	1.076	1.452
Unrealised Exchange Losses on Commercial Transactions	(3.290)	(1.795)	(1.495)
Realised Exchange Losses on Commercial Transactions	(3.588)	(1.578)	(2.010)
Total exchange differences on commercial transactions	**(1.960)**	**(830)**	**(1.130)**
Unrealised Exchange Gains on Financial Transactions	988	226	762
Realised Exchange Gains on Financial Transactions	101	200	(99)
Unrealised Exchange Losses on Financial Transactions	(2.141)	(516)	(1.625)
Realised Exchange Losses on Financial Transactions	(203)	(50)	(153)
Total exchange differences on financial transactions	**(1.254)**	**(140)**	**(1.114)**
Total net value of exchange differences	**(3.215)**	**(970)**	**(2.245)**

Exchange differences in 2015 principally arose from the movement of local currencies (principally the US Dollar, the Canadian Dollar and the respective South American currencies) against the Euro, in addition to the movement in the year of assets and liabilities in foreign currencies, following commercial and financial transactions.

In 2015 “Foreign Currency Transactions” relating to the change in the consolidation scope, amounting to Euro 34 thousand, principally relates to Writefine Products Private Limited.

▪ **Note 31 –** Income/Expense from Investments Valued at Equity

“Income/Expense from Investments Valued at Equity” total Euro 420 thousand (Euro 443 thousand in 2014). This income relates to the adjustment of the investment value of the company Writefine Products Private Limited (India) by the parent F.I.L.A. S.p.A, in application of the equity method, for the period prior to the acquisition of control from November 2015.

▪ **Note 32 -** Income Taxes

These amounted to Euro 8,286 thousand in 2015 (Euro 8,244 thousand in 2014) and concern current taxes for Euro 10,444 thousand (Euro 9,714 thousand in 2014) and net deferred tax income of Euro 2,158 thousand (Euro 1,470 thousand in 2014).

▪ **Note 32.A** – Current Income Taxes

The breakdown is as follows.

Note 32.A - INCOME TAXES

Euro thousands	2015	2014	Change 2015 - 2014
Current Income Taxes - Italy	(1.575)	(2.307)	732
Current Income Taxes - Foreign	(8.869)	(7.406)	(1.463)
Total amount	**(10.444)**	**(9.714)**	**(731)**

Current Italian taxes concern F.I.L.A. S.p.A. and Industria Maimeri S.p.A.

The breakdown of current overseas taxes is illustrated below.

Note 32.A.1 INCOME TAXES

Euro thousands	2015	2014	Change 2015 - 2014
F.I.L.A. S.p.A (Italy)	(95)	0	(95)
Omyacolor S.A. (France)	(905)	(981)	76
F.I.L.A. Hispania S.L. (Spain)	(401)	(492)	91
Dixon Ticonderoga Company (U.S.A.)	(4.306)	(3.288)	(1.018)
FILALYRA GB Ltd. (United Kingdom)	(56)	(121)	65
Beijing F.I.L.A.-Dixon Stationery Company Limited (China)	119	31	88
Fila Dixon Stationery (Kunshan) Co., Ltd. (China)	(223)	0	(223)
Fila Dixon Art & Craft Yixing Co.,Ltd	(54)	0	(54)
Dixon Ticonderoga Inc. (Canada)	(249)	(158)	(91)
Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)	(1.810)	(1.952)	142
FILA Argentina S.A. (Argentina)	(163)	(194)	31
PT. Lyra Akrelux (Indonesia)	(37)	(41)	4
Lyra GmbH & Co. K.G. (Germany)	(95)	(24)	(71)
Lyra Scandinavia AB (Sweden)	(86)	(42)	(44)
Lyra Verwaltungs Gmbh	(2)	0	(2)
Licyn Mercantil Industrial Ltda (Brazil)	(62)	(49)	(13)
Fila Hellas SA (Greece)	(105)	(95)	(10)
Fila Polska Sp. Z.o.o (Poland)	(8)	0	(8)
Writefine products PVT LTD.	(330)	0	(330)
Total amount	**(8.869)**	**(7.406)**	**(1.463)**

The foreign income taxes also include the tax charge relating to F.I.L.A S.p.A. concerning the tax representation of the subsidiary Lyra KG.

- **Note 32.B –** Deferred Taxes

The breakdown is provided below:

Note 32.B - DEFERRED TAX INCOME AND CHARGES

Euro thousands	2015	2014	Change 2015 - 2014
Deferred Tax Charge	376	515	(139)
Deferred Tax Income	1.782	955	828
Total amount	**2.158**	**1.470**	**688**

"Deferred Tax Income and Charges" in 2015 relating to the changes in the consolidation scope, amounting to Euro 196 thousand, principally relate to Writefine Products Private Limited.

The table below shows the overall tax effects in the period.

Note 32.C - TOTAL INCOME TAXES IN YEAR

Euro thousands	2015	%	2014	%
Pre-Tax Consolidated Result of the F.I.L.A. Group	(8,168)		24,925	
Result of Companies of the F.I.L.A. Group not subject to Current Income Taxes	28,452		1,121	
Consolidation Effect of the F.I.L.A. Group - Before Income Taxes	12,667		3,637	
Theoretical Tax Base	32,951		29,683	
Total current income taxes in accounts	**(10,444)**	***31.70%***	**(9,714)**	***32.73%***
Deferred Tax Asset in Year on Temporary Differences	1,782		956	
Deferred Tax Liability in Year on Temporary Differences	376		515	
Total deferred tax income & charges in accounts	**2,158**	***-6.55%***	**1,471**	***-4.96%***
Total income taxes in accounts	**(8,286)**	***25.15%***	**(8,243)**	***27.77%***

The "Total taxes recognised to the income statement" of Euro 8,286 thousand represent an average effective tax rate for the F.I.L.A. Group of 25.15%, reducing 2.62% on the previous year, principally generated from the tax effects inherited from Space S.p.A..

Disclosure pursuant to Article 149 of the Consob Issuer's Regulation

The following table, prepared pursuant to Article 149 of the CONSOB Issuers' Regulations, reports the payments made in 2015 for audit and other services carried out by the audit firm and entities associated with the audit firm.

Euro thousands	Service provider	Company	2015 Fees
Auditor	KPMG S.p.A.	Parent	178
	KPMG S.p.A.	Italian subsidiary companies	25
	KPMG S.p.A.	Overseas subsidiary companies	334
	KPMG S.p.A.	Parent	17
	Other Companies	Overseas subsidiary companies	114
Certification services	KPMG (1)		133
Other services	KPMG (2)		312
Total			**1,113**

1) *Certification services mainly relate to consultancy work related to the prospectus requested for the listing (comfort letter)*
2) *The other services mainly relate to consultancy concerning implementation of the provisions as per Law 262/05*

Business Combinations

Writefine Products Private Limited

On October 26, 2015, F.I.L.A. S.p.A. acquired a further 32.5% holding in the Equity of Writefine Products Private Limited, a company in which an 18.5% stake was already held and which concluded an initiative began in December 2011, reaching a stake of 51% in the company. From November 1, 2015, Writefine Products Private Limited was consolidated under the line-by-line method.

The associated company investment of 18.5% already held in the Indian company was treated under the equity method prior to the acquisition of control, or rather from January 1, 2015 to October 31, 2015. As concerning a "Step acquisition", in accordance with IFRS 3, the recognition value of the investment at the acquisition date of control (Euro 6,542 thousand at October 31, 2015) was adjusted to the Fair Value of the net assets; the carrying value of the investment was increased, recording financial income of Euro 13,922 thousand in the consolidated financial statements.

From November 1, 2015 Writefine Products Private Limited was consolidated under the "line-by-line" method and at December 31, 2015 contributed to the result only the profits/(loss) for the period between November 1, 2015 and December 31, 2015.

The cash flows utilised for the acquisition of the 32.5% stake are illustrated below:

Net Carrying Amount of the acquisition of Writefine Product Private Limited at October 26, 2015	**17,426**
Fair Value of the acquisition of Writefine Product Private Limited at October 26, 2015	**45,636**
Cash and cash equivalents Acquired I)	**2,423**
Price paid by F.I.L.A. S.p.A. II)	**41,364**
Cash flow employed for acquisition of Writefine Product Private Limited at October 26, 2015 II) - I)	**38,941**

The allocation of the differential between “Investment Cost” and the “Net Carrying Amount“ of Writefine Products Private Limited at October 26, 2015 as well as the “Goodwill” generated from the consolidation is reported below:

Payment of F.I.L.A. S.p.A. for 18.5% of Writefine Products Private Limited		5,412
Payment of F.I.L.A. S.p.A. for 32.5% of Writefine Products Private Limited		35,952
Total payment of F.I.L.A. S.p.A. for 51% of Writefine Products Private Limited	***A***	**41,364**
Consultancy charges concerning the 18.5% investment		702
Consultancy charges concerning the 31.5% investment		159
Total consultancy charges of F.I.L.A. S.p.A. for 51% of Writefine Products Private Limited	***B***	**861**
Adjustment to “Fair Value” of the Payment for 18.5% investment in Writefine Products Private Limited	***C***	**15,052**
Value of F.I.L.A. S.p.A Investment in Writefine Products Private Limited at 51% in the separate financial statements of the parent	***A + B + C***	**57,277**
Adjustment Investment at Equity of 18.5% investment until October 26, 2015	***E***	**1,130**
Adjustment to “Fair Value” of the Payment for 18.5% investment in Writefine Products Private Limited, adjusted to the consolidated result at	***C - E***	**13,922**
Value of Equity of Writefine Products Private Limited at October 31, 2015, 51% held by F.I.L.A S.p.A.	***F***	**17,426**
Allocation of the differential between the Investment Cost and the Net Book Value of Writefine Products Private Limited	***G***	**28,210**
Intangible Assets - Brands		15,552
Intangible Assets - Customer List		19,475
Intangible Assets - Local Goodwill		105
Property, Plant and Equipment		6,193
Deferred Tax Assets		42
Deferred Tax Liabilities		(13,157)
Equity allocation of Writefine Products Private Limited to non-controlling interests 49%	**H = (F + G)*49%**	**22,362**
Differential between acquisition value of the investment and net carrying amount of Writefine Products Private Limited (Goodwill) at October 26, 2015	***A + C - F - G + H***	**33,142**

Note: The figures are converted at the exchange rate at October 31, 2015.

The value of the assets and liabilities of Writefine Products Limited at the acquisition date was as follows:

Euro thousands	Carrying amount	Fair Value alignment - IFRS 3	Fair Value
ASSETS	**26,986**	**41,367**	**68,353**
Non-Current Assets	**14,495**	**41,367**	**55,862**
Intangible Assets	308	35,132	35,441
Property, Plant and Equipment	13,415	6,193	19,608
Non-Current Financial Assets	416	0	416
Investments Measured at Cost	322	0	322
Deferred Tax Assets	34	42	76
Current Assets	**12,491**	**0**	**12,491**
Current Financial Assets	10	0	10
Current Tax Receivables	281	0	281
Inventories	7,892	0	7,892
Trade and Other Receivables	1,895	0	1,895
Cash and Cash Equivalents	2,413	0	2,413
Other Current Assets			0
Non-Current and Current Assets Held-for-Sale	**0**	**0**	**0**
LIABILITIES AND EQUITY	**26,986**	**41,367**	**68,353**
Equity	**17,427**	**28,210**	**45,637**
Share Capital	52	0	52
Reserves	11,971	28,121	40,092
Retained Earnings	3,159	0	3,159
Net profit for the year	2,245	88	2,333
Non-Current Liabilities	**1,802**	**13,157**	**14,959**
Non-Current Financial Liabilities	596	0	596
Employee Benefits	306	0	306
Deferred Tax Liabilities	767	13,157	13,924
Other Non-Current Liabilities	133	0	133
			0
Current Liabilities	**7,759**	**0**	**7,759**
Current Financial Liabilities	2,722	0	2,722
Current Tax Payables	956	0	956
Trade and Other Payables	4,081	0	4,081

Note: The figures are converted at the exchange rate at October 31, 2015.

The principal adjustments made to the statement of financial position following the fair value measurement of assets and liabilities is reported below:

I) The carrying amount of "Intangible Assets" was adjusted for Euro 35,132 thousand, of which Euro 19,475 thousand concerning brands, including the brand "*DOMS*" and the

"*Customer List*" for Euro 15,552 thousand, identified as strategic assets in application of the "purchase price allocation" method, based on an independent expert's valuation. The residual of Euro 105 thousand is due to the net book value of the "local Goodwill" already recorded in the separate financial statements of the company.

II) The fair value adjustment of the "Property, plant and equipment" of Euro 6,193 thousand is based on an independent expert's valuation.

III) The changes in the deferred tax assets and liabilities are entirely due to the fiscal effects calculated on the adjustments described at points *I)* and *II)*.

The Statement of Financial Position and Income Statement at December 31, 2015 are reported below:

Euro thousands	**31-12-2015**
ASSETS	**70.033**
Non-Current Assets	**55.387**
Intangible Assets	35.120
Property, Plant and Equipment	19.426
Non-Current Financial Assets	418
Investments Measured at Equity	322
Deferred Tax Assets	101
Current Assets	**14.645**
Current Financial Assets	50
Current Tax Receivables	995
Inventories	8.246
Trade and Other Receivables	2.925
Cash and Cash Equivalents	2.430
LIABILITIES AND EQUITY	**70.033**
Equity	**45.902**
Share Capital	52
Reserves	40.110
Retained Earnings	5.492
Net profit for the year	249
Non-Current Liabilities	**14.732**
Non-Current Financial Liabilities	596
Employee Benefits	300
Deferred Tax Liabilities	13.705
Other Payables	131
Current Liabilities	**9.399**
Current Financial Liabilities	4.100
Current Tax Payables	960
Trade and Other Payables	4.338

Euro thousands	**2015**
Revenue from Sales and Service	7.229
Other Revenue and Other Operating Income	50
TOTAL REVENUE	**7.279**
Raw Materials, Ancillary, Consumables and Goods	(4.208)
Services and Rent, Leases and Similar Costs	(1.118)
Change in Raw Materials, Semi-Finished, Work-in-progress and Finished Products	359
Labour Costs	(1.146)
Amortisation & Depreciation	(753)
TOTAL OPERATING COSTS	**(6.867)**
EBIT	**412**
Financial Income	49
Financial charges	(129)
NET FINANCIAL CHARGES	**(80)**
PRE-TAX PROFIT	**332**
Income Taxes	(330)
Deferred Tax Income and Charges	246
TOTAL INCOME TAXES	**(83)**
NET PROFIT - CONTINUING OPERATIONS	**249**
NET PROFIT - DISCONTINUED OPERATIONS	**249**
RESULT FOR THE YEAR	**249**

Attachment 1 - List of companies included in the consolidation and other investments

Company name	State of residence of the company	Year of acquisition of the company	% held directly (F.I.L.A. S.p.A.)	% held indirectly	% held by F.I.L.A. Group	Investing Company	Consolidation method	Non-controlling interests
Omyacolor S.A.	France	2000	94,94%	5,05%	99,99%	FILA S.p.A. Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG Lyra Bleistift-Fabrik Verwaltungs GmbH	Line-by-line	0,01%
F.I.L.A. Hispania S.L.	Spain	1997	96,77%	0,00%	96,77%	FILA S.p.A.	Line-by-line	3,23%
FILALYRA GB Ltd.	United Kingdom	2005	0,00%	100,00%	100,00%	Dixon Ticonderoga Company	Line-by-line	0,00%
Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Germany	2008	99,53%	0,47%	100,00%	Lyra Bleistift-Fabrik Verwaltungs GmbH	Line-by-line	0,00%
Lyra Bleistift-Fabrik Verwaltungs GmbH	Germany	2008	0,00%	100,00%	100,00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-line	0,00%
Lyra Scandinavia AB	Sweden	2008	0,00%	80,00%	80,00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-line	20,00%
FILA Stationary and Office Equipment Industry Ltd. Co.	Turkey	2011	100,00%	0,00%	100,00%	FILA S.p.A.	Line-by-line	0,00%
Fila Stationary O.O.O.	Russia	2013	90,00%	0,00%	90,00%	FILA S.p.A.	Line-by-line	10,00%
Industria Maimeri S.p.A.	Italy	2014	51,00%	0,00%	51,00%	FILA S.p.A.	Line-by-line	49,00%
Fila Hellas SA*	Greece	2013	50,00%	0,00%	50,00%	FILA S.p.A.	Line-by-line	50,00%
Fila Polska Sp. Z.o.o	Poland	2015	51,00%	0,00%	51,00%	FILA S.p.A.	Line-by-line	49,00%
Dixon Ticonderoga Company	U.S.A.	2005	100,00%	0,00%	100,00%	FILA S.p.A.	Line-by-line	0,00%
Dixon Ticonderoga Inc.	Canada	2005	0,00%	100,00%	100,00%	Dixon Ticonderoga Company	Line-by-line	0,00%
Grupo F.I.L.A.-Dixon, S.A. de C.V.	Mexico	2005	0,00%	100,00%	100,00%	Dixon Ticonderoga Inc. Dixon Ticonderoga Company	Line-by-line	0,00%
F.I.L.A. Chile Ltda	Chile	2000	0,79%	99,21%	100,00%	Dixon Ticonderoga Company FILA S.p.A.	Line-by-line	0,00%
FILA Argentina S.A.	Argentina	2000	0,00%	100,00%	100,00%	F.I.L.A. Chile Ltda Dixon Ticonderoga Company	Line-by-line	0,00%
Licyn Mercantil Industrial Ltda	Brazil	2012	99,99%	0,00%	99,99%	FILA S.p.A.	Line-by-line	0,01%
Beijing F.I.L.A.-Dixon Stationery Company Ltd.	China	2005	0,00%	100,00%	100,00%	Dixon Ticonderoga Company	Line-by-line	0,00%
Xinjiang F.I.L.A.-Dixon Plantation Company Ltd.	China	2008	0,00%	100,00%	100,00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-line	0,00%
PT. Lyra Akrelux	Indonesia	2008	0,00%	52,00%	52,00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-line	48,00%
Lyra Asia PTE Ltd.	Singapore	2008	0,00%	70,00%	70,00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-line	30,00%
FILA Dixon Stationery (Kunshan) Co., Ltd.	China	2013	0,00%	100,00%	100,00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-line	0,00%
FILA Australia PTY LTD	Australia	2015	100,00%	0,00%	100,00%	FILA S.p.A.	Line-by-line	0,00%
FILA Cartorama SA PTY LTD	South Africa	2014	90,00%	0,00%	90,00%	FILA S.p.A.	Line-by-line	10,00%
FILA Dixon Art & Craft Yixing Co. Ltd	China	2015	0,00%	100,00%	100,00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-line	0,00%
Writefine Products Private Limited	India	2015**	51,00%	0,00%	51,00%	FILA S.p.A.	Line-by-line	49,00%
Pioneer Stationery Pvt Ltd.	India	2015	49,00%	0,00%	49,00%	Writefine Products Private Limited	Shareholders' E	51,00%

** Although not holding 50% +1% of the share capital considered a subsidiary under the parameters of IFRS 10*
*** F.I.L.A. S.p.A. acquired a 18.5% holding in Writefine Products Private Limited in 2011. In 2015, the investment was increased to 51%, with the company therefore considered a subsidiary and consolidated line-by-line*

Transactions relating to atypical and/or unusual operations

In accordance with Consob Communication of July 28, 2006, during 2015 the F.I.L.A. Group did not undertake any atypical and/or unusual operations as defined by this communication, whereby atypical and/or unusual operations refers to operations which for size/importance, nature of the counterparties, nature of the transaction, method in determining the transfer price or time period (close to the year-end) may give rise to doubts in relation to: the correctness/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the company's assets and the protection of minority shareholders

The Board of Directors
THE CHAIRMAN
Mr. Gianni Mion

Fabbrica Italiana Lapis ed Affini
F.I.L.A. S.p.A.
Via XXV Aprile, 5
20016 Pero (MI)

March 22, 2016

Declaration of the Executive Officer and the Corporate Boards - Consolidated Financial Statements (ref. Article 154-bis, paragraph 5)

The undersigned Massimo Candela, as Chief Executive Officer, and Stefano De Rosa, as Executive Officer for Financial Reporting of F.I.L.A. S.p.A., declare, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures for the preparation of the consolidated financial statements for the year ended December 31, 2015.

