



MONCLER



ANNUAL REPORT
2015

ANNUAL REPORT

at December 31, 2015

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BOARD OF DIRECTORS' REPORT

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SECTION ONE





CHAIRMAN'S LETTER

Dear shareholders,

In December 2015 Moncler celebrated two years since its listing on the Italian Stock Exchange and it did so, not only having maintained all the promises made to the market at the time, but also achieving them a year in advance of schedule. In these two years of solid growth, we have opened 66 new directly operated stores worldwide, we have consolidated our presence in core markets and have strengthened the brand in less mature markets. We have brought an important market such as Korea under our direct control. We are present in the best multi-brand stores across the world and we have opened prestigious sites in strategic locations that are providing us with excellent results. In this regard, we inaugurated an important flagship store last October in the upscale Ginza district of Tokyo, confirming the validity of our retail strategy.

The year 2015 closed with a turnover of 880 million euros, a continuation of double-digit growth (+27% at current exchange rates, +19% at constant exchange rates). All markets have reported significant revenue increases and I am particularly pleased with our development in Asia, our consolidation in Europe and the positive signals we are receiving from Italian consumers after years of challenging conditions in our home country. EBITDA amounted to 300 million euros, with a 29% growth and an EBITDA margin of 34%. Net profit, which stood at 167.9 million euros (+29%), performance and cash generation were also very positive. At the end of December, Moncler's debt amounted to 49.6 million euros, down 61.6 million euros compared to 31 December 2014.

At the end of December Moncler had 173 retail mono-brand stores and 34 wholesale mono-brand stores. These locations are a unique asset for our Group: we are positioned on the best upscale streets and in the top luxury malls at a global level.

This said, as always, we have no intention of sitting back; indeed, we want to do more and better. I believe that we can work even more on our stores to strengthen our relationships with customers as well as attract new ones. Consumers are at the very heart of the Moncler development strategy: our goal is to continue to impress them with extremely high quality, contemporary and innovative products and excellent, selective and personalised service, with our unique and yet universal language.

We want to continue to improve on our points of excellence. We are working on strengthening Moncler's presence in more consolidated markets and segments while also continuing selectively to develop the brand. While we are recognised leaders in upscale outerwear, we know that our consumers also seek us out for other products, especially knitwear and footwear. We have launched several projects in this area and I am highly optimistic that they will bring us considerable results.

But at Moncler we believe that how we reach our goals is just as important as actually reaching them. Therefore, I am extremely pleased with the publication of our first Sustainability Report and Sustainability Plan, the first step on a path which will certainly be long, but which already benefits from the focus and attention of our entire company.

Despite this period of economic uncertainty the world is experiencing, I am firmly convinced that the uniqueness of our brand, along with a clear and long-term strategy and a cohesive and passionate management team, will again enable us to pursue our path of growth and continue to create value for our stakeholders in 2016. "Go fast but with no hurry" has always been my *motto*!

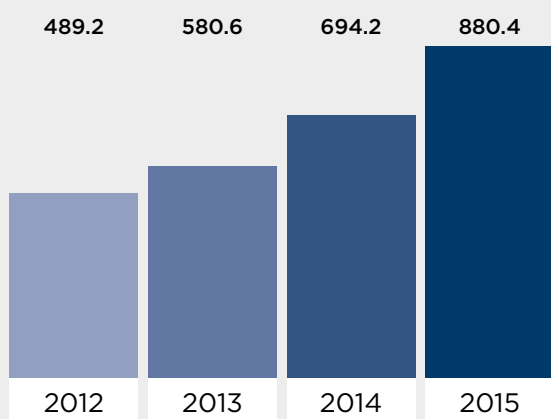
The Chairman and Chief Executive Officer