The assessment of the adequacy of the administrative-accounting procedures for the preparation of the consolidated financial statements at December 31, 2015 is based on a process defined by F.I.L.A. S.p.A. in accordance with the Internal Control - Integrated Framework model issued by the Committee of the Sponsoring Organisations of the Treadway Commission, a benchmark framework generally accepted at international level.

It is also declared that:

1. The Consolidated Financial Statements at December 31, 2015 of F.I.L.A. S.p.A.:
   - have been drawn up in conformity with the applicable international accounting standards (I.F.R.S.) recognised by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
   - correspond to the underlying accounting documents and records;
   - provide a true and fair representation of the financial position and results of the issuer and of the other companies in the consolidation scope.
2. The Directors' Report includes a reliable analysis on the performance and operating result, as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

The Chief Executive Officer

Massimo Candela

The Executive Officer
for Financial Reporting
Stefano De Rosa

F.I.L.A. - Fabbrica Italiana Lapis ed Affini Società per Azioni.
Sede Legale, Amministrativa e Commerciale:
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C.C.I.A.A. Firenze n. 12/01

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
F.I.L.A. S.p.A. (formerly Space S.p.A.)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the F.I.L.A. Group (the "group"), which comprise the statement of financial position as at 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto.

Directors' responsibility for the consolidated financial statements

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent 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 the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. 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 procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we consider 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Emphasis of matter

Without modifying our opinion, we bring your attention to the disclosures provided by the directors in the "Accounting treatment of the F.I.L.A. S.p.A. - Space S.p.A. merger in F.I.L.A. Group's consolidated financial statements" section of the notes to the consolidated financial statements and in the "Significant events in the year" section of the directors' report about the merger of F.I.L.A. S.p.A. into Space S.p.A., which was substantially treated as a "reverse acquisition" of Space S.p.A. by F.I.L.A. S.p.A.. Moreover, the directors state that, following the non-recurring transaction, the corresponding figures presented for comparative purposes are those of the F.I.L.A. Group's pre-merger prior year consolidated financial statements.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented on the corporate governance and ownership structure report with the consolidated financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the corporate governance and ownership structure report required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the company's directors, with the consolidated financial statements. In our opinion, the directors' report and the information presented in the corporate governance and ownership structure report referred to above are consistent with the consolidated financial statements of the F.I.L.A. Group as at and for the year ended 31 December 2015.

Milan, 30 March 2016

KPMG S.p.A.

(signed on the original)

Domenico Bellini
Director of Audit

IV - Separate Financial Statements of F.I.L.A. S.p.A. at December 31, 2015

Separate Financial Statements

Statement of Financial Position

Euro thousands		December 31, 2015	December 31, 2014
ASSETS		**186.048**	**132.637**
Non-Current Assets		**126.514**	**30**
Intangible Assets	*Note 1*	472	2
Property, Plant and Equipment	*Note 2*	8.915	13
Non-Current Financial Assets	*Note 3*	3.286	15
Investments Measured at Cost	*Note 4*	108.705	0
Deferred Tax Assets	*Note 5*	5.136	0
Current Assets		**59.534**	**132.607**
Current Financial Assets	*Note 3*	4.147	80.002
Current Tax Receivables	*Note 6*	1.821	104
Inventories	*Note 7*	30.198	0
Trade and Other Receivables	*Note 8*	22.229	210
Cash and Cash Equivalents	*Note 9*	1.139	52.291
LIABILITIES AND EQUITY		**186.048**	**132.637**
Equity	*Note 11*	**131.320**	**81.461**
Share Capital		37.171	13.555
Reserves		135.748	69.037
Losses carried forward		(513)	(670)
Net Profit/(loss) for the year		(41.086)	(461)
Non-Current Liabilities		**3.817**	**1**
Employee Benefits	*Note 13*	1.923	1
Provisions for Risks and Charges	*Note 14*	498	0
Deferred Tax Liabilities	*Note 15*	1.396	0
Current Liabilities		**50.911**	**51.175**
Current Financial Liabilities	*Note 12*	5.370	0
Financial Instruments	*Note 16*	21.504	48.971
Provisions for Risks and Charges	*Note 14*	76	1.100
Trade and Other Payables	*Note 17*	23.961	1.104

Statement of Comprehensive Income

Euro thousands		2015	2014
Revenue from Sales and Service	*Note 18*	44.692	0
Other Revenue and Other Operating Income	*Note 19*	906	14
TOTAL REVENUE		**45.598**	**14**
Raw Materials, Ancillary, Consumables and Goods	*Note 20*	(29.679)	(7)
Services and Rent, Leases and Similar Costs	*Note 21*	(15.337)	(1.316)
Other Operating Costs	*Note 22*	(428)	0
Change in Raw Materials, Semi-Finished, Work-in-progress and Finished Products	*Note 20*	8.650	0
Labour Costs	*Note 23*	(6.562)	(40)
Amortisation & Depreciation	*Note 24*	(1.095)	(11)
Write-downs		(335)	0
TOTAL OPERATING COSTS		**(44.786)**	**(1.374)**
EBIT		**812**	**(1.360)**
Financial income	*Note 25*	19.684	2.099
Financial Expense	*Note 26*	(64.479)	(1.200)
NET FINANCIAL INCOME/(CHARGES)		**(44.795)**	**899**
PRE-TAX PROFIT/(LOSS)		**(43.983)**	**(461)**
TOTAL INCOME TAXES	*Note 28*	**2.897**	**0**
RESULT FOR THE YEAR		**(41.086)**	**(461)**
Other Comprehensive Income Items which may be reclassified subsequently in the P&L account			
Actuarial Gains/(Losses) for Employee Benefits		97	0
Income Taxes on income and charges recorded directly to Equity		(27)	0
OTHER COMPREHENSIVE INCOME ITEMS (net of tax effect)		**70**	**0**
Total Comprehensive Income/(Charge)		**(41.016)**	**(461)**

Statement of changes in Equity

STATEMENT OF CHANGES IN EQUITY

Euro thousands	Share capital	Legal Reserve	Share premium reserve	IAS 19 Reserve	Other Reserves	Ret. Earn./(Acc. Loss.)	Profit/(loss)	Equity
December 31, 2014	**13.555**	**0**	**69.037**	**0**	**0**	**(670)**	**(461)**	**81.461**
Changes in the year	23.616	0	40.842	70	0	618	0	**65.146**
F.I.L.A. S.p.A. merger contribution at May 31, 2015	0	0	0	(282)	26.081	0	0	**25.799**
Net Profit	0	0	0	0	0	0	(41.086)	**(41.086)**
Gains/(losses) recorded directly to equity	23.616	0	40.842	(212)	26.081	618	(41.086)	**49.859**
2014's result allocation	0	0	0	0	0	(461)	461	**0**
Dividends	0	0	0	0	0	0	0	**0**
December 31, 2015	**37.171**	**0**	**109.879**	**(212)**	**26.081**	**(513)**	**(41.086)**	**131.320**

Note:
The December 31, 2014 figures relate to Space S.p.A. at that date.
For information on the changes in the equity accounts, reference should be made to Note 11 of the Explanatory Notes to the financial statements.

Statement of Cash Flows

Euro thousands		**December 2015**	**December 2014**
EBIT		**812**	**(461)**
adjustments for non-cash items:		***1,478***	***12***
Amortisation & Depreciation	*Note 24*	1,095	11
Write-downs & Write-backs of intangible and tangible assets	*Note 2*	1	0
Doubtful Debt Provision		334	0
Exch. effect on Assets and Liabilities in Foreign Curr. of Commercial Transactions		61	0
Gain/Loss on Fixed Asset Disposals		(14)	0
integrations for:		***(3,759)***	***0***
Income Taxes Paid	*Note 6*	(3,664)	0
Unrealised Exchange Differences on Assets and Liabilities in Foreign Currencies		37	0
Realised Exchange Differences on Assets and Liabilities in Foreign Currencies		(132)	0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL		**(1,469)**	**(449)**
Changes in Net Working Capital:		***2,018***	***397***
Change in Inventories	*Note 7*	(9,040)	0
Change in Trade and Other Receivables	*Note 8*	13,739	(157)
Change in Trade and Other Payables	*Note 17*	(2,514)	554
Change in Other Assets/Liabilities		(58)	0
Change in Post-Employment and Employee Benefits	*Note 13*	(108)	0
CASH FLOW FROM OPERATING ACTIVITIES		**549**	**(52)**
Total Investment/Divestment in Intangible Assets	*Note 1*	**(68)**	**(3)**
Total Investment/Divestment in Property, Plant and Equipment	*Note 2*	**(1,065)**	**(22)**
Investment Property			
Total Investment/Divestment of Investments measured at Cost	*Note 4*	**(36,144)**	**0**
Total Investment/Divestment in Other Financial Assets	*Note 3*	**78,737**	**(10)**
Acquisition of investments in F.I.L.A. S.p.A. by Space S.p.A. (pre-merger)		**(39,073)**	**0**
Dividends from Group companies	*Note 25*	**3,223**	**0**
Interest Received	*Note 25*	**451**	**0**
CASH FLOW FROM INVESTING ACTIVITIES		**6,061**	**(35)**
Total Change in Equity	*Note 11*	**(26,919)**	**0**
Interest Paid	*Note 26*	**(291)**	**0**
Total Increase/Decrease Loans and Other Financial Liabilities	*Note 12*	**(19,471)**	**0**
CASH FLOW FROM FINANCING ACTIVITIES		**(46,681)**	**0**
Other Non-Cash Changes		79	(308)
NET CASH FLOW IN THE YEAR		**(39,993)**	**(395)**
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the year	*Note 9*	52,291	52,686
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the year (F.I.L.A. S.p.A. merger contribution at May 31, 2015)		(16,446)	0
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS AT END OF THE YEAR	*Note 9*	**(4,147)**	**52,291**

1) *Cash and cash equivalents at December 31, 2015 totalled Euro 1,139 thousand; current account overdrafts amounted to Euro 5,286 thousand net of relative interest.*
2) *Cash and cash equivalents at December 31, 2014 totalled Euro 52,291 thousand; current account overdrafts amounted to Euro 0 thousand net of relative interest.*

Euro thousands	**2015**	**2014**
NET OPENING CASH AND CASH EQUIVALENTS	**52.291**	**52.686**
Cash and cash equivalents	52.291	52.686
Bank overdrafts	0	0
NET CLOSING CASH AND CASH EQUIVALENTS	**(4.147)**	**52.291**
Cash and cash equivalents	1.139	52.291
Bank overdrafts	(5.286)	0

Reference to the "Directors' Report" for comment and analysis.

Statement of Financial Position - indication of balances with related parties

Euro thousands		December 31, 2015	Of which related parties	December 31, 2014	Of which related parties
ASSETS		**186.048**		**132.637**	
Non-Current Assets		**126.514**		**30**	
Intangible Assets	*Note 1*	472		2	
Property, Plant and Equipment	*Note 2*	8.915		13	
Non-Current Financial Assets	*Note 3*	3.286	2.925	15	
Investments Measured at Cost	*Note 4*	108.705	108.674	0	
Deferred Tax Assets	*Note 5*	5.136		0	
Current Assets		**59.534**		**132.607**	
Current Financial Assets	*Note 3*	4.147	4.143	80.002	
Current Tax Receivables	*Note 6*	1.821		104	
Inventories	*Note 7*	30.198	11.495	0	
Trade and Other Receivables	*Note 8*	22.229	5.651	210	
Cash and Cash Equivalents	*Note 9*	1.139		52.291	
LIABILITIES AND EQUITY		**186.048**		**132.637**	
Equity	*Note 11*	**131.320**		**81.461**	
Share Capital		37.171		13.555	
Reserves		84.129		69.037	
Losses carried forward		51.106		(670)	
Net Profit/(loss) for the year		(41.086)		(461)	
Non-Current Liabilities		**3.817**		**1**	
Employee Benefits	*Note 13*	1.923		1	
Provisions for Risks and Charges	*Note 14*	498		0	
Deferred Tax Liabilities	*Note 15*	1.396		0	
Current Liabilities		**50.911**		**51.175**	
Current Financial Liabilities	*Note 12*	5.370		0	
Financial Instruments	*Note 16*	21.504		48.971	
Provisions for Risks and Charges	*Note 14*	76		1.100	
Trade and Other Payables	*Note 17*	23.961	3.083	1.104	

Statement of Comprehensive Income - indication of amounts with related parties

Euro thousands		2015	Of which related parties	2014	Of which related parties
Revenue from Sales and Service	*Note 18*	44.692	7.138	0	
Other Revenue and Other Operating Income	*Note 19*	906	649	14	
TOTAL REVENUE		**45.598**		**14**	
Raw Materials, Ancillary, Consumables and Goods	*Note 20*	(29.679)	(14.922)	(7)	
Services and Rent, Leases and Similar Costs	*Note 21*	(15.337)	(692)	(1.316)	
Other Operating Costs	*Note 22*	(428)		0	
Change in Raw Materials, Semi-Finished, Work-in-progress and Finished Products	*Note 20*	8.650		0	
Labour Costs	*Note 23*	(6.562)		(40)	
Amortisation & Depreciation	*Note 24*	(1.095)		(11)	
Write-downs		(335)		0	
TOTAL OPERATING COSTS		**(44.786)**		**(1.374)**	
EBIT		**812**		**(1.360)**	
Financial income	*Note 25*	19.684	3.306	2.099	
Financial Expense	*Note 26*	(64.479)		(1.200)	
NET FINANCIAL INCOME/(CHARGES)		**(44.795)**		**899**	
PRE-TAX PROFIT/(LOSS)		**(43.983)**		**(461)**	
TOTAL INCOME TAXES	*Note 28*	**2.897**		**0**	
RESULT FOR THE YEAR		**(41.086)**		**(461)**	
Other Comprehensive Income Items which may be reclassified subsequently in the P&L account					
Actuarial Gains/(Losses) for Employee Benefits		97		0	
Income Taxes on income and charges recorded directly to Equity		(27)		0	
OTHER COMPREHENSIVE INCOME ITEMS (net of tax effect)		**70**		**0**	
Total Comprehensive Income/(Charge)		**(41.016)**		**(461)**	

Basis of Preparation of the Explanatory Notes to the Separate Financial Statements of F.I.L.A. S.p.A. at December 31, 2015

Accounting principles and policies

The financial statements of the Parent F.I.L.A. S.p.A. (hereafter also "Parent" or "Company") at December 31, 2015, prepared by the Board of Directors of F.I.L.A. S.p.A., were drawn up in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union.

The IFRS were applied consistently for all the periods presented in the present document.

For the separate financial statements of F.I.L.A. S.p.A. the first year of application of IFRS was 2013.

Basis of presentation

The separate financial statements of F.I.L.A. S.p.A. are comprised of the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity and the explanatory notes.
In relation to the presentation of the statement of financial position at December 31, 2015 F.I.L.A. S.p.A., consistent with the presentation in the consolidated financial statements, made the following choices:

- statement of financial position: in accordance with IAS 1, the assets and liabilities must be classified between current and non-current or, alternatively, according to the liquidity order. The Company chose the classification between current and non-current;
- statement of comprehensive income: IAS requires alternatively classification based on the nature or allocation of the items. The Company chose the classification by nature of income and expenses;
- statement of changes in equity: IAS 1 requires that this statement illustrates the changes in the year of each individual equity account or which illustrates the nature of income and charges recorded in the financial statements. The Company chose to utilise this latter in the

statement, providing the reconciliation statement of the opening and closing amounts of each item within the explanatory notes;

- statement of cash flows: IAS 7 requires that the cash flow statement includes the cash flows for the period between operating, investing and financing operations. The cash flows deriving from operating activities may be represented by the direct method or utilising the indirect method. The Company decided to utilise the indirect method.

The financial statements of F.I.L.A. S.p.A. are presented together with the Directors' Report, to which reference should be made in relation to the business activities, subsequent events to year-end and transactions with related parties, the cash flow statement, the reclassified income statement and balance sheet and the outlook.
The financial statements of F.I.L.A. S.p.A. were prepared in accordance with the general historical cost criterion.
During the year, no special circumstances arose requiring recourse to the exceptions allowed under IAS 1.
The preparation of the financial statements and the relative notes in application of IFRS require that management make estimates and assumptions. These estimates and relative assumptions are based on historical experience and other factors considered reasonable and were adopted to determine the carrying amount of the assets and liabilities which are not easily obtained from other sources, are reviewed periodically and the effects of each change are immediately reflected in the income statement. However as they concern estimates, it should be noted that the actual results may differ from such estimates reflected in the financial statements.
The estimates are used to value the provisions for risk on receivables, depreciation and amortisation, write-down of assets, employee benefits, income taxes and other provisions.
The accounting policies utilised in the preparation of the financial statements and the composition and changes of the individual accounts are illustrated below.

For a better comparison of the data, the figures for the prior year were adjusted where necessary.
All values are expressed in thousands of Euro, unless otherwise stated.

Accounting Policies of the Separate Financial Statements

Intangible assets

An intangible asset is a clearly identifiable non-monetary asset without physical substance, subject to control and capable of generating future economic benefits. These assets are recorded at purchase and/or production cost, including the directly attributable costs, net of accumulated amortisation and any loss in value.

The interest charge on loans for the purchase and the construction of intangible assets, which would not have been incurred if the investment was not made, are not capitalised.

- ***Intangible assets with indefinite useful lives***

Intangible assets with indefinite useful lives mainly consist of assets which do not have limitations in terms of useful life as per contractual, legal, economic and competitive conditions. This category includes only the "goodwill" account. Goodwill is represented by the excess of the purchase cost incurred compared to the net fair value at the acquisition date of assets and liabilities or of business units. The goodwill relating to investments measured at equity is included in the value of the investments.

This is not subject to systematic amortisation but an impairment test is made annually on the carrying amount in the accounts. This test is made with reference to the "cash generating unit" to which the goodwill is attributed. Any reduction in value of the goodwill is recorded where the recoverable value of the goodwill is lower than the carrying amount; the carrying amount is the higher between the fair value of a cash generating unit, less selling costs, and the value in use, represented by the present value of the estimated revenue streams for the years of operation of the cash generating units and deriving from its disposal at the end of the useful life.

The principal assumptions adopted in the determination of the value in use of the "cash generating units", or rather the present value of the estimated future cash flows which is expected to derive from the continuing use of the activities, relates to the discount rate and the growth rate.
In particular, F.I.L.A. S.p.A. utilised the discount rate which it considers correctly expresses the market valuations, at the date of the estimate, of the present value of money and the specific risks related to the individual cash generating units.

The operating cash flow forecasts derive from the most recent budgets and long-term plans of F.I.L.A. S.p.A..

The cash flow forecasts refer to current business conditions, therefore they do not include cash flows related to events of an extraordinary nature.

The forecasts are based on reasonableness and consistency relating to future general expenses, expected capital investments, financial conditions, as well as macro-economic assumptions, with particular reference to increases in product prices, which take into account expected inflation rates.

The results of the "impairment tests" did not generate, in the current or previous year, permanent losses in value.

In the event of a write-down for impairment, the value of goodwill may not be restated.

Reference to Note 1 of the consolidated financial statements of the Group for further information on the indicators utilised for the impairment analysis.

- ***Intangible assets with finite useful lives***

Intangible assets with finite useful lives are amortised systematically on a monthly basis over the useful life of the asset, which is an estimate of the period in which the assets will be utilised by the enterprise. Amortisation commences when the asset is available for use.

The amortisation policies adopted by the Company provide for the following useful lives:

- Trademarks: based on the useful life
- Concessions, Licences and Patents: based on the duration relating to the right under concession or license and based on the duration of the patent
- Other intangible assets: 3 years

Research and development costs

Research and development costs are recorded in the income statement in the year incurred, with the exception of development costs recorded under intangible assets, when they satisfy the following conditions:

- the project is clearly identified and the related costs are reliably identifiable and measurable;

- the technical feasibility of the project is demonstrated;
- the intention to complete the project and sell the assets generated from the project are demonstrated;
- a potential market exists or, in the case of internal use, the use of the intangible asset is demonstrated for the production of the intangible assets generated by the project;
- the technical and financial resources necessary for the completion of the project are available;
- the intangible asset will generate probable future economic benefits.

Amortisation of development costs recorded under intangible assets begins from the date in which the result generated from the project is commercialised. Amortisation is calculated, on a straight-line basis, over the useful life of the project.

Property, plant and equipment

Property, plant and equipment are measured at purchase cost, net of accumulated depreciation and any loss in value. The cost includes all charges directly incurred for the purchase and/or production. The interest charge on loans for the purchase and the construction of tangible fixed assets, which would not have been incurred if the investment was not made, are not capitalised but expensed to the income statement based on the accruals of the costs. Where an asset relating to property, plant and equipment is composed of various components with differing useful lives, these components are recorded separately (significant components) and depreciated separately.
The expense incurred for maintenance and repairs are directly charged to the income statement in the year in which they are incurred. The costs for improvements, modernisation and transformation of an incremental nature of tangible fixed assets are allocated as an asset.
The purchase price or construction cost is net of public grants which are recognised when the conditions for their concession are confirmed. At the date of the present financial statements there are no public grants recorded as a reduction within "Property, Plant and Equipment".
The initial value of property, plant and equipment is adjusted for depreciation on a systematic basis, calculated on a straight-line basis monthly, when the asset is available and ready for use, based on the estimated useful life.

The estimated useful lives for the current and previous years are as follows:

- Buildings 25 years
- Plant and machinery 8.7 years
- Equipment 2.5 years
- Other tangible assets:
    - Office equipment: 8.3 years
    - Furniture and EDP: 5 years
    - Transport vehicles: 5 years
    - Motor vehicles: 4 years
    - Other: 4 years

- ***Finance leases***

The assets held through finance lease contracts, where the majority of the risks and rewards related to the ownership of an asset have been transferred to F.I.L.A. S.p.A., are recognised as assets at their fair value or, if lower, at the present value of the minimum lease payments, including any redemption amounts to be paid. The corresponding liability due to the lessor is recorded under "Financial Liabilities". The assets are depreciated applying the criteria and rates previously indicated for the account "Property, Plant and Equipment", except where the duration of the lease contract is lower than the useful life and there is not a reasonable certainty of the transfer of ownership of the asset at the normal expiry date of the contract; in this case, depreciation is over the duration of the lease contract.

The leased assets where the lessor bears the majority of the risks and rewards related to an asset are recorded as operating leases. Costs related to operating leases are recognised on a straight-line basis over the duration of the lease.

- ***Impairment of non-financial assets***

At each reporting date, the tangible and intangible fixed assets are analysed to identify the existence of any indicators, either internally or externally to the Company, of impairment. Where these indications exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write-down in the income statement. In the case of goodwill and other indefinite intangible assets, this estimate is made annually independently of the existence of such indicators.

The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use. The fair value is estimated on the basis of the values in an active market, from recent transactions or on the basis of the best information available to reflect the amount which the entity could obtain from the sale of the asset. The value in use is the present value of the expected future cash flows to be derived from an asset. In defining the value in use, the expected future cash flows are discounted utilising a pre-tax discount rate that reflects the current market assessment of the time value of money, and the specific risks of the asset.

For an asset that does not generate sufficient independent cash flows, the realisable value is determined in relation to the cash-generating unit to which the asset belongs. A reduction in value is recognised in the income statement when the carrying amount of the asset, or of the cash-generating unit to which it is allocated, is higher than the recoverable amount.

The losses in value of cash-generating units are firstly attributed to the reduction in the carrying amount of any goodwill allocated to the cash-generating unit and, thereafter, to a reduction of other assets, in proportion to their carrying amount. The losses relating to goodwill may not be restated. In relation to assets other than goodwill, where the reasons for the write-down no longer exist, the book value of the asset is restated through the income statement, up to the value at which the asset would be recorded if no write-down had taken place and amortisation had been recorded.

Investments

Investments in companies represent investments in the share capital of enterprises.

Investments in companies are carried at acquisition or subscription cost, adjusted for any impairment, and measured under the cost method. Where the reasons for a write-down no longer exist, the original value is restated.

Current and non-current financial assets

Financial assets are initially recognised at fair value.

After initial recognition, financial assets are measured at fair value, without any deduction for transaction costs which may be incurred in the sale or other disposal, with the exception for the following “Financial Assets”:

- "Loans and Receivables", as defined in paragraph 9 of IAS 39, which must be measured at amortised cost utilising the effective interest criterion;
- investments held-to-maturity, as defined in paragraph 9 of IAS 39, which must be measured at amortised cost utilising the effective interest criterion;
- investments in equity instruments which do not have a listed market price on an active market and whose fair value may not be reliably measured and related derivatives and which must be settled with the delivery of these non-listed equity instruments, which must be measured at cost.

- ***Impairment of financial assets***

Financial assets are measured at each reporting date to determine whether there is any indication that an asset may have incurred a loss in value. A financial asset has incurred a loss in value if there is an objective indication that one or more events had a negative impact on the estimated future cash flows of the asset. A loss in value of a financial asset measured at amortised cost corresponds to the difference between the book value and the present value of the estimated cash flows discounted at the original effective interest rate. The loss in value of financial asset available-for-sale is calculated based on the fair value of the asset.

Financial assets individually recorded are measured separately to determine if they have incurred a loss in value. The other financial assets are cumulatively measured, for groups with similar credit risk characteristics. All the losses are recognised in the income statement. Any accumulated loss of a financial asset available-for-sale previously recognised in equity is transferred to the income statement.

Losses in value are restated if subsequently the increase in value can be objectively associated to an event which occurred after the reduction in value. For financial assets measured at amortised cost and financial assets available-for-sale corresponding to debt securities, the restated amount is recognised in the income statement. For financial assets available-for-sale corresponding to equity securities, the restated amount is recognised directly to equity.

Cash and cash equivalents

Cash and cash equivalents principally include cash, bank deposits on demand and other highly liquid short-term investments (converted into liquidity within ninety days). They are measured at fair value and the relative changes are recorded in the income statement. Bank overdrafts are classified under “Current Financial Liabilities”.

Trade and other receivables

Trade and other receivables are measured, on initial recognition, at fair value. Initial book value is subsequently recorded at amortised cost adjusted to account for redemptions in principal, any write-downs and amortisation of the difference between the redemption value and initial book value. Amortisation is made on the basis of the internal effective interest rate represented by the rate equal to, at the moment of initial recognition, the present value of expected cash flows and the initial book value (amortised cost method). When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. Impairments are recognised to the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost where no write-down had been applied.
The doubtful debt provision is accrued to record receivables at realisable value, including write-downs for any indicators of a reduction in value of trade receivables. The write-downs, which are based on the most recent information and on the best estimates of the Directors, are made so that the assets are reduced to the present value of the expected future revenue streams.
The doubtful debt provision is recorded as a direct reduction.
These provisions are classified in the income statement account “Write-downs”; the same classification was used for any utilisations.

Inventories

Inventories of raw materials, semi-finished and finished products are measured at the lower of purchase or production price, including accessory charges, determined in accordance with the weighted average cost method, and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling costs.

Obsolete and slow-moving inventories are written down in relation to their possible utilisation or realisable value.
The purchase cost is utilised for direct and indirect materials, purchased and utilised in the production cycle. The production cost is however used for the finished products or in work-in-progress.
For the determination of the purchase price, consideration is taken of the actual costs sustained net of commercial discounts.
Production costs include, in addition to the costs of the materials used, as defined above, the direct and indirect industrial costs allocated. The indirect costs were allocated based on the normal production capacity of the plant.
Distribution costs were excluded from purchase cost and production cost.

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

Provisions are recorded when:

- it is probable the existence of a present obligation, legal or implicit, deriving from a past event;
- it is probable that compliance with the obligation will result in a charge;
- the amount of the obligation can be estimated reliably.

Provisions are recorded at the value representing the best estimate of the amount that the company would reasonably pay to discharge the obligation or to transfer it to a third party. When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted. The rate used in the determination of the present value of the liability reflects the current market values and includes the further effects relating to the specific risk associated to each liability. The increase of the provision due to the passage of time is recognised in the income statement account “Financial income/(charges)”.
The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discount rate; the revision of estimates are recorded in the same income statement accounts in which the provision was recorded, or when the liability relates to an asset, against the asset account to which it refers.
The explanatory notes illustrate the potential liabilities represented by: (i) possible obligations (but not probable) deriving from past events, whose existence will be confirmed only on the occurrence

or otherwise of one or more uncertain future events not fully under the control of the entity; (ii) current obligations deriving from past events whose amount cannot be reliably estimated or whose fulfilment will likely not incur a charge.

- ***Restructuring provision***

The Company records a restructuring provision only in the event there is an implied restructuring obligation and there exists, at the same time, a detailed formal programme which has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Employee benefits

- ***Defined contribution plans***

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions to a separate entity and will not have a legal or implied obligation to pay further contributions. The contributions to be paid to defined contribution plans are recognised as costs in the income statement when incurred. Contributions paid in advance are recognised under assets up to the advanced payment which will determine a reduction in future payments or a reimbursement.

- ***Defined benefit plans***

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The net obligation of the Company deriving from defined benefit plans is calculated separately for each plan estimating the amount of the future benefit which the employees matured in exchange for the services provided in the current and previous years; this benefit is discounted to calculate the present value, while any costs relating to past services not recorded in the financial statements and the fair value of any assets to service the plan are deducted from liabilities. The discount rate is the return, at the reporting date, of the primary obligations whose maturity date approximates the terms of the obligations of the Company and which are expressed in the same currency in which it is expected the benefits will be paid. The calculation is made by an independent actuary utilising the projected credit unit method. Where the calculation generates a benefit for the Company, the asset recognised is limited to the total, net of all costs relating to past services not recognised and the present value of all economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Where improvements are made to the plan benefits, the portion of increased benefits relating to past services is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits mature immediately, the cost is recognised immediately in the income statement.

F.I.L.A. S.p.A. records all actuarial gains and losses from a defined benefit plan directly and immediately to equity, as the Company does not apply the corridor method.

In relation to the Post-Employment Benefit Provision, following the amendments to Law No. 296 of December 27, 2006 and subsequent Decrees and Regulations ("Pension Reform") issued in the first months of 2007, the Parent Company F.I.L.A. S.p.A. adopted the following accounting treatment:

- the Post-Employment Benefit Provision matured at December 31, 2006 is considered a defined benefit plan as per IAS 19. The benefits guaranteed to employees, under the form of the Post-Employment Benefit Provision, paid on the termination of employment, are recognised in the period the right matures. The relative liability is determined based on actuarial assumptions and the effective payable matured and not settled at the reporting date, applying criteria in accordance with current regulations. The discounting process, based on demographic and financial assumptions, is undertaken applying the "Projected Unit Credit Method" by professional actuaries. Under this method the valuation is based on the average present value of the pension obligations matured based on the employment service up to the time of the valuation. In consideration of the new provisions introduced by the reform, the component related to the expected future salary increases was excluded from the discounting calculation from January 1, 2007;
- the Post-Employment Benefits matured from January 1, 2007 are considered a defined contribution plan and therefore the contributions matured in the period were fully recognised as a cost and recorded as a payable in the account "Post-Employment Benefit Provision", after deduction of any contributions already paid.

It is also noted that the difference resulting from the re-measurement of the Post-Employment Benefit Provision matured at December 31, 2006 on the basis of the new assumptions introduced by the Pension Reform was fully recognised in the income statement in the account "Labour Costs".

- ***Other long-term employee benefits***

The net obligation of the Company for long-term employee benefits, other than those deriving from pension plans, corresponds to the amount of the future benefits which employees matured for services in current and previous years. This benefit is discounted, while the fair value of any assets is deducted from the liabilities. The discount rate is the return, at the reporting date, of the primary obligations whose maturity date approximates the terms of the obligations of F.I.L.A. S.p.A.. The obligation is calculated using the projected unit credit method. Any actuarial gains or losses are recorded in the balance sheet in the year in which they arise.

- ***Employee termination benefits***

Employee termination benefits are recorded as costs when the Company has committed, in a demonstrable way and without a realistic possibility of withdrawal, to a formal detailed plan that provides for the termination of employment before the normal retirement date or following an offer prepared to encourage voluntary redundancy. In the case of an offer made by the Company to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

- ***Short-term employee benefits***

Short-term employee benefits are recorded as non-discounted expenses when the services to which they arise are provided.
F.I.L.A. S.p.A. records a liability for the amount that it expects will be paid in the presence of a present obligation, legal or implicit, as a consequence of past events and for which the obligation can be reliably estimated.

Financial liabilities (current and non-current)

Financial liabilities are initially recognised at fair value, including directly attributable transaction costs. Subsequently these liabilities are measured at amortised cost. In accordance with this method all the accessory charges relating to the provision of the loan are recorded as a direct change of the payable, recording any differences between cost and repayment amount in the income statement over the duration of the loan, in accordance with the effective interest rate method.

Trade and other payables

Trade and other payables are measured on initial recognition at fair value. Initial book value is subsequently adjusted to account for redemptions in principal and amortisation of the difference between the redemption value and initial book value. Amortisation is made on the basis of the internal effective interest rate represented by the rate equal to, at the moment of initial recognition, the present value of expected cash flows and the initial book value (amortised cost method).
When there is a change in the cash flows and it is possible to estimate them reliably, the value of the payables are recalculated to reflect this change, based on the new present value of the cash flows and on the internal yield initially determined.

Current, deferred and other taxes

Income taxes include all the taxes calculated on the assessable income of the Company applying the tax rates in force at the date of the present report
Income taxes are recorded in the income statement, except those relating to accounts directly credited or debited to equity, in which case the tax effect is recognised directly to equity.
Other taxes not related to income, such as taxes on property and share capital, are included under other operating charges ("Service costs", "Rent, lease and similar" and "Other charges"). The liabilities related to indirect taxes are classified under "Other Payables".
Deferred tax assets and liabilities are determined in accordance with the global assets/liability method and are calculated on the basis of the temporary differences arising between the carrying amounts of the assets and liabilities and the corresponding values recognised for tax purposes, taking into account the tax rate within current fiscal legislation for the years in which the differences will reverse, with the exception of goodwill not fiscally deductible and those differences

deriving from investments in subsidiaries for which it is not expected the cancellation in the foreseeable future, and on the tax losses carried forward.

"Deferred Tax Assets" are classified under non-current assets and are recognised only when there exists a high probability of future assessable income to recover the asset.

The recovery of the "Deferred Tax Assets" is reviewed at each reporting date and for the part for which recovery is no longer probable recorded in the income statement.

Revenue and costs

Revenue recognition

The revenues and income are recorded net of returns, discounts, rebates and premiums as well as direct taxes related to the sale of products and services. In particular, the revenues for the sale of products are recognised when the risks and rewards of ownership are transferred to the buyer. This normally occurs on shipping of the goods.

Recognition of costs

Costs are recorded when relating to goods and services acquired or consumed in the year or when there is no future utility.

The costs directly attributable to share capital operations are recorded as a direct reduction of equity.

Commercial costs relating to the acquisition of new clients are expensed to the income statement when incurred.

Financial income and charges

Financial income includes interest income on liquidity invested, dividends received and income from the sale of available-for-sale financial assets. Interest income is recorded in the income statement on an accruals basis utilising the effective interest method. Dividend income is recorded when the right of F.I.L.A. S.p.A. to receive the payment is established which, in the case of listed securities, corresponds to the coupon date.

Financial expense include interest on loans, discounting of provisions, dividends distributed on preference shares reimburseable, changes in the fair value of financial assets recorded through P&L and losses on financial assets. Finance costs are recorded in the income statement utilising the effective interest method. The currency operations are recorded as the net amount.

Other accounting policies

Translation of accounts in currencies other than the Euro

The financial statements were prepared in Euro, which is the functional currency of the company. Foreign currency transactions are converted into Euro using the exchange rate at the transaction date. The foreign exchange gains and losses resulting from the settlement of transactions and from the conversion at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary assets and liabilities in foreign currencies measured at cost are recorded at the transaction date exchange rate; where the measurement is at fair value or recoverable value or realisable value the current exchange rate at the measurement date is adopted. All amounts in Euro are rounded to the nearest thousand.

Dividends

Dividends recognised to shareholders are recorded on the date of the Shareholders' Meeting resolution.

Treasury shares

Treasury shares are recorded as a reduction of equity. The original cost of the treasury shares and the revenues deriving from any subsequent sale are recognised as equity movements.

Earnings per share

The basic earnings per share is calculated by dividing the result of F.I.L.A. S.p.A. by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares in portfolio. The diluted earnings per share coincide with the basic earnings per share as there are no potential ordinary shares (financial instruments or other contracts which may entitle its holder to ordinary shares).

Use of estimates

The preparation of the financial statements require the Directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts. The final outcome of the accounts in the financial statements, which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and conditions upon which the estimates are based.
The accounting principles which require greater judgement by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the condensed financial statements are briefly described below.

- Measurement of receivables: trade receivables are adjusted by the doubtful debt provision, taking into account the effective recoverable value. The calculation of the write-downs requires the Directors to make valuations based on the documentation and the information available relating to the solvency of the clients, and from market and historical experience.

- Measurement of goodwill and indefinite intangible assets: in accordance with the accounting principles applied by the Company, the goodwill and the intangible assets are subject to an annual verification ("impairment test") in order to verify whether a reduction in value has taken place, which is recorded as a write-down, when the net book value of the cash-generating unit to which the asset is allocated is higher than the recoverable value (defined as the higher value between the value in use and the fair value of the asset). The verification of the value requires the Directors to make valuations based on the information available within F.I.L.A. S.p.A. and from the market, as well as historical experience. In addition, when it is determined that there may be a potential reduction in value, the Company determines this through using the most appropriate technical valuation methods available. The same verifications of value and the same valuation techniques are applied on the intangible and tangible assets with a finite useful life when there are indications of the difficulty for the recovery of the relative net book value through its use. The correct identification of the indicators of the existence of a potential reduction in value as well as the estimates for their determination depends on factors which may vary over time impact upon the valuations and estimates made by the Directors.

- Risk provisions: the identification of the existence of a present obligation (legal or implied) in some circumstances may be difficult to determine. The Directors evaluate these factors case-by-case, together with the estimate of the amount of the economic resources required to comply with the obligation. When the Directors consider that a liability is only possible, the risks are disclosed in the notes under the section on commitments and risks, without any provision.

- Measurement of inventories: inventories of products which are obsolescence or slow moving are periodically subject to valuation tests and written down where the recoverable value is lower than the carrying amount. The write-downs are made based on assumptions and estimates of management deriving from experience and historic results.

- Pension plans and other post-employment benefits: the company participates in pension plans and other post-employment benefit plans. Management utilises multiple statistical assumptions and valuation techniques with the objective of anticipating future events for the calculation of the charges, liabilities and assets relating to these plans. The assumptions relate to the discount rate, the expected return of the plan assets and the rate of future salary increases. In addition, the actuarial consultants of the Company utilise subjective factors, for example mortality and employee turnover rates.

Accounting treatment of the merger of F.I.L.A. S.p.A. - Space S.p.A. in the financial statements of F.I.L.A. S.p.A.

The merger operation of F.I.L.A. S.p.A. into SPACE S.p.A., effective as of June 1, 2015, applies the same accounting policies as the consolidated financial statements. However, the representation of this operation in the separate financial statements is different from the consolidated financial statements.

In both financial statements, in fact, the merger operation is recorded at the effective date in accordance with IFRS 2 as a "share-based payment" operation, through which F.I.L.A. S.p.A. (accounting acquirer) acquires through the issue of capital instruments the net assets and the status of listed company of SPACE S.p.A. (accounting acquiree). The difference between the consolidated financial statements and the separate financial statements however derives from the fact that the first are the financial statements of an "economic entity", while the separate financial statements are the financial statements of a "legal entity".

Therefore, in accordance with the "reserve acquisition" guidelines of IFRS 3 the consolidated financial statements, although presented as the consolidated financial statements of the accounting acquiree (or legal parent), represents the continuation of the consolidated financial statements of the accounting acquirer (or the F.I.L.A. Group).

With reference however to the separate financial statements of SPACE S.p.A., the above principles are not applicable as the separate financial statements are the financial statements of a legal entity which continues to exist after the merger operation.

The separate financial statements of SPACE S.p.A. until the effective date of the merger (June 1, 2015) represent the income statement and statement of financial position on a "stand-alone" basis of this legal entity and only for the effect of and following the merger, SPACE S.p.A. includes in its financial statements the income statement and statement of financial position of F.I.L.A. S.p.A. (from June 1, 2015 to December 31, 2015).

These indications with reference to the separate financial statements are in line with the document OPI 2 "Accounting treatment of mergers in the separate financial statements", published by Assirevi and widely applied in Italy.

The above-mentioned document reaffirms, in fact, that in the financial statements a merger involving an acquisition (as is the current case) must be recorded at the effective date of the merger. The retrospective accounting of a merger is in fact only permitted with reference to parent-subsidiary mergers, limited only to the year in which the legal effects of the merger takes place and provided that at the retrospective accounting date a shareholding relationship already exists between the incorporated and incorporating companies.

Based on that outlined, the comparative data at December 31, 2014 relates only to the financial statements of SPACE S.p.A. at that date.

The statement of financial position and income statement of F.I.L.A. S.p.A. at May 31, 2015 is illustrated below

Euro thousands	**May 31, 2015**
ASSETS	**132.229**
Non-Current Assets	**72.054**
Intangible Assets	466
Property, Plant and Equipment	8.857
Non-Current Financial Assets	3.177
Investments Measured at Cost	57.509
Deferred Tax Assets	2.044
Current Assets	**60.175**
Current Financial Assets	2.068
Inventories	21.548
Trade and Other Receivables	36.397
Cash and Cash Equivalents	162
LIABILITIES AND EQUITY	**132.229**
Equity	**67.621**
Share Capital	2.748
Reserves	13.255
Retained Earnings	47.795
Net Profit for the year	3.823
Non-Current Liabilities	**14.764**
Non-Current Financial Liabilities	10.669
Employee Benefits	2.030
Provisions for Risks and Charges	583
Deferred Tax Liabilities	1.482
Current Liabilities	**49.844**
Current Financial Liabilities	25.505
Provisions for Risks and Charges	76
Current Tax Payables	1.639
Trade and Other Payables	22.624

Euro thousands	**January 1 - May 1, 2015**
Revenue from Sales and Service	38.167
Other Revenue and Other Operating Income	1.087
TOTAL REVENUE	**39.254**
Raw Materials, Ancillary, Consumables and Goods	(21.693)
Services and Rent, Leases and Similar Costs	(9.630)
Other Operating Costs	(297)
Change in Raw Materials, Semi-Finished, Work-in-progress and Finished Products	2.194
Labour Costs	(4.985)
Amortisation & Depreciation	(811)
Write-downs	(282)
TOTAL OPERATING COSTS	**(35.504)**
EBIT	**3.750**
Financial Income	1.875
Financial Expense	(447)
NET FINANCIAL INCOME	**1.428**
PRE-TAX PROFIT	**5.178**
TOTAL INCOME TAXES	**(1.355)**
RESULT FOR THE YEAR	**3.823**
Other Comprehensive Income Items which may be reclassified subsequently in the P&L account	
Actuarial Gains/(Losses) for Employee Benefits	(36)
Income Taxes on income and charges recorded directly to Equity	12
OTHER COMPREHENSIVE INCOME ITEMS (net of tax effect)	**(24)**
Total Comprehensive Income	**3.799**

Explanatory Notes to the financial statements

Introduction

The company F.I.L.A. S.p.A. operates in the creativity tools market, producing writing and design objects such as crayons, paints, modelling clay and pencils etc..

F.I.L.A. S.p.A., Fabbrica Italiana Lapis ed Affini (hereafter "the Company"), is a limited liability company with registered office in Pero (Italy), Via XXV April, 5. The ordinary shares of the Company were admitted for trading on the MTA, STAR Segment, organised and managed by Borsa Italiana S.p.A. from November 12, 2015. It is recalled that prior to this date the ordinary shares of F.I.L.A. S.p.A. (previously Space S.p.A., Italian registered Special Purpose Acquisition Company (SPAC), established as an SIV (Special Investment Company) in accordance with the Borsa Italiana regulation), were listed since December 18, 2013 on the Professional Segment of the Investment Vehicles Market (M.I.V.) organised and managed by Borsa Italiana.

The financial statements of F.I.L.A. S.pA. were prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union.

The information relating to the shareholding structure at December 31, 2015 is shown below:

Shareholder	Ordinary shares	%
Pencil S.p.A.	13,133,032	40.5%
Venice European Investment Capital S.p.A.	3,916,291	12.1%
Sponsor	2,300,000	7.1%
Market Investors	13,115,011	40.4%
Total	**32,464,334**	**100%**

Shareholder	Ordinary shares	Class B Shares	Total	Voting rights
Pencil S.p.A.	13,133,032	6,566,508	19,699,540	62.9%
Venice European Investment Capital S.p.A.	3,916,291		3,916,291	7.5%
Sponsor	2,300,000		2,300,000	4.4%
Market Investors	13,115,011		13,115,011	25.1%
Total	**32,464,334**	**6,566,508**	**39,030,842**	**100%**

The present financial statements, concerning the year ending December 31, 2015, are presented in Euro, as the functional currency in which the Company operates and comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, the Statement of Changes in Equity, Explanatory Notes and are accompanied by the Directors' Report.

▪ **Note 1 -** Intangible assets

Intangible assets at December 31, 2015 amount to Euro 472 thousand (Euro 2 thousand at December 31, 2014) and consist only of intangible assets with finite useful lives.

The table below shows the changes in the year.

Note 1 - INTANGIBLE ASSETS WITH FINITE LIFE

Euro thousands	Industrial Patents and Intellectual Property Rights	Concessions, Licenses, Trademarks & Similar Rights	Other Intangible Assets	Total Amount
Change in Historical Cost				
December 31, 2014	0	0	3	3
Increases in the year	183	2,946	2,012	5,141
Increases (Investments)	1	67	1	69
of which F.I.L.A. S.p.A. since June 1, 2015	*1*	*67*	*1*	*69*
F.I.L.A. S.p.A. merger contribution at May 31, 2015	182	2,879	2,011	5,072
Decreases in the year	0	0	(3)	(3)
Decreases (Divestments)	0	0	(3)	(3)
December 31, 2015	183	2,946	2,012	5,141
Change in Amortisation				
December 31, 2014	0	0	(1)	(1)
Increases in the year	(124)	(2,536)	(2,009)	(4,669)
Depreciation in Year	(7)	(54)	(2)	(63)
of which F.I.L.A. S.p.A. since June 1, 2015	*(7)*	*(54)*	*(2)*	*(63)*
F.I.L.A. S.p.A. merger contribution at May 31, 2015	(117)	(2,482)	(2,007)	(4,606)
Decreases in the year	0	0	1	1
Decreases (Divestments)	0	0	1	1
December 31, 2015	(124)	(2,536)	(2,009)	(4,669)
Net Carrying Amount at December 31, 2014	0	0	2	2
Net Carrying Amount at December 31, 2015	59	410	3	472
Change in year 2015 - 2014	59	410	1	470

"Industrial Patents and Intellectual Property Rights" amount to Euro 59 thousand at December 31, 2015 (Euro 0 thousand at December 31, 2014).

The average residual useful life of the "Industrial Patents and Intellectual Property Rights", recorded in the financial statements at December 31, 2015, is 5 years.

"Concessions, Licences, Trademarks and Similar Rights" amount to Euro 410 thousand at December 31, 2015 (Euro 0 thousand at December 31, 2014) and includes the costs incurred for the registration and acquisition of trademarks necessary for the marketing of the Fila brand products.

The average residual useful life of the “Concessions, Licenses, Brands and Similar Rights”, recorded in the financial statements of December 31, 2015, is 3 years.

“Other Intangible Assets” amount to Euro 3 thousand at December 31, 2015 (Euro 2 thousand at December 31, 2014) and mainly include costs relating to the capitalisation of software related to the Pro-J software system. These costs at December 31, 2015 are almost entirely amortised. The average residual useful life of “Other Intangible Assets”, recorded in the financial assets at December 31, 2015, is 3 years.

There are no intangible assets subject to restrictions (for further information reference to the “Directors’ Report - Commitments and Guarantees”).

▪ **Note 2** - Property, plant and equipment

At December 31, 2015, "Property, Plant and Equipment" amounted to Euro 8,915 thousand (Euro 13 thousand at December 31, 2014). The table below shows the changes in the year:

Note 2 - PROPERTY, PLANT AND EQUIPMENT

Euro thousands	Land	Buildings	Plant and Machinery	Industrial and Commercial Equipment	Other Assets	Assets in Progress	Total Amount
Change in Historical Cost							
December 31, 2014	-	0	0	0	23	0	23
Increases in the year	1.977	9.559	14.968	8.234	992	349	36.079
Increases (Investments)	0	116	453	128	25	370	1.092
of which F.I.L.A. S.p.A. since June 1, 2015	*0*	*116*	*453*	*128*	*25*	*370*	*1.092*
Capitalisation from Assets in Progress	0	0	19	2	0	(21)	0
of which F.I.L.A. S.p.A. since June 1, 2015	*0*	*0*	*19*	*2*	*0*	*(21)*	*0*
F.I.L.A. S.p.A. merger contribution at May 31, 2015	1.977	9.443	14.496	8.104	967	0	34.987
Decreases in the year	0	0	(36)	(5)	(51)	0	(92)
Decreases (Divestments)	0	0	(36)	(5)	(50)	0	(91)
of which F.I.L.A. S.p.A. since June 1, 2015	*0*	*0*	*(36)*	*(5)*	*(50)*	*0*	*(91)*
Write-downs	0	0	0	0	(1)	0	(1)
December 31, 2015	1.977	9.559	14.932	8.229	964	349	36.010
Change in Accumulated Depreciation							
December 31, 2014		0	0	0	(10)		(10)
Increases in the year		(6.129)	(12.541)	(7.656)	(836)	0	(27.162)
Depreciation in Year		(215)	(415)	(368)	(34)		(1.032)
of which F.I.L.A. S.p.A. since June 1, 2015		*(215)*	*(415)*	*(368)*	*(34)*		*(1.032)*
F.I.L.A. S.p.A. merger contribution at May 31, 2015		(5.914)	(12.126)	(7.288)	(802)		(26.130)
Decreases in the year		0	36	5	36	0	77
Decreases		0	36	5	36		77
of which F.I.L.A. S.p.A. since June 1, 2015		*0*	*36*	*5*	*36*		*77*
December 31, 2015		(6.129)	(12.505)	(7.651)	(810)		(27.095)
Net Carrying Amount at December 31, 2014	0	0	0	0	13	0	13
Net Carrying Amount at December 31, 2015	1.977	3.430	2.427	578	154	349	8.915
Change in year 2015 - 2014	1.977	3.430	2.427	578	141	349	8.902

"Land" at December 31, 2015, amounting to Euro 1,977 thousand (Euro 0 thousand at December 31, 2014), is comprised of land adjacent to the building owned by the Company at the production site in Rufina Scopeti (Florence - Italy).

"Buildings" at December 31, 2015, amounting to Euro 3,430 thousand (Euro 0 thousand at December 31, 2014), relate to the buildings of the company located in Rufina Scopeti (Florence - Italy). The increases in the year concern improvements to buildings for Euro 116 thousand and decreases related to depreciation for Euro 215 thousand.

"Plant and Machinery" amounts to Euro 2,427 thousand at December 31, 2015 (Euro 0 thousand at December 31, 2014) and includes investments in new machinery for the production plant at Rufina

Scopeti (Florence - Italy). The account also includes disposals of machinery which were fully depreciated (Euro 36 thousand).
The account also includes increases for investments in new plant and machinery to expand the current production capacity and improve production process efficiencies.

"Industrial and Commercial Equipment" amounts to Euro 578 thousand at December 31, 2015 (Euro 0 thousand at December 31, 2014) and mainly relates to investments in new production moulds and plant and the updating of the production plant at Rufina Scopeti (Florence - Italy).

"Other Assets" amount to Euro 154 thousand at December 31, 2015 (Euro 13 thousand at December 31, 2014) and include furniture and office equipment, EDP and motor vehicles.

There are no intangible assets subject to restrictions. The mortgage on the building at Rufina Scopeti (Florence - Italy) was settled following the total advance voluntary repayment during the year of the loan granted by Banca Nazionale del Lavoro and Intesa Sanpaolo S.p.A.

- **Note 3** – Financial Assets

"Financial Assets" amount to Euro 7,433 thousand at December 31, 2015 (Euro 80,017 thousand at December 31, 2014).

The breakdown of the account in 2015 is as follows:

Note 3.A - FINANCIAL ASSETS

Euro thousands	Loans and Receivables: Subsidiaries	Other Financial Assets: Third Parties	Total Amount
December 31, 2014	**0**	**80.017**	**80.017**
non-current portion	0	15	15
current portion	0	80.002	80.002
December 31, 2015	**7.068**	**365**	**7.433**
non-current portion	2.925	361	3.286
of which F.I.L.A. S.p.A. since June 1, 2015	*2.925*	*361*	*3.286*
current portion	4.143	4	4.147
of which F.I.L.A. S.p.A. since June 1, 2015	*4.143*	*4*	*4.147*
Change in year	**7.068**	**(79.652)**	**(72.584)**
non-current portion	2.925	346	3.271
current portion	4.143	(79.998)	(75.855)

The account "Loans and Receivables - subsidiaries - non-current portion" includes:

- loan provided in 2015 to Licyn Mercantil Industrial Ltda (Brazil) for a total of Euro 1 million. The loan establishes interest at a variable rate equal to Euribor at 6 months, plus a spread of 280 basis points;
- loans of Euro 1,925 thousand granted to Industria Maimeri S.p.A. (Italy) in 2015 (total Euro 750 thousand) and in 2014 (in two tranches for Euro 325 thousand and Euro 850 thousand respectively). The loan provided in 2015 matured interest at a variable interest rate equal to Euribor at 6 months, plus a spread of 240 basis points, while the loan in 2014 matured interest at Euribor 6 months, plus a spread of 200 basis points. The second tranche provided in 2014 is non-interest bearing.

The account "Loans and Receivables - subsidiaries - current portion" includes:

- the short-term portion of the loan granted to FILALYRA GB Ltd. (United Kingdom) amounting to Euro 100 thousand. The loan establishes interest at a variable rate equal to Euribor at 6 months, plus a spread of 260 basis points;
- the short-term portion of the loan, amounting to Euro 800 thousand, granted to FILA Stationary O.O.O. (Russia). An additional loan was granted of Euro 250 thousand in 2015, further to the residual loan at December 31, 2014. The amount includes Euro 37 thousand

interest accrued. The loan establishes interest at a variable rate equal to Euribor at 3 months, plus a spread of 280 basis points;

- the short-term portion of the loan, amounting to Euro 1,930 thousand, granted to Licyn Mercantil Industrial Ltda (Brazil). An additional loan was granted of Euro 2,300 thousand in 2015 (of which Euro 1,000 thousand classified as non-current), further to the residual loan at December 31, 2014. The amount includes Euro 51 thousand interest accrued. The loan establishes interest at a variable rate equal to Euribor at 6 months, plus a spread of 280 basis points;
- the short-term portion of the loan, amounting to Euro 927 thousand, granted to FILA Cartorama S.A. (Pty) Ltd. (South Africa). An additional loan was granted of Euro 641 thousand in 2015, further to the residual loan at December 31, 2014. The amount includes Euro 20 thousand interest accrued. The loan establishes interest at a variable rate equal to Euribor at 3 months, plus a spread of 280 basis points;
- the short-term portion of the loan, amounting to Euro 270 thousand, granted to FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) in 2015. The amount includes Euro 2 thousand interest accrued. The loan establishes interest at a variable rate equal to Euribor at 6 months, plus a spread of 280 basis points;

The loan outstanding at December 31, 2014 of Euro 200 thousand was repaid during 2015 by the company Lyra FILALYRA GB Ltd (United Kingdom).

“Other Financial Assets: Third Parties - current portion” reports a reduction on December 31, 2014 of Euro 80,002 thousand following the release of a part of the Savings Bonds to complete the acquisition of the company F.I.L.A. S.p.A. in May 2015 (Euro 31.5 million) and subsequently the release following the reaching of maturity (Euro 48,502 thousand). Space S.p.A. invested in Savings Bonds the liquidity generated following the placement on the regulated market with qualified and institutional investors of its ordinary shares (“Offer”).

The carrying amount approximates the “fair value” of these assets at the reporting date.
Details on the timing of financial cash flows and “Financial Assets” at December 31, 2015 are illustrated in the following table:

Note 3.B - FINANCIAL ASSETS

Description	General information								Amount					Guarantees Received	Guarantees Granted
	Amount		Total	Year	Curr.	Country	Interest		Current Financial Assets	Non-Current Financial Assets					
	Principal	Interest					Variable	Spread	2016	2017	2018	2019	Beyond 2019		
Euro thousands															
Guarantee Deposits	11	0	11	2004-2015	EUR	Italy	0%	0%	0	0	0	0	11	None	None
Loans to third parties	350	4	354	2015	EUR	Italy	0%	2.00%	4	0	350	0	0	None	None
FILALYRA GB Ltd. (United Kingdom) Loan	100	0	100	2010	EUR	UK	Euribor 6 mth.	2.60%	100	0	0	0	0	None	None
Industria Maimeri S.p.A. (Italy) Loan	1,075	6	1,081	2014-2015	EUR	Italy	Euribor 6 mth.	2% - 2.4%	6	1,075	0	0	0	None	None
Industria Maimeri S.p.A. (Italy) Loan	850	0	850	2014	EUR	Italy	0.00%	0.00%	0	850	0	0	0	None	None
FILA Stationery and Office Equipment Industry Ltd. Co. (Turkey) Loan	270	2	272	2015	EUR	Turkey	Euribor 6 mth.	2.80%	272	0	0	0	0	None	None
Licyn Mercantil Industrial Ltda (Brazil) Loan	2,930	51	2,981	2012	EUR	Brazil	Euribor 6 mth.	2.80%	1,981	1,000	0	0	0	None	None
FILA Stationery O.O.O. (Russia) Loan	800	37	837	2013-2015	EUR	Russia	Euribor 3 mth.	2.80%	837	0	0	0	0	None	None
FILA Cartorama S.A. (Pty) Ltd (South Africa)	286	12	298	2014-2015	EUR	South Africa	Euribor 3 mth.	2.80%	298	0	0	0	0	None	None
FILA Cartorama S.A. (Pty) Ltd (South Africa)	641	8	649	2014-2015	EUR	South Africa	Euribor 6 mth.	2.40%	649	0	0	0	0	None	None
Total amount	**7,313**	**120**	**7,433**						**4,147**	**2,925**	**350**	**0**	**11**		

"Other Financial Assets from third parties" relates to deposits paid to third parties as contractual guarantees for the provision of services and goods. Finally we report the provision of a loan to Gianni Maimeri, minority shareholder of Industria Maimeri S.p.A. with fixed maturity of June 2018.

Reference to Note 10 concerning the "Net Financial Position" at December 31, 2015 of F.I.L.A. S.p.A..

In accordance with IFRS 7, we report the following:

- the accounting treatment by class of financial assets at December 31, 2015 was as follows:

Euro thousands	December 31, 2015	Measurement basis	Level 1	Level 2	Level 3
Financial assets					
Cash and Cash Equivalents	1,139	Fair Value			
Current and Non-Current Financial Assets	7,422	Fair Value			7,422
Trade and Other Receivables	22,229	Fair Value			
Total financial assets	**30,790**		**-**	**-**	**7,422**

Euro thousands	December 31, 2014	Measurement basis	Level 1	Level 2	Level 3
Financial assets					
Cash and Cash Equivalents	52,291	Fair Value			
Current and Non-Current Financial Assets	80,002	Fair Value	80,002		
Trade and Other Receivables	210	Fair Value			
Total financial assets	**132,503**		**80,002**	**-**	**-**

▪ **Note 4** - Investments Measured at Cost

"Investments Measured at Cost" at December 31, 2015 amount to Euro 108,705 thousand (Euro 0 thousand at December 31, 2014). The movements in the year are shown below:

Note 4.A - INVESTMENTS MEASURED AT COST

Euro thousands	Investments in Subsidiaries	Investments in Associates	Investments in Other Companies	Total Amount
December 31, 2014	**0**	**0**	**0**	**0**
Increases in the year	**108,675**	**45,216**	**2**	**153,893**
Increases (Investments)	51,197	39,073	0	90,270
F.I.L.A. S.p.A. merger contribution at May 31, 2015	51,363	6,143	2	57,508
Other Increases	6,115	0	0	6,115
Decreases in the year	**0**	**(45,188)**	**0**	**(45,188)**
Decreases (Divestments)	0	(39,073)	0	(39,073)
Other Decreases	0	(6,115)	0	(6,115)
December 31, 2015	**108,675**	**28**	**2**	**108,705**
Change in year	**108,675**	**28**	**2**	**108,705**

Investments in subsidiaries at December 31, 2015 and the changes in the year are illustrated in the table below:

Note 4.B - INVESTMENTS IN SUBSIDIARIES

Euro thousands	F.I.L.A. Hispania S.L. (Spain)	Omyacolor S.A. (France)	Dixon Ticonderoga Co. (U.S.A.)	F.I.L.A. Chile Ltda (Chile)	Lyra Bleistift-Fabrik GmbH & Co. KG (Germany)	FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	Licyn Mercantil Industrial Ltda (Brazil)	FILA Stationery O.O.O. (Russia)	Industria Maimeri S.p.A. (Italy)	FILA Cartorama S.A. (Pty) Ltd. (South Africa)	FILA Hellas S.A. (Greece)	FILA Australia PTY LTD (Australia)	Fila Polska Sp. Z.o.o (Poland)	Writefine Private Product Limited (India)	Total Amount
December 31, 2014	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F.I.L.A. S.p.A. merger contribution May 31, 2015	90	2,506	30,541	62	12,454	1,299	3,347	95	946	1	12	1	9	0	51,363
Increases	0	0	0	0	0	0	0	0	0	0	0	0	35	57,277	57,312
of which F.I.L.A. S.p.A. since June 1, 2015	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*35*	*57,277*	*57,312*
Decreases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
December 31, 2015	90	2,506	30,541	62	12,454	1,299	3,347	95	946	1	12	1	44	57,277	108,675
Change in year	90	2,506	30,541	62	12,454	1,299	3,347	95	946	1	12	1	44	57,277	108,675

F.I.L.A. S.p.A., with contract signed on October 26, 2015, increased its shareholding in Writefine Products Private Limited to 51% and therefore completing a process which began in December 2011 with the acquisition of a minority stake of 18.5%. The increase recorded in 2015 of Euro 57,277 thousand is attributable to the following events:

- the increase in the shareholding to 51% (Euro 36,110 thousand);
- the adjustment to fair value of the investment (Euro 15,052 thousand);

- the reclassification of the value of the investment in Writefine Products Private Limited recorded at December 31, 2014 from an investment in associates to an investment in subsidiaries amounting to Euro 6,115 thousand (reclassified to "Other increases").

We also report the incorporation in April 2015 of the subsidiary Fila Polska Sp. Z.o.o (Poland), of which F.I.L.A. S.p.A. holds 51%. The investment is carried at Euro 44 thousand.
On the merger, "Investments in Associates", which included the investment held by Space S.p.A. of 15.49% in the share capital of F.I.L.A. S.p.A. (valued at Euro 39,073 thousand based on a 100% valuation of the share capital of F.I.L.A. S.p.A. equal to Euro 228 million), was eliminated with reference to the investment.

A comparison between the value of the investments and the equity of the subsidiaries at December 31, 2015 is illustrated in the table below:

Euro thousands

Subsidiary	Equity at Dec. 31, 2015	Net Profit/(loss) for the year	Total holding**	Share of Equity	Net carrying amount
Dixon Ticonderoga Company (U.S.A.)*	85,875	17,028	100.00%	85,875	30,603
Licyn Mercantil Industrial Ltda (Brazil)	(397)	(1,296)	99.99%	(397)	3,347
Omyacolor S.A. (France)	14,108	1,729	99.9%	14,094	2,505
F.I.L.A. Hispania S.L. (Spain)	3,091	1,111	96.77%	2,991	90
Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG (Germany)	10,072	222	100.00%	10,072	12,454
FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	(175)	(221)	99.99%	(175)	1,300
Fila Polska Sp. Z.o.o (Poland)	54	31	51.00%	28	43
Fila Hellas SA (Greece)	548	253	50.00%	274	12
Industraia Maimeri S.p.A. (Italy)	1,438	(60)	51.00%	733	946
Fila Cartorama SA PTY LTD (South Africa)	(1,004)	(905)	90.00%	(904)	1
Fila Stationary O.O.O. (Russia)	(877)	(500)	90.00%	(789)	95
Writefine Products Private Limited (India)	45,902	249	51.00%	23,410	57,278
					108,674

Figures concern approved financial statements at December 31, 2015
* includes 1% of F.I.L.A CHILE LTDA held by F.I.L.A. S.p.A.
** direct and indirect holdings of F.I.L.A. S.p.A.

The investments held by F.I.L.A. S.p.A. in subsidiaries at December 31, 2015 are subject to impairment tests, comparing the carrying amount with the recoverable value. In order to determine the recoverable value of the investments the "Value in use" is utilised. The estimate of the "Value in use" in accordance with IAS 36 is determined applying a discount rate on the expected future cash flows.

The expected future cash flows utilised for the determination of the "Value in use" were estimated based on the Business Plan and 2016 Budget approved. The subsequent cash flows were determined taking the assumptions from the plan and applying the growth rate identified for each company in line with the long-term assumptions relating to the growth rate of the sector and the specific country risk in which each company operates. The "Terminal Value" was calculated applying the perpetual yield method.

The discount rate (W.A.C.C.) is the average weighed cost of risk capital and debt capital considering the tax effects generated from the financial structure.
The principal considerations for the determination of the discount rates are illustrated below:

- Licyn Mercantil Industrial Ltda (Brazil) – Discount rate equal to 10.20% (10.10% at December 31, 2014). The W.A.C.C. remains substantially unchanged compared to the estimate at the end of the previous year.
- Johan Forescheis Lyra Bleistift-Fabrik Gmbh & Co. KG (Germany) – the discount rate utilised is 5.82% (6.40% at December 31, 2014). The reduction compared to the previous year is due to the contraction in the free risk rate of the 10-year BUND utilised as a basis to calculate the cost of risk capital.
- FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) - the WACC used was 15.50%.

Despite losses reported, the carrying amount in the investments held by F.I.L.A. S.p.A. at December 31, 2015 in the following companies are considered recoverable: Fila Polska Sp. Z.o.o (Poland) and FILA Stationary O.O.O. (Russia) as they relate to companies in start-up phases and for which future profitability is forecast.

As guarantee of the obligations deriving from the loan between Dixon Ticonderoga Co. (U.S.A.) and Intesa Sanpaolo, F.I.L.A. S.p.A. provided the lender a first degree lien on the shares held in Dixon Ticonderoga Co. (U.S.A.).

At the same time, we report the release of the lien on the shares held by F.I.L.A. S.p.A. in Omyacolor S.A. (France) and in Lyra KG (Germany), following the total advance voluntary repayment of the loans.

▪ **Note 5** – Deferred Tax Assets

"Deferred Tax Assets" amount to Euro 5,136 thousand at December 31, 2015 (Euro 0 thousand at December 31, 2014).

Note 5.A - CHANGES IN DEFERRED TAX ASSETS

Euro thousands	
December 31, 2014	**0**
Provisions	3.727
of which F.I.L.A. S.p.A. since June 1, 2015	*2.360*
Utilisations	(635)
of which F.I.L.A. S.p.A. since June 1, 2015	*(635)*
F.I.L.A. S.p.A. merger contribution at May 31, 2015	2.044
December 31, 2015	**5.136**
Change in year	**5.136**

"Deferred Tax Assets" at December 31, 2015 concern temporary deductible differences in future years. They are recognised as there is a reasonable certainty of the existence, in the years in which the temporary differences will reverse, of assessable income not lower than the amount of these differences.

The breakdown of "Deferred Tax Assets" is illustrated below.

NOTE 5.B - BREAKKDOWN OF DEFERRED TAX ASSETS

	Balance Sheet			Income Statement	
Euro thousands	**2015**	**F.I.L.A. S.p.A. merger contribution at May 31, 2015**	**2014**	**2015**	**2014**
Deferred tax assets relating to:					
Intangible Assets	120	123	0	(3)	0
Property, Plant and Equipment	391	423	0	(32)	0
Directors Remuneration	296	122	0	174	0
Doubtful Debt Provision not deductible	394	316	0	78	0
Inventories	123	111	0	12	0
Agent supp. indem. prov.	263	263	0	0	0
Exchange adjustments	51	44	0	7	0
Provisions for risks and charges	0	0	0	0	0
"Lyra KG (Germany)" Tax Losses Carried Forward	0	634	0	(634)	0
Other	9	8	0	1	0
Tax Losses	641	0	0	641	0
Deferred deductible costs	582	0	0	582	0
ACE	2.266	0	0	2.266	0
Total deferred tax assets	**5.136**	**2.044**	**0**	**3.092**	**0**

"Lyra KG (Germany) Tax Losses carried forward" relate to the deferred tax asset on the tax losses of Lyra KG (Germany) and recorded at December 31, 2014 for Euro 634 thousand, relating to the taxation of the parent company pursuant to German tax legislation.

In 2015 the account was written down as the merger between Space S.p.A. and F.I.L.A. S.p.A. resulted in a change in the share ownership of Lyra KG (Germany), which, in accordance with German fiscal legislation, resulted in the lapsing of this fiscal benefit.

"Tax Losses" amounting to Euro 641 thousand relate to deferred taxes calculated on the part of the fiscal losses generated by F.I.L.A. S.p.A. in the period between the effective merger date and the year-end (June 1, 2015 - December 31, 2015).

The deferred tax assets on the fiscal losses generated in the first part of the year (from January 1, 2015 to May 31, 2015), amounting to Euro 3.7 million, prudently were not recognised in the financial statements.

Similarly, the financial statements at December 31, 2015 do not include the deferred tax assets on the fiscal losses generated by Space S.p.A. up to the year 2014, as the carry forward of these losses is subject to review by the tax administration, whose outcome at the date of the preparation of the financial statements was uncertain.

It should be noted that the company Space S.p.A. did not record in the 2014 financial statements these deferred tax assets as the criteria for their future recoverability did not exist due to the nature of the business activities.

We also highlight the recognition of deferred tax assets calculated on the ACE benefit carried forward in future years and deriving from the component generated by Space S.p.A. at December 31, 2014 and by the ACE component generated during 2015, recorded in the account "ACE" for a total amount of Euro 2,266 thousand.

"Deferred deductible costs" relates to deferred tax assets calculated on preparatory costs for the listing incurred by Space S.p.A. in the years 2013 and 2014 and subject to deferred tax deduction over five years.

The deferred tax asset calculation is made by F.I.L.A. S.p.A., evaluating the projected future recovery of these assets based on updated strategic plans, together with the relative tax plans.
In accordance with the 2016 Stability Law, concerning the reduction of the IRES rate from the current 27.5% to 24% from the year following the tax period to December 31, 2016, the Company has provided for the application of the new rates in the definition of the calculation of the deferred tax assets for the elements identifiable.

- **Note 6** - Current Tax Assets

At December 31, 2015 current tax receivables amount to Euro 1,821 thousand (Euro 104 thousand at December 31, 2014) relating to the tax provision for the year.

- **Note 7** - Inventories

Inventories at December 31, 2015 amount to Euro 30,198 thousand (Euro 0 thousand at December 31, 2014).

The breakdown of inventories is as follows:

Note 7.B- CHANGE IN INVENTORY OBSOLESCENCE PROVISION

Euro thousands	Inventory Obsolescence Provision: Raw Materials, Ancillary and Consumables	Inventory Obsolescence Provision: Work-in-progress and Semi-finished Products	Inventory Obsolescence Provision: Finished Products and Goods	Total Amount	of which F.I.L.A. S.p.A. from June 1, 2015
December 31, 2014	0	0	0	0	0
F.I.L.A. S.p.A. merger contribution at May 31, 2015	105	37	259	402	402
Provisions	0	100	25	125	125
Utilisations	(13)	(105)	(17)	(136)	(136)
December 31, 2015	92	32	267	391	391
Change in year	92	32	267	391	391

The values reported in the previous table are shown net of the inventory obsolescence provision relating to raw materials, products in work-in-progress and finished products, amounting respectively at December 31, 2015 to Euro 92 thousand (Euro 0 thousand at December 31, 2014), Euro 32 thousand (Euro 0 thousand at December 31, 2014) and Euro 267 thousand (Euro 0 thousand at December 31, 2014), which refer to obsolete or slow moving materials for which it is not considered possible to recover through sales.

No inventory is provided as a guarantee on liabilities.

The changes in the inventory obsolescence provision in the year were as follows:

Note 7.B- CHANGE IN INVENTORY OBSOLESCENCE PROVISION

Euro thousands	Inventory Obsolescence Provision: Raw Materials, Ancillary and Consumables	Inventory Obsolescence Provision: Work-in-progress and Semi-finished Products	Inventory Obsolescence Provision: Finished Products and Goods	Total Amount	of which F.I.L.A. S.p.A. from June 1, 2015
December 31, 2014	0	0	0	0	0
F.I.L.A. S.p.A. merger contribution at May 31, 2015	105	37	259	402	402
Provisions	0	100	25	125	125
Utilisations	(13)	(105)	(17)	(136)	(136)
December 31, 2015	92	32	267	391	391
Change in year	92	32	267	391	391

During 2015 the provision was utilised for disposals and product scrapping. The provision for the year was recorded against obsolete and slow moving inventories at year end.

- **Note 8 –** Trade and Other Receivables

"Trade and Other Receivables" amount to Euro 22,229 thousand and increased on the previous year by Euro 22,019 thousand.

The breakdown is illustrated below.

Note 8.A - TRADE AND OTHER RECEIVABLES

Euro thousands	December 31, 2015	December 31, 2014	Change in year	F.I.L.A. S.p.A. merger contribution at May 31, 2015
Trade Receivables	14,103	0	14,103	28,110
Tax Receivables	1,821	194	1,627	441
Other Receivables	547	0	547	516
Prepayments and Accrued Income	107	16	91	240
Third parties	**16,578**	**210**	**16,368**	**29,307**
Trade Receivables - Subsidiaries	5,651	0	5,651	7,064
Subsidiaries	**5,651**	**0**	**5,651**	**7,064**
Trade Receivables - Associates	0	0	0	27
Associates	**0**	**0**	**0**	**27**
Total amount	**22,229**	**210**	**22,019**	**36,398**

The trade receivables in the two years under consideration are impacted by the absence, within the company Space S.p.A., of transactions of a commercial nature due to the nature of the business activities.

"Trade Receivables - Subsidiaries" amount to Euro 5,651 thousand at December 31, 2015 (Euro 0 thousand at December 31, 2014). For further information, reference to the "Directors' Report - Transactions with Related Parties".

The movement is related to business levels in the period.
The amounts of the previous table are shown net of the doubtful debt provision.
At December 31, 2015, there were no trade receivables subject to guarantees.
All of the above receivables are due within 12 months.

The geographic breakdown of trade receivables (by customers) are illustrated in the table below:

Note 8.B - TRADE RECEIVABLES THIRD PARTIES - REGIONAL BREAKDOWN

Euro thousands	December 31, 2015	December 31, 2014	Change in year	F.I.L.A. S.p.A. merger contribution at May 31, 2015
Europe	13,593	0	13,593	27,288
Rest of the World	510	0	510	822
Third parties	**14,103**	**0**	**14,103**	**28,110**

The changes in the doubtful debt provision to cover difficult recovery positions are illustrated in the table below.

Note 8.C - CHANGES IN DOUBTFUL DEBT PROVISION

Euro thousands	Doubtful debt provision
December 31, 2014	**0**
F.I.L.A. S.p.A. merger contribution at May 31, 2015	1.290
Provisions	334
of which F.I.L.A. S.p.A. since June 1, 2015	*334*
Utilisations	(52)
of which F.I.L.A. S.p.A. since June 1, 2015	*(52)*
December 31, 2015	**1.572**
Change in year	**1.572**

"Tax Receivables" includes V.A.T. and other local taxes other than corporation taxes.

Current tax receivables amount to Euro 1,821 thousand at December 31, 2015 (Euro 194 thousand at December 31, 2014) and includes VAT receivables at December 31, 2015, as well as tax credits arising from the reimbursement request for IRES relating to IRAP on labour costs in previous years.

"Other Receivables" includes personnel and social security receivables and payments on account to suppliers. At December 31, 2015 the account amounts to Euro 547 thousand (Euro 0 thousand at December 31, 2014).

The book value of "Other Receivables" represents the "fair value" at the reporting date.

All of the above receivables are due within 12 months.

- **Note 9** - Cash and cash equivalents

“Cash and Cash Equivalents” at December 31, 2015 amount to Euro 1,139 thousand (Euro 52,291 thousand at December 31, 2014).

The breakdown and comparison with the previous year is illustrated in the table below.

Note 9.A - CASH AND CASH EQUIVALENTS

Euro thousands	Bank and Post Office Deposits	Cash in hand and similar	Total Amount
December 31, 2014	**52,291**	**0**	**52,291**
December 31, 2015	**1,128**	**11**	**1,139**
Change in year	**(51,163)**	**11**	**(51,152)**

"Bank and postal deposits" consist of temporary liquidity positions with banks generated in conjunction with treasury management and relating to ordinary current accounts of F.I.L.A. S.p.A..
The book value approximates the “fair value” at the reporting date.
Bank and postal deposits are remunerated at rates which approximate the Euribor.
There are no bank and postal deposits subject to restrictions.
For comments on cash flows in the year reference to the cash flow statement.

- **Note 10 -** Net Financial Position

The "Net Financial Position" at December 31, 2015 was as follows:

Euro thousands		December 31, 2015	December 31, 2014	Change in year
A	Cash	11	0	11
B	Other cash equivalents	1,128	52,291	(51,163)
C	Securities held-for-trading	0	80,002	(80,002)
D	**Liquidity (A + B + C)**	**1,139**	**132,293**	**(131,154)**
E	**Current financial receivables**	**4,147**	**0**	**4,147**
F	Current bank payables	(5,303)	0	(5,303)
G	Current portion of non-current debt	0	0	0
H	Other current financial payables	(67)	(42,471)	42,404
I	**Current financial debt (F + G + H)**	**(5,370)**	**(42,471)**	**37,101**
J	**Net current financial debt (I + E+ D)**	**(84)**	**89,821**	**(89,905)**
K	Non-current bank payables	0	0	0
L	Bonds issued	0	0	0
M	Other non-current payables	0	0	0
N	**Non-current financial debt (K + L + M)**	**0**	**0**	**0**
O	**Net financial debt (J+N)**	**(84)**	**89,821**	**(89,905)**
P	**Loans issued to third parties & intercompany**	**3,275**	**0**	**3,275**
Q	**Net financial debt (O + P) - F.I.L.A.**	**3,191**	**89,821**	**(86,630)**

Note
1) The net financial debt calculated at point "O" complies with Consob Communication DEM/6064293 of July 28, 2006, which excludes non-current financial assets.
The net financial debt of F.I.L.A. S.p.A. differs from the above communication by Euro 3,275 thousand in relation to the non-current loans granted to third parties and companies of the FILA Group.
2) The Market Warrants recognised to the financial statements at December 31, 2015 of Euro 21,504 thousand are not considered an integral part of the net financial debt as cashless financial instruments.
3) "Loans issued to third parties & intercompany" include the non-current portion of financial assets

Compared to the net financial position at December 31, 2014 (cash of Euro 89,821 thousand), net of the "Net financial debt" of F.I.LA. S.p.A. from the merger contribution, amounting to debt of Euro 32,595 thousand, cash was absorbed totalling Euro 57,226 thousand, mainly attributable to:

- net cash generated from operating activities of Euro 549 thousand (cash absorbed Euro 52 thousand in 2014), with the cash generated from "Net Working Capital" (mainly due to the decrease in "Trade receivables", following receipts, offset by the increase in inventories related to the strong growth in orders as well as the necessity for prompt deliveries) offset by the "Payment of Income Taxes";

- net tangible and intangible asset investment of Euro 1,133 thousand (Euro 25 thousand in 2014);
- cash absorbed of Euro 36,110 thousand for the increase in the shareholding in the Indian subsidiary Writefine Products Private Limited to 51%;
- release, with positive effect, of the liability accrued against the withdrawal right not exercised by the shareholders of Space S.p.A. on maturity (Euro 42,471 thousand);
- absorption of cash relating to the acquisition, by Space S.p.A. of the investment held by Intesa Sanpaolo in F.I.L.A. S.p.A. (Euro 39,075 thousand), an operation undertaken in the period prior to the merger date;
- cash generated of Euro 3,223 thousand for dividends received from subsidiaries;
- cash absorbed of Euro 26,919 thousand for the distribution of the reserves in favour of the shareholders of Space S.p.A., following the Shareholders' Meeting resolution of February 20, 2015.

Reference to the "Directors' Report - Statement of Financial Position" for comments on the Net Financial Position of F.I.L.A. S.p.A.
There were no related party transactions for the year 2015 or for the year 2014.

▪ **Note 11 -** Share Capital and Equity

Share capital

The Share Capital, fully paid-in, amounts to Euro 37,170,830.00, divided into 39,030,842 shares:

- 32,464,334 ordinary shares, without nominal value;
- 6,566,508 class B shares, without nominal value, which attribute 3 votes exercisable at the Shareholders' Meeting (ordinary and extraordinary) of F.I.L.A. S.p.A..

The breakdown of the share capital of F.I.L.A. S.p.A. is illustrated below.

Shares	No. of Shares	% of Share Capital	Listing
Ordinary shares	32,464,334	*83.18%*	MTA - STAR Segment
Class B Shares (multiple votes)	6,566,508	*16.82%*	Non Listed

The change in the share capital in the year is due to the merger of Space S.p.A. and F.I.L.A. S.p.A.. The only change recorded during the year 2015 relates to the share capital increase of Euro 23,616 thousand, in favour of the shareholders of F.I.L.A. S.p.A., merged into Space S.p.A. (now F.I.L.A. S.p.A.).

The availability and distribution of equity is outlined in the following table:

Note 11.A ORIGIN, POSSIBILITY FOR UTILISATION AND DISTRIBUTION OF EQUITY

Euro thousands	Equity accounts	Balance at 31-12-2015	Possibility of Utilisation	Quota Available	Summary of Utilisations in Last 3 Years (2012-2014) cover losses	Summary of Utilisations in Last 3 Years (2012-2014) other reasons
	Share capital	37,171		0	0	0
	Capital Reserves:					
	Share Premium Reserve	109,879	**A, B, C**	109,879	0	(15,551)
	IAS 19 Reserve	(212)		0	0	,
	Other Reserves	26,081	**A, B, C**	26,081	0	0
	Retained Earnings	(513)		0	0	0
Total		**172,406**		**135,960**	**0**	**(15,551)**

Key:
A - for share capital increase
B - to cover losses
C - for distribution to shareholders

"Quota Available" refers to the equity reserves distributable and the related restrictions on distribution, among which, the distribution of the share premium reserve net of:

- the amount to be allocated to cover losses (Euro 41,599 thousand);
- the amount of the legal reserve required to reach one fifth of the share capital in accordance with statutory provisions (Euro 7,434 thousand - Article 2431 of the Civil Code);
- the restriction on the distribution on the equity items related to the revaluation of the investment held in the company Writefine Products PVT Ltd (Euro 15,052 thousand - in

accordance with Article 6, paragraph 1, letter a), of Legislative Decree No. 38 of February 28, 2015) following the purchase of the majority shareholding and recorded under financial income in 2015 (for further information, reference to “Directors’ Report – Significant Events in the year”).

In relation to the utilisations the following is noted:

- on February 11, 2015 the period granted to the shareholders of Space S.p.A. no longer favourable to the significant transaction for the exercise of the sales option rights to Space S.p.A. of all or part of the shares in relation to the operation with F.I.L.A. S.p.A. expired, without any of these options being exercised by any of the parties with such rights. At the completion date of the significant transaction, the fair value account for sales options recorded in the financial statements at December 31, 2014 for Euro 42,471 thousand will therefore be reversed with a positive effect on equity;

- distribution of reserves by Space S.p.A. to those who at the effective merger date held ordinary Space shares or holders of Space S.p.A. special shares, for Euro 26,920 thousand.

Share premium reserve

The account amounted to Euro 109,879 thousand at December 31, 2015 compared to Euro 69,037 thousand at December 31, 2014, an increase of Euro 40,842 thousand.
The change is related to the following events:

- the release of the sales option reserve for Euro 42,471 thousand (recorded on the placement of the ordinary shares on the market), related to the non exercise of the sales options to Space S.p.A. of all or part of the shares in relation to the operation with F.I.L.A. S.p.A. which expired without any of the options being exercised by any of the parties with such rights.
- distribution of the reserve of Euro 26,920 thousand in favour of the shareholders of Space S.p.A. in accordance with the Shareholders’ Meeting resolution of February 20, 2015;
- the fair value recognition of the equity of Space S.p.A. at the merger date with F.I.L.A. S.p.A. of Euro 24,923 thousand;

- the recognition of the market warrants exercised during 2015, amounting to Euro 368 thousand.

Market Warrants

4,333,333 market warrants were issued within the institutional placement for the admission to listing, traded on the MIV/SIV segment separately from the shares and a further 4,324,169 market warrants were issued from the effective merger date (June 1, 2015) and allocated to holders of ordinary shares (excluding pre-merger shareholders of Space S.p.A. – now F.I.L.A. S.p.A. – and of Space Holding S.p.A.).

The market warrants may be exercised cashless in the 5-year period from the Effective Merger Date upon meeting the conditions outlined in the market warrant regulation.

Of the 8,657,502 Market Warrants initially issued, 290,293 Market Warrants were exercised in the first Exercise period (July 23 - July 31, 2015) and therefore 69,667 ordinary shares were subscribed, 172,767 Market Warrants were exercised in the second Exercise period (August 1 - August 31, 2015) and therefore 41,463 ordinary shares were subscribed, 11,666 Market Warrants were exercised in the third Exercise period (September 1 - September 30, 2015) and therefore 2,332 ordinary shares were subscribed, 250 Market Warrants were exercised in the fourth Exercise period (October 1 - October 31, 2015) and therefore 55 ordinary shares were subscribed, 6,232 Market Warrants were exercised in the fifth Exercise period (November 1 - November 30, 2015) and therefore 1,495 ordinary shares were subscribed.

Sponsor warrants

690,000 sponsor warrants were issued, in the amount of 3 sponsor warrants for every 2 sponsor shares. The exercise of these warrants allocates to holders sponsor shares through a cash-based regulation. The non-listed sponsor warrants, exercisable on payments of the unitary "Exercise Price" of Euro 10.385 may be exercised, in full or in part, from the third trading day subsequent to June 1, 2015 and within the ten subsequent years, only where the official price of the share recorded in at least one of the days in the exercise period is equal or greater to Euro 10.385.

In service of the market warrants and sponsor warrants, the Shareholders' Meeting of Space S.p.A. of October 9, 2013 approved:

- the issue a maximum 2,692,307 Space S.p.A. ordinary shares in service of the market warrants, subject to a maximum number of ordinary Space S.p.A. shares in service of the market warrants to be issued under the acceleration of 2,333,333; and
- a share capital increase, excluding the option right, in accordance with Article 2441, paragraph 5 of the Civil Code, for a maximum total amount, including share premium, of Euro 9,750,000, through the issue of a maximum 750,000 ordinary Space S.p.A. shares in service of the market warrants, subject to the maximum number of ordinary Space S.p.A. shares in service of the sponsor warrants totalling 690,000 on the basis of the 690,000 sponsor warrants issued.

At December 31, 2015 no sponsor warrants had been exercised.

Other reserves

At December 31, 2015 the account amounts to Euro 26,081 thousand and includes the reserves relating to F.I.L.A. S.p.A. at May 31, 2015, as well as recording the merger operation.

IAS 19 Reserve

The account at December 31, 2015 amounts to Euro 212 thousand (Euro 0 thousand at December 31, 2014) and reports an increase in the year of Euro 97 thousand, as well as a decrease of Euro 27 thousand relating to deferred tax liabilities recognised directly to equity.

Retained earnings

The account amounts to Euro 513 thousand at December 31, 2015 (negative), which includes both losses relating to previous years and market warrants exercised during 2015, amounting to Euro 618 thousand.

Dividends

In 2015, F.I.L.A. S.p.A. did not distribute dividends to shareholders of F.I.L.A. S.p.A.

F.I.L.A. S.p.A. expects to receive in 2016 approx. Euro 4.9 million from subsidiary companies.
Over the last three years and in its forecasts, the F.I.L.A. Group coordinates its dividend policy in line with the financial needs of extraordinary acquisition operations.

…………………

The Board of Directors of F.I.L.A. S.p.A. have proposed:

1. to utilise part of the share premium reserve for Euro 41,599,122.98 (i) to cover the losses for the year of Euro 41,086,172.62 and (ii) to cover the residual losses relating to the years preceding 2015 of Euro 512,950.36;
2. to fully constitute the legal reserve for Euro 7,434,166 through the partial utilisation of the remaining part of the share premium reserve;
3. to release a further residual part of this share premium reserve for Euro 15,052,294, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree No. 38 of February 28, 2015;
4. to distribute part of the other reserves of the Company, other than those in suspension of taxes, totalling Euro 3,710,907 as dividend.

▪ Note 12 - Financial Liabilities

The balance at December 31, 2015 was Euro 5,370 thousand (Euro 0 thousand at December 31, 2014), entirely recorded under current liabilities.
The account refers to both the current portions of the loans granted by other lenders and bank overdrafts for operating activities.

The breakdown at December 31, 2015 is illustrated below.

Note 12.A - FINANCIAL LIABILITIES

	Banks		Other Lenders: Third Parties		Bank Overdrafts		Total Amount
Euro thousands	Principal	Interest	Principal	Interest	Principal	Interest	
December 31, 2014	**0**	**0**	**0**	**0**	**0**	**0**	**0**
non-current portion	0	0	0	0	0	0	0
current portion	0	0	0	0	0	0	0
December 31, 2015	**0**	**0**	**67**	**0**	**5.286**	**17**	**5.370**
non-current portion	0	0	0	0	0	0	0
current portion	0	0	67	0	5.286	17	5.370
Change in year	**0**	**0**	**67**	**0**	**5.286**	**17**	**5.370**
non-current portion	0	0	0	0	0	0	0
current portion	0	0	67	0	5.286	17	5.370
of which F.I.L.A. S.p.A. since June 1, 2015	**22.000**	**13**	**525**	**0**	**13.608**	**28**	**36.174**

During 2015 F.I.L.A. S.p.A. repaid all of the residual bank loans existing at December 31, 2014 as follows:

- repayment in January 2015, amounting to Euro 6,500 thousand, of the loan underwritten with Intesa Sanpaolo in 2009 and drawn down in 2010 (original amount of Euro 40 million);
- repayment in March 2015, amounting to Euro 1,250 thousand, of the loan underwritten with Banca Nazionale del Lavoro and Intesa Sanpaolo in July 2011 (original loan of Euro 8 million).
- we also report the advance voluntary repayment, in December 2015, of the non-current portion of the residual debt recorded at December 31, 2014 of the loan from Intesa Sanpaolo S.p.A. (original maturity in January 2017) for an amount of Euro 14.5 million and, in September 2015 for Euro 4.5 million from Banca Nazionale del Lavoro / Intesa Sanpaolo S.p.A. (maturity March 2018, in addition to Euro 3 million relating to the credit line provided in 2011, from the loan contract signed with Banca Nazionale del Lavoro and Intesa Sanpaolo in July 2011.

Financial liabilities are initially recognised at Fair Value, including directly attributable transaction costs. The initial carrying amount is subsequently adjusted to account for redemptions in principal and interest calculated under the effective interest rate method represented by the rate equal to, at the moment of initial recognition, the present value of expected cash flows and the initial carrying amount (amortised cost method) and the interest paid. The effect at December 31, 2015 of the amortised cost method was Euro 83 thousand of interest.

"Financial liabilities - Other Lenders" includes the payables of F.I.L.A. S.p.A. to factoring companies for advances on transfer of receivables (Ifitalia). We also report that the lease contract with BNP Paribas was settled.

Payables to other lenders at December 31, 2015 totalled Euro 67 thousand (Euro 0 thousand at December 31, 2014).

Details on the timing of financial cash flows and "Other Lenders" at December 31, 2015 concerning F.I.L.A. S.p.A. are illustrated in the following table:

Note 12.B - LOANS FROM OTHER LENDERS

Description	General information								Loan Repayments	
	Amount		Total	Year	Curr.	Country	Interest		Current Financial Liabilities	Guarantees Granted
	Principal	Interest					Variable	Spread	2016	
Euro thousands										
Safety Kleen Italia S.p.A. (Leasing)	2	0	2	2013	EUR	Italy	0,00%	0,00%	2	None
International Factors S.p.A. (Ifitalia)	65	0	65	2014	EUR	Italy	Euribor 3 months	0,75%	65	None
Total amount	67	0	67						67	

"Bank Overdrafts" at December 31, 2015 amounted to Euro 5,303 thousand corresponding to the principal and interest.

Note 12.C - BANK OVERDRAFTS

Description	General information								Loan Repayments	Guarantees Granted
	Amount		Total	Year	Curr.	Country	Interest		Current Financial Liabilities	
	Principal	Interest					Variable	Spread	2016	
Euro thousands										
Banking Institutions	5.286	17	5.303	2015	EUR	Italy	0,80%	0%	5.303	None
Total amount	5.286	17	5.303						5.303	

Reference to "Note 10 - Net Financial Position" and the "Directors' Report – Key Financial Highlights of the F.I.L.A. Group – Financial Position" in relation to the net financial position at December 31, 2015.

In accordance with IFRS 7, we report the following:

- the accounting treatment by class of financial assets and liabilities at December 31, 2015 was as follows:

Euro thousands	December 31, 2015	Measurement basis	Level 1	Level 2	Level 3
Financial liabilities					
Other Lenders	67	Fair Value			67
Bank Overdrafts	5,303	Fair Value			
Financial Instruments	21,504	Fair Value	21,504		
Trade and Other Payables	23,961	Fair Value			
Total financial liabilities	**50,835**		**21,504**	**-**	**67**

Euro thousands	December 31, 2014	Measurement basis	Level 1	Level 2	Level 3
Financial liabilities					
Other Lenders	42,471	Fair Value			42,471
Trade and Other Payables	1,104	Fair Value			
Total financial liabilities	**43,575**		**-**	**-**	**42,471**

▪ **Note 13** - Employee Benefits

The benefits recognised to employees of F.I.L.A. S.p.A. concern salary based Post-Employment Benefits, governed by Italian legislation and in particular Article 2120 of the Italian Civil Code. The amount of these benefits is in line with the contractually-established compensation agreed between the parties on hiring.

The Post-Employment Benefit Provision matured at December 31, 2006 is considered a defined benefit plan as per IAS 19. The benefits guaranteed to employees, under the form of the Post-Employment Benefit Provision, paid on the termination of employment, are recognised in the period the right matures. The relative liability is based on actuarial assumptions and the effective payable matured and not settled at the reporting date. The discounting process, based on demographic and financial assumptions, is undertaken applying the “Projected Unit Credit Method” by professional actuaries.

The Post-Employment Benefits matured since January 1, 2007 are considered a defined contribution plan and therefore contributions matured in the period were fully recognised as a cost and recorded as a payable in the account “Other Current Liabilities”, after the deduction of any contributions already paid.

The amounts at December 31, 2015 were as follows:

Note 13.A - EMPLOYEE BENEFITS

Euro thousands

December 31, 2014	**1**
Disbursements	(389)
Financial Charges	17
Pension Cost for Service	348
IAS 19 Reserve	(85)
F.I.L.A. S.p.A. merger contribution at May 31, 2015	2.031
December 31, 2015	**1.923**
Change in year	**1.922**

The "Actuarial Gain" for 2015 amounts to Euro 85 thousand. The actuarial changes in the year, net of the tax effect, are recognised directly to equity.

The following table illustrates the disclosures required by I.F.R.S. in relation to "Employee Benefits".

1. Obligations for Employee Benefits	**31-12-2015**	**31-12-2014**
Present Value of Obligations Not Covered by Assets to Service Plan	1.923	1
Total amount	**1.923**	**1**

There are no financial assets at December 31, 2015 invested by F.I.L.A. S.p.A. to cover financial liabilities relating to Post-Employment Benefits.

The table below highlights the net cost recognised to the income statement in 2015 and 2014:

2. Cost Recognised in Income Statement	**31-12-2015**	**31-12-2014**
Pension Cost for Service	(348)	(1)
Financial Expense	(17)	0
Cost Recognised in Income Statement	**(365)**	**(1)**

The obligations deriving from the above-mentioned plans are calculated based on the following actuarial assumptions:

3. Main Actuarial Assumptions at Reporting Date (average values)	31-12-2015	31-12-2014
Annual Technical Discounting Rate	2,0%	0,0%
Increase Cost of Living	1,8%	0,0%
Future Increase in Pensions	2,8%	0,0%

For comparative purposes we illustrate the actuarial assumptions applied in 2014.

Details on the timing of financial cash flows relating to post-employment benefits at December 31, 2015 are illustrated in the following table:

Note 13.B - POST-EMPLOYMENT BENEFITS: TIMING CASH FLOWS

		Timing cash flows				
Nature	**Amount**	**2016**	**2017**	**2018**	**2019**	**Beyond 2019**
Euro thousands						
Post-Employment Benefits						
Post-Employment Benefits	1.923	80	80	80	80	1.603
Total amount	**1.923**					

- **Note 14** - Provisions for Risks and Charges

The "Provision for Risks and Charges" amount to Euro 574 thousand and decreased Euro 526 thousand on the previous year.

Note 14.A - PROVISIONS FOR RISKS AND CHARGES

Euro thousands		Risks Provisions for Tax Disputes	Provisions for Agents	Other Provisions	Total Amount
December 31, 2014		**0**	**0**	**1.100**	**1.100**
	non-current portion	0	0	0	0
	current portion	0	0	1.100	1.100
December 31, 2015		**39**	**498**	**37**	**574**
	non-current portion	0	498	0	498
	current portion	39	0	37	76
Change in year		**39**	**498**	**(1.063)**	**(526)**
	non-current portion	0	498	0	498
	current portion	39	0	(1.063)	(1.024)
F.I.L.A. S.p.A. merger contribution at May 31, 2015		**39**	**583**	**37**	**659**

The change in the account "Provision for Risks and Charges" at December 31, 2015 was as follows:

Note 14.B - PROVISION FOR RISKS AND CHARGES

Euro thousands	Risks Provisions for Tax Disputes	Provisions for Pensions and Similar Obligations	Other Provisions	Total Amount
December 31, 2014	**0**	**0**	**1.100**	**1.100**
Utilisation of Provisions	0	(92)	0	(92)
Provisions Accrued	0	19	0	19
Discounting	0	(12)	0	(12)
F.I.L.A. S.p.A. merger contribution at May 31, 2015	39	583	37	659
Other Changes	0	0	(1.100)	(1.100)
December 31, 2015	**39**	**498**	**37**	**574**
Change in year	**39**	**498**	**(1.063)**	**(526)**

"Other Changes" relate to the reclassification in the financial statements, amounting to Euro 1,100 thousand, in order to provide the correct presentation of the bank commission costs in relation to the placement banks involved in the listing process, following the placement with qualified investors of the shares related to the company Space S.p.A. These consultancy costs were reclassified to trade payables in the account "Note 17 - Trade and Other Payables".

The relative "Provisions for Risk and Charges" are classified, by nature, in the related income statement accounts.

- Risk Provisions for Tax Disputes:
  this provision represents the best estimate by management and tax consultants of liabilities, principally concerning a tax assessment by the public tax departments concerning financial year 2004 and relating to direct and indirect taxes.

- Provisions for Pensions and Similar Obligations:
  the provision for pensions and similar obligations concerns the agent supplementary indemnity provision. The "Actuarial Gain" for 2015 amounts to Euro 12 thousand. The actuarial changes in the year, net of the tax effect, are recognised directly to equity.

- Other provisions:
  this provision represents the best estimate by management of probable liabilities to be discharged concerning a possible liability relating to the acquisition of Lyra.

Details on the timing of financial cash flows relating to the provisions for risks and charges at December 31, 2015 are illustrated in the following table:

Note 14.C - PROVISIONS FOR RISKS AND CHARGES: TIMING CASH FLOWS

				Timing cash flows		
Nature	**Amount**	**Actuarial Value Year 2015**	**Discount Rate Applied for Actuarial Value**	**2016**	**2017**	**Beyond 2017**
Euro thousands						
Provisions for Tax Disputes						
Assessment Year 2014	39	0	0	39	0	0
Provisions for Agents						
Agents' Supplementary Indemnity Provision	498	498	2,03%	0	40	458
Other Provisions						
Other Provisions for Risks and Charges	37	0	0	37	0	0
Total amount	**574**			**76**	**40**	**458**

▪ **Note 15 -** Deferred tax liabilities

The account amounts to Euro 1,396 thousand (Euro 0 thousand at December 31, 2014).

Note 15.A - CHANGES IN DEFERRED TAX LIABILITIES

Euro thousands	
December 31, 2014	**0**
Provisions	0
Utilisations	(113)
of which F.I.L.A. S.p.A. since June 1, 2015	*(51)*
F.I.L.A. S.p.A. merger contribution at May 31, 2015	1.482
Change in Equity	27
of which F.I.L.A. S.p.A. since June 1, 2015	*(27)*
December 31, 2015	**1.396**
Change in year	**1.396**

The nature of the deferred tax liabilities and the relative effects on the Statement of Financial Position, Income Statement and Equity are illustrated in the table below.

NOTE 15.B - BREAKDOWN OF DEFERRED TAX LIABILITIES

	Balance Sheet			Income Statement		Equity	
Euro thousands	**2015**	**F.I.L.A. S.p.A. merger contribution at May 31, 2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Deferred tax liabilities relating to:							
Intangible Assets	(8)	(8)	0	0	0	0	0
Property, Plant and Equipment	1.428	1.489	0	(61)	0	0	0
Personnel - IAS 19	67	40	0	0	0	27	0
Other	(91)	(39)	0	(52)	0	0	0
Total deferred tax liabilities	**1.396**	**1.482**	**0**	**(113)**	**0**	**27**	**0**

In 2015, charges on deferred tax liabilities were recorded directly through Profit and Loss for Euro 113 thousand and through Equity for Euro 27 thousand. The deferred tax liabilities recorded directly to Equity relate to “Actuarial Gains/Losses” on the Post-Employment Benefit Provision.

“Deferred Tax Liabilities” on “Property, Plant and Equipment” mainly relate to the application of international accounting standard 17 (Leasing) to the production plant at Rufina Scopeti (Florence); the temporary differences refer to the difference between the leasing instalments paid and deducted until the redemption date and the net carrying amount of the assets.

In accordance with the 2016 Stability Law, concerning the reduction of the IRES rate from the current 27.5% to 24% from the year following the tax period to December 31, 2016, the Company has provided for the application of the new rates in the definition of the calculation of the deferred tax assets for the elements identifiable.

- **Note 16 -** Financial instruments

"Financial Instruments" amount to Euro 21,504 thousand at December 31, 2015 (Euro 48,971 thousand at December 31, 2014) and represent the fair value estimate of the market warrants not exercised at December 31, 2015.
During 2015 the period for the exercise of the right to withdrawal for the shares of Space S.p.A. lapsed. Therefore no conditions existed for the execution of the Shareholders' Meeting resolution, and, consequently the liability recognised at December 31, 2014 of Euro 42,471 thousand was released with a positive effect on equity.
The difference between the fair value of the market warrants at December 31, 2014 (Euro 6,500 thousand) and the fair value at December 31, 2015 is Euro 15,004 thousand. During the year, financial expense of Euro 15,989 thousand were recognised to the income statement while an amount of Euro 985 thousand was reclassified under equity reserves against the partial exercise of the market warrants.

- **Nota 17 -** Trade and Other Payables

The breakdown of "Trade and Other Payables" of F.I.L.A. S.p.A. is reported below:

Note 17.A - TRADE AND OTHER PAYABLES

Euro thousands	December 31, 2015	December 31, 2014	Change in year	F.I.L.A. S.p.A. merger contribution at May 31, 2015
Trade Payables	19.099	1.098	18.001	17.520
Tax Payables	414	2	412	433
Other Payables	1.987	2	1.985	1790
Accrued Liabilities &Deferred Income	0	1	(1)	10
Third parties	**21.500**	**1.104**	**20.396**	**19.753**
Trade payables - Subsidiaries	2.436	0	2.436	2.859
Other Payables - Subsidiaries	25	0	25	12
Subsidiaries	**2.461**	**0**	**2.461**	**2.871**
Total	**23.961**	**1.104**	**22.857**	**22.624**

"Trade and Other Payables" at December 31, 2015 amount to Euro 23,961 thousand (Euro 1,104 thousand at December 31, 2014).

The change compared to the previous year relates to the limited transactions undertaken by the company Space S.p.A. due to the nature of business activities.

The breakdown of trade payables by region is reported below:

Note 17.B - TRADE PAYABLES THIRD PARTIES - REGIONAL BREAKDOWN

Euro thousands	December 31, 2015	December 31, 2014	Change in year	F.I.L.A. S.p.A. merger contribution at May 31, 2015
Europe	18.071	1.098	16.973	16.411
North America	55	0	55	22
Rest of the World	973	0	973	1.087
Third parties	**19.099**	**1.098**	**18.001**	**17.520**

The carrying amount of trade payables at the reporting date approximates their "fair value".
The trade payables reported above are due within 12 months.
Trade payables from subsidiaries at December 31, 2015 amount to Euro 2,461 thousand (Euro 0 thousand at December 31, 2014).
The movement is related to business levels in the period.

"Tax Payables" to third parties includes taxes other than corporation tax. Other tax payables refer to consultant withholding taxes.

Current tax payables amount to Euro 414 thousand at December 31, 2015 (Euro 2 thousand at December 31, 2014).

"Other Payables" amount to Euro 1,987 thousand at December 31, 2015 (Euro 2 thousand at December 31, 2014).

- social security contributions to be paid amount to Euro 576 thousand (Euro 1 thousand at December 31, 2014);
- employee payables for remuneration amounts to Euro 1,078 thousand (Euro 1 thousand at December 31, 2014).

The carrying amount of "Tax Payables" and "Other Payables" at the reporting date approximate their fair value.

▪ Note 18 – Core Business Revenue

Core business revenue in 2015 amounted to Euro 44,692 thousand (Euro 0 thousand in 2014).

Revenue was broken down as follows:

Note 18.A - CORE BUSINESS REVENUE

Euro thousands	2015	2014	Change 2015 - 2014	of which F.I.L.A. S.p.A. since June 1, 2015
Revenue from Sales and Service	48.241	0	48.241	48.241
Adjustments on Sales	(3.549)	0	(3.549)	(3.549)
Returns on Sales	(461)	0	(461)	(461)
Discounts, Allowances and Premiums	(3.088)	0	(3.088)	(3.088)
Total amount	**44.692**	**0**	**44.692**	**44.692**

We highlight the absence of core business revenue in 2014 and in the first five months of 2015 by Space S.p.A. as the objective of the Company was to identify a company representative of Italian entrepreneurial excellence and interested in opening up its ownership to institutional investors through listing on a regulated stock market.

The breakdown of revenue by end customer location is reported in the following table:

Note 18.B - CORE BUSINESS REVENUE - REGIONAL BREAKDOWN

Euro thousands	2015	2014	Change 2015 - 2014	of which F.I.L.A. S.p.A. since June 1, 2015
Europe	40.997	0	40.997	40.997
North America	415	0	415	415
Central/South America	1.484	0	1.484	1.484
Rest of the World	1.796	0	1.796	1.796
Total amount	**44.692**	**0**	**44.692**	**44.692**

- **Nota 19** – Other Revenue and Other Operating Income

The account other income relates to ordinary operations and does not include the sale of goods and provision of services.

"Other Revenue and Other Operating Income" in 2015 amounted to Euro 906 thousand (Euro 14 thousand in 2014).

Note 19 – OTHER REVENUE AND OTHER OPERATING INCOME

Euro thousands	2015	2014	Change 2015 - 2014	of which F.I.L.A. S.p.A. since June 1, 2015
Gains on Sale of Property, Plant and Equipment	14	0	14	14
Unrealised Exchange Gains on Commercial Transactions	40	0	40	40
Realised Exchange Gains on Commercial Transactions	119	0	119	119
Other Revenue and Income	733	14	719	725
Total amount	**906**	**14**	**892**	**898**

"Other Revenue and Other Operating Income" (Euro 733 thousand) mainly include:

- recharges for services and consultancy provided by F.I.L.A. S.p.A. on behalf of Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico - Euro 88 thousand), of Industria Maimeri S.p.A. (Italy - Euro 88 thousand), of Dixon Ticonderoga Company (U.S.A. - Euro 86 thousand), of Lyra KG (Germany - Euro 77 thousand), Omyacolor S.A. (France - Euro 56 thousand), of the Chinese subsidiary (Euro 45 thousand), of FILALYRA GB Ltd. (United Kingdom - Euro 30 thousand), of F.I.L.A. Hispania S.L. (Spain - Euro 24 thousand), of Fila Stationary O.O.O. (Russia - Euro 24 thousand) and of Lyra Scandinavia AB (Sweden - Euro 11 thousand);
- recharging of costs to subsidiaries for sureties granted in favour of FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey - Euro 12 thousand) and Licyn Mercantil Industrial Ltda (Brazil - Euro 6 thousand), to guarantee the credit lines undertaken with Banca Nazionale del Lavoro S.p.A..

- **Note 20** - Costs for Raw Materials, Ancillary, Consumables and Goods

The account includes all purchases of raw materials, semi-processed products, transport for purchases, goods and consumables for operating activities.
The breakdown is provided below:

Note 20 - COSTS FOR RAW MATERIALS, ANCILLARY, CONSUMABLES AND GOODS

Euro thousands	2015	2014	Change 2015 - 2014	of which F.I.L.A. S.p.A. since June 1, 2015
Raw materials, Ancillary, Consumables and Goods	(26.020)	0	(26.020)	(26.020)
Shipping Expenses on Purchases	(1.984)	0	(1.984)	(1.984)
Packaging	(158)	0	(158)	(158)
Other Accessory Charges on Purchases	(1.517)	(7)	(1.510)	(1.499)
Total amount	**(29.679)**	**(7)**	**(29.672)**	**(29.661)**

The account “Cost of Raw Materials, Ancillaries, Consumables and Goods” includes the provision of adequate inventories for future sales.

“Other Accessory Charges on Purchases” include all accessory charges, such as outsourcing and consortium contributions.

We highlight the absence of raw materials, consumables and goods purchases in 2014 and in the first five months of 2015 by Space S.p.A. as the objective of the Company was to identify a company representative of Italian entrepreneurial excellence and interested in opening up its ownership to institutional investors through listing on a regulated stock market.
“Raw Materials, Semi-Finished, Work in Progress and Goods” at December 31, 2015 increased Euro 8,650 thousand (Euro 0 thousand at December 31, 2014), due to:

- decrease in “Raw Materials, Ancillary, Consumables and Goods” of Euro 17 thousand;
- increase in “Work in Progress and Semi-Finished products” of Euro 211 thousand;
- increase in “Finished Products” of Euro 8,456 thousand.

- **Note 21** - Service Costs and Rent, Leases and Similar Costs

"Service Costs and Rent, Leases and Similar Costs" amounted in 2015 to Euro 15,337 thousand (Euro 1,316 thousand in 2014).

Services costs are broken down as follows:

Note 21 - SERVICE COSTS AND RENT, LEASES AND SIMILAR COSTS

Euro thousands	**2015**	**2014**	**Change 2015 - 2014**	**of which F.I.L.A. S.p.A. since June 1, 2015**
Sundry services	(2.453)	0	(2.453)	(2.443)
Transport	(2.152)	0	(2.152)	(2.155)
Maintenance	(211)	(16)	(195)	(211)
Utilities	(682)	0	(682)	(678)
Consulting	(3.865)	(1.201)	(2.664)	(2.299)
Directors and Statutory Auditors Fees	(2.039)	(71)	(1.968)	(2.007)
Advertising, Promotions, Shows and Fairs	(863)	0	(863)	(811)
Cleaning	(44)	0	(44)	(44)
Bank Charges	(239)	0	(239)	(238)
Agents	(1.104)	0	(1.104)	(1.104)
Sales representatives	(252)	0	(252)	(239)
Sales Commissions	(321)	0	(321)	(321)
Insurance	(161)	0	(161)	(156)
Other Service Costs	(259)	0	(259)	(259)
Hire Charges	(239)	(28)	(211)	(239)
Rental	(128)	0	(128)	(110)
Operating Leases	(68)	0	(68)	(68)
Royalties and Patents	(257)	0	(257)	(257)
Total amount	**(15.337)**	**(1.316)**	**(14.021)**	**(13.639)**

We highlight the increase in consultancy costs relating to the merger by incorporation of F.I.L.A. S.p.A. into Space S.p.A. (for further information, reference to the "Directors' Report") and the consequent listing on the Italian Stock Exchange.

"Operating Leases" amount to Euro 68 thousand, concerning operating leases undertaken by F.I.L.A. S.p.A. for company motor vehicles. Operating lease instalments to be paid in the following year amount to Euro 52 thousand and to be paid in the next 5 years amount to Euro 98 thousand.

▪ Nota 22 – Other Costs

"Other Costs" in 2015 totalled Euro 428 thousand (Euro 0 thousand in 2014).

Note 22 – OTHER COSTS

Euro thousands	2015	2014	Change 2015 - 2014	of which F.I.L.A. S.p.A. since June 1, 2015
Unrealised Exchange Losses on Commercial Transactions	(7)	0	(7)	(7)
Realised Exchange Losses on Commercial Transactions	(214)	0	(214)	(214)
Other Operating Charges	(207)	0	(207)	(124)
Total amount	**(428)**	**0**	**(428)**	**(345)**

"Other Operating Charges" include residual costs such as:

- tobin tax (Euro 78 thousand);
- property tax (Euro 44 thousand).

▪ Nota 23 – Labour Costs

"Labour Costs" include all costs and expenses incurred for employees.

These costs are broken down as follows:

Note 23.A - LABOUR COSTS

Euro thousands	2015	2014	Change 2015 - 2014	of which F.I.L.A. S.p.A. since June 1, 2015
Wages and Salaries	(4.544)	(29)	(4.515)	(4.520)
Social Security Charges	(1.534)	(10)	(1.524)	(1.526)
Defined benefit plan charges	(348)	0	(348)	(347)
Other Personnel Expenses	(136)	0	(136)	(136)
				0
Total amount	**(6.562)**	**(40)**	**(6.522)**	**(6.529)**

Wages and salary costs in 2014 related to only one employee of the company Space S.p.A. who resigned in 2015.

At December 31, 2015, the workforce of F.I.L.A. S.p.A. was as follows:

Note 23.B - PERSONNEL

	Managers	White-collar	Blue-collar	Total Number
Total at 31-12-2014	**0**	**1**	**0**	**1**
F.I.L.A. S.p.A. merger contribution at May 31, 2015	6	82	137	225
Increases	0	5	41	46
Decreases	0	(6)	(38)	(44)
Total at 31-12-2015	**6**	**82**	**140**	**228**
Average headcount at 31-12-2015	**6**	**83**	**134**	**223**

Turnover in 2015 related to normal staffing changes, which mainly involved the blue-collar category.

- ## Note 24 – Amortisation and Depreciation

Amortisation and depreciation in 2015 and 2014 is reported below:

Note 24 – AMORTISATION AND DEPRECIATION

Euro thousands	2015	2014	Change 2015 - 2014	of which F.I.L.A. S.p.A. since June 1, 2015
Depreciation of Property, Plant and Equipment	(1.032)	(10)	(1.022)	(1.031)
Amortisation of Intangible Assets	(63)	(1)	(62)	(62)
Total amount	**(1.095)**	**(11)**	**(1.084)**	**(1.093)**

For further details, reference to “Note 1 – Intangible Assets” and “Note 2 – Property, Plant and Equipment”.

No impairments were recognised in the year.

▪ Note 25 – Financial Income

Financial income, together with the comment on the main changes on the previous year, was as follows:

Note 25 - FINANCIAL INCOME				
Euro thousands	**2015**	**2014**	**Change 2015 - 2014**	**of which F.I.L.A. S.p.A. since June 1, 2015**
Investment income	18.275	0	18.275	18.275
Dividends	*3.223*	*0*	*3.223*	*3.223*
Other Income from Investments at cost	*15.052*	*0*	*15.052*	*15.052*
Interest and Income from Group Companies	84	0	84	84
Interest on Bank Deposits	483	647	(164)	466
Other Financial Income	826	1.452	(626)	10
Unrealised Exchange Gains on Financial Transactions	4	0	4	4
Realised Exchange Gains on Financial Transactions	12	0	12	12
Total amount	**19.684**	**2.099**	**17.585**	**18.851**

"Investment Income" include the following:

- dividends distributed by the subsidiary Omyacolor S.A. (France – Euro 1,899 thousand), the subsidiary F.I.L.A. Hispania S.L. (Spain – Euro 774 thousand), the subsidiary Lyra KG (Germany – Euro 498 thousand) and the associate Writefine Products PVT Ltd (India – Euro 52 thousand);
- revaluation income from the investment held in the company Writefine Products PVT Ltd following the purchase of the majority shareholding (for further information, reference to the "Directors' Report - Significant events in the year".

In 2014 the company Space S.p.A. did not receive any dividends from investee companies.

"Interest and Income from Group companies" mainly relates to interest recharged to the subsidiaries Licyn Mercantil Industrial Ltda (Brazil – Euro 43 thousand), the subsidiary Fila Stationery O.O.O. (Russia – Euro 12 thousand), the subsidiary FILA Cartorama S.A. (Pty) Ltd. (South Africa – Euro 12 thousand) and Industria Maimeri S.p.A. (Italy - Euro 10 thousand), calculated on loans granted to the subsidiaries by F.I.L.A. S.p.A.
For further information, reference to "Note 3 - Financial Assets".

"Other Financial Income" includes income matured in the year 2015 from the Savings Bonds held by Space S.p.A., representing part of the income received from the placement with qualified investors of the ordinary shares.

▪ **Note 26** - Financial Expense

Financial Expense, together with the comment on the main changes on the previous year, were as follows:

Note 26 - FINANCIAL EXPENSE

Euro thousands	2015	2014	Change 2015 - 2014	of which F.I.L.A. S.p.A. since June 1, 2015
Interest on Bank Overdrafts	(151)	0	(151)	(151)
Interest on Bank Loans	(157)	0	(157)	(157)
Other Financial Charges	(64.121)	(1.200)	(62.921)	(51.641)
Realised Exchange Losses on Financial Transactions	(50)	0	(50)	(50)
Total amount	**(64.479)**	**(1.200)**	**(63.279)**	**(51.999)**

"Other Financial Expense" amount to Euro 64,121 thousand in 2015 (Euro 1,200 thousand in 2014) and principally include:

- the difference of Euro 45,791 thousand between the Fair Value of Space at May 31, 2015 (the market capitalisation of shares at May 29, 2015) and the relative book equity at the same date, due to the above-mentioned merger between Space S.p.A. and F.I.L.A. S.p.A.. This difference in fact derives from the application of IFRS 2, which establishes the accounting of Space S.p.A. at Fair Value (in accounting terms defined as the company acquired or "accounting acquirer"). However, this amount could not be recognised to fixed assets as goodwill or an intangible asset as not having been generated by a business combination (as in accounting terms Space is not a business) and does not fulfil the recognition requirements of IAS 38;
- the adjustments to the Fair Value of the market warrants not exercised at December 31, 2016 (Euro 15,989 thousand); the fair value was established utilising level 1 of the hierarchy as market warrants are listed on an active market;

- financial expense related to the Market Warrants (Euro 1,647 thousand) to compensate financially such parties following the alteration of the terms and conditions of the Market Warrant regulation following any distribution of reserves.

Reference to Note 12 for further information on the establishment of the Fair Value of Space S.p.A. at December 31, 2015.

"Interest charges on Bank loans" includes interest matured on the loans contracted by F.I.L.A. S.p.A. (Euro 157 thousand) subject to advance voluntary repayment in 2015.

Note 27 - Foreign Currency Transactions

Exchange differences on financial and commercial transactions in foreign currencies in 2015 are reported below.

Nota 27 - FOREIGN CURRENCY TRANSACTIONS

Euro thousands	**2015**	**2014**
Unrealised Exchange Losses on Commercial Transactions	(7)	0
Realised Exchange Losses on Commercial Transactions	(214)	0
Unrealised Exchange Gains on Commercial Transactions	40	0
Realised Exchange Gains on Commercial Transactions	119	0
Total exchange differences on commercial transactions	**(62)**	**0**
Unrealised Exchange Gains on Financial Transactions	4	0
Realised Exchange Gains on Financial Transactions	12	0
Unrealised Exchange Losses on Financial Transactions	0	0
Realised Exchange Losses on Financial Transactions	(50)	0
Total exchange differences on financial transactions	**(34)**	**0**
Total net value of exchange differences	**(96)**	**0**

Exchange differences in 2015 arose from transactions in US Dollars against the Euro, in addition to the movement in the year of assets and liabilities in foreign currencies, following commercial and financial transactions.

▪ **Note 28 -** Income taxes

They amount to Euro 2,897 thousand in 2015 (Euro 0 thousand in 2014) and concern current taxes for Euro 308 thousand (Euro 0 thousand in 2014) and a net deferred tax charge of Euro 3,205 thousand (Euro 0 thousand in 2014).

▪ **Note 28A** - Current Income Taxes

The breakdown is as follows.

Note 28.A - INCOME TAXES

Euro thousands	**2015**	**2014**	**Change 2015 - 2014**	**of which F.I.L.A. S.p.A. since June 1, 2015**
Current taxes	(308)	0	(308)	(308)
Total amount	**(308)**	**0**	**(308)**	**(308)**

Current income taxes in 2015 refer to IRES and IRAP calculated on assessable income in accordance with current legislation (Euro 123 thousand) and taxes related to the German tax situation of the subsidiary Lyra KG (Euro 95 thousand).
We highlight the absence of assessable income for IRES corporation tax following the tax loss recorded and deriving from fiscal deductions and the loss for the year recorded in 2015. Consequently, the taxes related to income produced abroad are recorded in the account “Current income taxes” (Euro 90 thousand).

- **Note 28.B –** Deferred Taxes

The breakdown is provided below:

Note 28.B - DEFERRED TAX ASSETS AND LIABILITIES				
Euro thousands	**2015**	**2014**	**Change 2015 - 2014**	**of which F.I.L.A. S.p.A. since June 1, 2015**
Deferred Tax Assets	3.092	0	3.092	1.725
Deferred Tax Liabilities	113	0	113	113
Total amount	**3.205**	**0**	**3.205**	**1.838**

The overall tax effects in the year, compared to the previous year, are reported below.

Note 28.C - TOTAL INCOME TAXES IN YEAR			
Euro thousands	**2015**		**Total income taxes**
	I.R.E.S.	**I.R.A.P.**	
Assessable Tax Base	(43.983)	908	
Tax adjustments	28.179	2.535	
Assessable income	(15.804)	3.443	
Total current income taxes	**0**	**(134)**	**(134)**
IRES tax credit on overseas income	(90)	0	(90)
Lyra KG (Germany) German tax representation	(95)	0	(95)
Other changes	11	0	11
Total current income taxes	**(174)**	**(134)**	**(308)**
Deferred Tax Asset in Year on Temporary Differences	3.084	8	3.092
Deferred Tax Liability in Year on Temporary Differences	113	0	113
Total deferred tax income & charges	**3.197**	**8**	**3.205**
Total income taxes	**3.023**	**(126)**	**2.897**

In 2014, Space S.p.A. did not report any amount related to current or deferred taxes.

The breakdown of current and deferred income taxes recognised to the income statement was as follows:

Note 28.D - DEFERRED AND CURRENT TAXES

Euro thousands	**2015**	**2014**	**of which F.I.L.A. S.p.A. since June 1, 2015**
Current taxes	(308)	0	(308)
Current taxes	**(308)**	**0**	**(308)**
Deferred tax charges	3.205	0	1.838
Deferred tax charges	**3.205**	**0**	**1.838**
Total amount	**2.897**	**0**	**1.530**

In relation to deferred tax liabilities recorded through equity, reference to “Note 15 - “Deferred Tax Liabilities”.

Transactions relating to atypical and/or unusual operations

In accordance with Consob Communication of July 28, 2006, during 2015, F.I.L.A. S.p.A. did not undertake any atypical and/or unusual operations as defined by this communication, whereby atypical and/or unusual operations refers to operations which for size/importance, nature of the counterparties, nature of the transaction, method in determining the transfer price or time period (close to the year end) may give rise to doubts in relation to: the correctness/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the company's assets and the protection of minority shareholders.

The Board of Directors
THE CHAIRMAN
Mr. Gianni Mion

Final Considerations

The present explanatory notes, as is the case for the entire financial statements of which they are an integral part, provide a true and fair representation of the balance sheet and financial position of F.I.L.A. S.p.A. and the result for the year.

The present financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of changes in Equity and the Explanatory Notes, and reflect the underlying accounting records.

Fabbrica Italiana Lapis ed Affini
F.I.L.A. S.p.A.
Via XXV Aprile, 5
20016 Pero (Milan)

March 22, 2016

Declaration of the Executive Officer and the Corporate Boards - Separate Financial Statements (ref. Article 154-bis, paragraph 5)

The undersigned Massimo Candela, as Chief Executive Officer, and Stefano De Rosa, as Executive Officer for Financial Reporting of F.I.L.A. S.p.A., declare, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures for the preparation of the financial statements for 2015.

The assessment of the adequacy of the administrative-accounting procedures for the preparation of the separate financial statements at December 31, 2015 is based on a process defined by F.I.L.A. S.p.A. in accordance with the Internal Control - Integrated Framework model defined by the Committee of the Sponsoring Organisations of the Treadway Commission, a benchmark framework generally accepted at international level.

It is also declared that:

1. The 2015 Separate Financial Statements of F.I.L.A. S.p.A.:
   - have been drawn up in conformity with the applicable international accounting standards (I.F.R.S.) recognised by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
   - correspond to the underlying accounting documents and records;
   - provide a true and fair representation of the financial position and results of the Issuer.
2. The Directors' Report includes a reliable analysis on the performance and operating result, as well as on the situation of the issuer, together with a description of the principal risks and uncertainties to which they are exposed.

The Chief Executive Officer	The Executive Officer for Financial Reporting
Massimo Candela	Stefano De Rosa

F.I.L.A. - Fabbrica Italiana Lapis ed Affini Società per Azioni.
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Report of the Board of Statutory Auditors of
F.I.L.A. FABBRICA ITALIANA LAPIS ED AFFINI S.p.A
to the Shareholders' Meeting
called for the approval of the 2015 Annual Accounts

Dear Shareholders,

this Report was prepared by the Board of Statutory Auditors appointed for a three-year mandate by the Shareholders' Meeting of July 22, 2015, namely Claudia Mezzabotta, Chairman, Stefano Amoroso and Rosalba Casiraghi, effective members while confirming that the activities carried out by the previous Board of Statutory Auditors have been based on the underlying accounting records. The Board of Statutory Auditors will remain in office until the approval of the 2017 Annual Accounts.

1. Independence of the members of the Board of Statutory Auditors and activities carried out

The Board verified the absence of grounds for forfeiture of office, in accordance with Article 148 of the CFA, with regard to its members, in addition to their independence as per point 10.C.2 of the current Self-Governance Code for listed companies (hereafter the "Self-Governance Code"), which the Company adopted with Board of Directors' resolution of March 15, 2016.

The Board of Statutory Auditors, in accordance with Article 153 of Legislative Decree No. 58/1998 (hereafter the "CFA") and Article 2429, paragraph 2 of the Civil Code, is called to report to the Shareholders' Meeting on the supervisory activities carried out and on any omissions or censurable events arising. The Board of Statutory Auditors may also make observations and proposals upon the financial statements, their approval and any matters because of their office.

During the year ended December 31, 2015, the Board performed the supervisory activities required by law, in accordance with the Conduct principles for Boards of Statutory Auditors endorsed by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

On the activities undertaken during the year, as per Consob's indications of Communication of April 6, 2001, as amended and supplemented by Communication DEM/3021582 of April 4, 2003, and subsequently by Communication DEM/6031329 of April 7, 2006, the Board:

(a) monitored the compliance with law and the By-Laws;

(b) obtained from the Directors the required information on activities carried out and upon the operations of greatest economic, financial and equity significance in the year of F.I.L.A. FABBRICA ITALIANA LAPIS ED AFFINI S.p.A. (hereafter F.I.L.A. S.p.A.) and its subsidiaries; this disclosure was exhaustively provided in the Directors' Report, to which reference should be made. On the basis of the information made available to the Board, we reasonably consider that these operations comply with law and the By-Laws and were not manifestly imprudent, hazardous or against the motions undertaken by the Shareholders' Meeting or such as to compromise the integrity of the company's assets;

(c) did not note any atypical or unusual operations with Group companies, third parties or with other related parties. The Board of Statutory Auditors had not received at the date of the present report any communication from the control boards of the subsidiaries, associated or other companies of the group, or from the independent audit firm containing issues which should be disclosured in this report. The Board of Directors in the Annual Report provided exhaustive disclosure upon the operations performed with subsidiaries and with other related parties, outlining the economic effects, in addition to the method for the calculation of related amounts, highlighting that they were undertaken within the course of normal operations and were generally governed at market conditions - i.e. the same conditions that would be applied between unrelated parties for transactions of a similar nature.

With regard to the activities of the current Board of Statutory Auditors, we met on 8 occasions with almost full attendance, as highlighted in greater detail in the table included in the relevant section of the 2015 Corporate Governance Report. The Board of Statutory Auditors attended the meetings of the Board of Directors and ensured the presence of at least one member at all Control and Risks Committee, Remuneration Committee and Related Parties Committee meetings, which were held in the current period.

In the same period, the Board of Statutory Auditors also supervised the adequacy of the organizational, administrative and accounting structure of the Company, to the extent of its remit and did not encounter in this regard substantial irregularities requiring disclosure in this Report. Nevertheless, the Board of Statutory Auditors reports that the Company, in the period following the recent listing, has focused on improving the functioning of its corporate governance boards, in order to increase fluidity and ensure optimization, considering the company's new status as a listed company. The Board of

Statutory Auditors consistently supervised and will continue to closely supervise the proper functioning of the corporate governance boards.

2. Relations with the Independent Audit Firm, in accordance with Legislative Decree 39/2010 and observations on its independence

With regard to the audit of accounts, this was entrusted to the independent audit firm KPMG S.p.A. (hereafter the "Independent Audit Firm").

The Board of Statutory Auditors supervised the efficacy of the audit process, examining in specific meetings with the Independent Audit Firm the audit plan and discussing the activities carried out.

The above-stated Audit Firm communicated the fees invoiced to F.I.L.A. S.p.A. for the audit of the 2015 Statutory Annual Accounts, 2015 Consolidated Annual Accounts, as well as of the limited audit of the half-year financial statements and the control activities on the proper maintenance of accounting records. The 2015 fees for the services provided to the F.I.L.A. Group by the Independent Audit Firm and entities belonging to its network (including non-audit services) are reported, with a breakdown of the various appointments in the paragraph "Disclosure as per Article 149-*duodecies* of the Consob Issuers' Regulation" in the *Explanatory Notes to the Consolidated Financial Statements of the F.I.L.A. Group* for 2015, in compliance with the above-stated Article 149-*duodecies* of the Issuers' Regulation.

The Independent Audit Firm also communicated to the Board of Statutory Auditors that, pursuant to the regulatory and professional requirements for audit activities, on the basis of the best information available, it has maintained in the period considered by this Report, its independence and objectivity towards F.I.L.A. S.p.A. and that no changes occurred in terms of the absence of any causes of incompatibility, particularly with regards to the situations and parties considered by Article 17, Legislative Decree No. 39/2010 and by the Articles of Heading I-*bis* ("Incompatibility") of Section VI ("Audit") of the Issuers' Regulation.

Following the specific meeting with the Independent Audit Firm KPMG S.p.A., the Board of Statutory Auditors noted that the Auditor's Report upon the 2015 financial statements did not highlight any critical aspects.

The Board of Statutory Auditors will in addition examine, once prepared, the Report on Fundamental Questions arising on the audit of accounts and in particular the significant deficiencies raised in terms of the internal control system on the financial disclosure process prepared by the Independent Audit Firm KPMG S.p.A. in implementation of Article 19 of Legislative Decree 39/2010.

The meetings with the firm confirmed that this report did not highlight any significant deficiencies.

3. Financial disclosure process and the internal control system

The current Board of Statutory Auditors, as indicated above, supervised the adequacy of the administrative and accounting system, in addition to its reliability to correctly represent the operating events, obtaining information from the administrative department managers and exchanging information with the Control and Risks Committee, the Internal Audit department and the Independent Audit Firm.

The Board of Statutory Auditors supervised, also through periodic meetings with the Executive Officer responsible for financial reporting, the organization and company procedures for the drawing up of the statutory financial statements, the consolidated financial statements and the periodic financial reports, in addition to other financial communications, in order to assess their adequacy and effective adoption.

The Board of Statutory Auditors also noted the declaration issued by the Executive Officer for financial reporting in accordance with Article 36, paragraph 1, letter c) point ii) of the Markets' Regulation, on the adequacy and appropriateness of the powers and financial means assigned to the Board of Directors for the execution of office.

The Board of Statutory Auditors considers the administrative and accounting systems substantially adequate and reliable considering the size and complexity of the Company and of the Group, while expecting nonetheless in the near future the adoption of a group ERP system, which is currently absent.

As not having any responsibility for the audit of the accounts, the Board of Statutory Auditors supervised the general lay-out of the statutory financial statements and the consolidated financial statements and their compliance with the rules governing their formation and structure. The Board of Statutory Auditors also verified their consistency with the events and information noted during the execution of their duties. In this regard, the Board of Statutory Auditors does not highlight any particular observations.

The Board of Statutory Auditors supervised, within the extent of its remit, the adequacy of the internal control system: a) obtaining information from the managers of the respective company departments, so as to verify the existence, adequacy and proper implementation of the procedures; b) attended the meetings of the Control and Risks Committee and of the other Board-established Committees; c) met periodically with the Internal Audit manager; d) exchanged information on an ongoing basis with the Independent Audit Firm.

The Board of Statutory Auditors also met with the Supervisory Board set up in accordance with Legislative Decree 231/2001 and subsequent amendments, obtaining adequate disclosure on the activities carried out by them.

The Board of Statutory Auditors, because of the performed control activities and of the improvement actions being implemented, considers that the internal control system should be considered in overall terms adequate to the size and complexity of the operations undertaken by the Company and by the Group. The Board of Statutory Auditors however, considering the overseas acquisitions in the period covered by this report and the consequent further growth of the Group internationally, also in non-EU countries, highlights the need for a greater commitment by company management to further strengthen the control functions and in particular the internal audit function.

4. Additional activities of the Board of Statutory Auditors and Consob required disclosure

In accordance with the specific requirements by Consob, the Board of Statutory Auditors reports the following:

a) the current Board of Statutory Auditors did not receive any complaint as per Article 2408 of the Civil Code, nor notices from third parties;

b) the Company, during the year, did not receive disclosure requests from Consob, in accordance with Article 115 of the CFA, nor disclosure requests (to the market) from Consob in accordance with Article 114 of the CFA;

c) the current Board of Statutory Auditors, during the year, did not receive any disclosure requests from Consob, neither as per Article 115 of the CFA, nor as per Article 114 of the CFA;

d) during the year, the Board of Statutory Auditors issued opinions as per Article 2389, paragraph 3 of the Civil Code, concerning the remuneration of directors with special assignments;

e) during the current year, the Board of Statutory Auditors issued its opinion regarding the adoption by the Company and by the main FILA Group companies of an operating control system, which allows department managers to periodically draw up, and appropriately in advance, a sufficiently exhaustive outline of the economic and financial situation of the Company and of the main FILA Group companies, for the purposes of listing on the STAR segment of Borsa Italiana;

f) the Board of Statutory Auditors examined the instructions provided by the Company to the subsidiaries, in accordance with Article 114, paragraph 2 of the CFA, considering such as adequate;

g) the Board of Statutory Auditors noted the preparation of the Remuneration Report as per Article 123-*ter*, CFA, and 84-*quater* of the Issuers' Regulation and did not raise any particular issues in this regard;

h) with regard to the meetings of the Board of Directors, the Board of Statutory Auditors notes that these were held during the reference period of the present Report in compliance with the statutory, legislative and regulatory rules governing their functioning. During these meetings, the directors provided, in accordance with the corporate governance rules of the Company, information on the general operating performance and on the outlook.

5. Final considerations

During the course of the supervisory activities described above, no citable events, omissions or irregularities, which require disclosure in this report, were noted.

Considering the above, the Board of Statutory Auditors does not raise, within the extent of its remit, any reason against the approval of the 2015 Annual Accounts drawn up by the Board of Directors, nor raises any objections with regard to the proposal for the allocation of the net result.

Milan, March 30, 2016

Claudia Mezzabotta, Chairman

Stefano Amoroso

Rosalba Casiraghi

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
F.I.L.A. S.p.A.

Report on the separate financial statements

We have audited the accompanying separate financial statements of F.I.L.A. S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto.

Directors' responsibility for the separate financial statements

The company's directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of separate 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the separate financial statements.

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

Opinion

In our opinion, the separate financial statements give a true and fair view of the company's financial position as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Emphasis of matter

Without modifying our opinion, we bring your attention to the disclosures provided by the directors in the "Accounting treatment of the F.I.L.A. S.p.A. - Space S.p.A. merger in F.I.L.A. S.p.A.'s separate financial statements" section of the notes to the separate financial statements and in the "Significant events in the year" section of the directors' report about the merger of F.I.L.A. S.p.A. into Space S.p.A., which became effective on 1 June 2015.

Comparative disclosures

The prior year separate financial statements, which included the corresponding figures presented for comparative purposes, were audited by other auditors, who issued their unmodified report on 11 March 2015.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented on the corporate governance and ownership structure report with the separate financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the corporate governance and ownership structure report required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the company's directors, with the separate financial statements. In our opinion, the directors' report and the information presented in the corporate governance and ownership structure report referred to above are consistent with the separate financial statements of F.I.L.A. S.p.A. as at and for the year ended 31 December 2015.

Milan, 30 March 2016

KPMG S.p.A.

(signed on the original)

Domenico Bellini
Director of Audit