Remo Ruffini



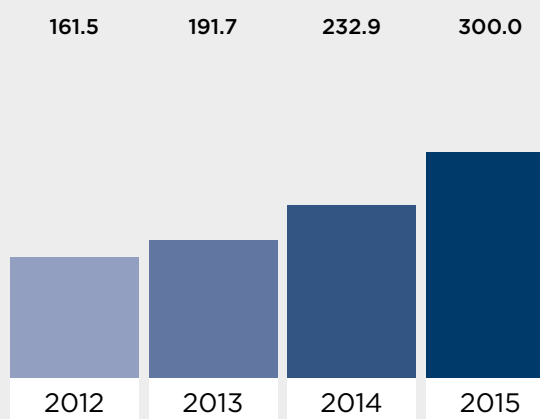
FINANCIAL HIGHLIGHTS

REVENUES



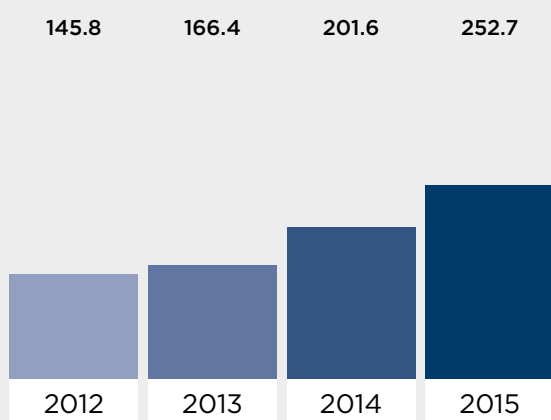
Million euros

EBITDA¹



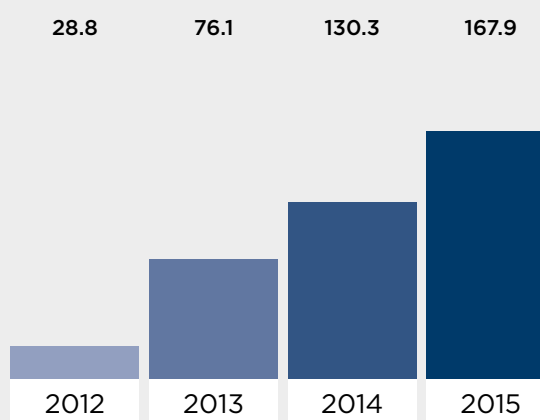
Million euros

EBIT



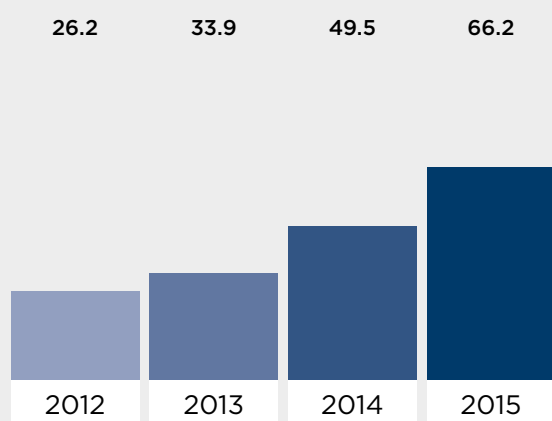
Million euros

NET INCOME, GROUP SHARE

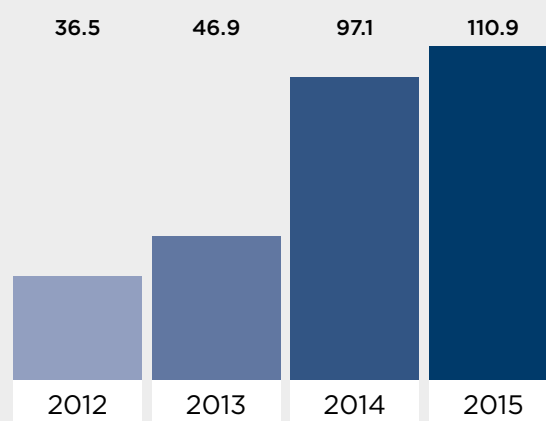


Million euros

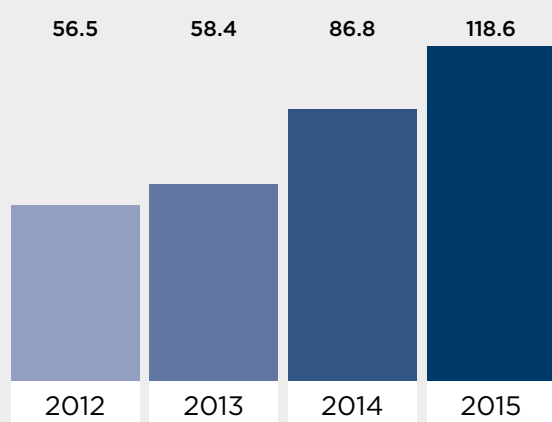
¹ EBITDA: Operating income before depreciation, amortisation and non-recurring costs.

CAPITAL EXPENDITURE²

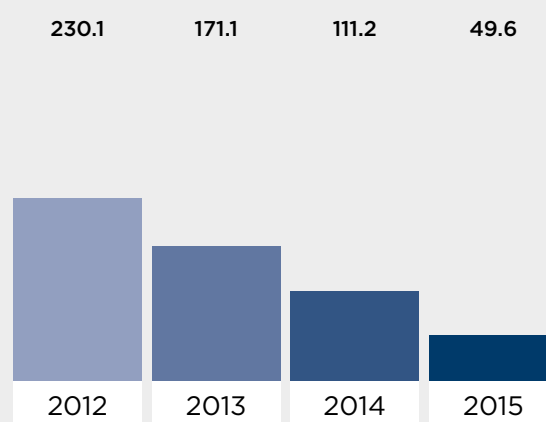
Million euros

NET WORKING CAPITAL

Million euros

FREE CASH FLOW

Million euros

NET DEBT

Million euros

² Net of assets' disposal.

CORPORATE BODIES

BOARD OF DIRECTORS

Remo Ruffini	Chairman
Virginie Sarah Sandrine Morgon ²	
Nerio Alessandri ^{1, 2, 3}	
Vivianne Akriche ³	
Alessandro Benetton ¹	
Christian Gerard Blanckaert	
Sergio Buongiovanni	
Marco Diego De Benedetti ^{2, 3}	
Gabriele Galateri di Genola ^{1, 2, 3, 4}	
Diva Moriani ^{1, 2, 3}	
Pier Francesco Saviotti	

BOARD OF STATUTORY AUDITORS

Mario Valenti	Chairman
Antonella Suffriti	Regular Auditor
Raoul Francesco Vitulo	Regular Auditor
Lorenzo Mauro Banfi	Alternate Auditor
Stefania Bettoni	Alternate Auditor

EXTERNAL AUDITORS

KPMG S.p.A.

¹ Independent Director

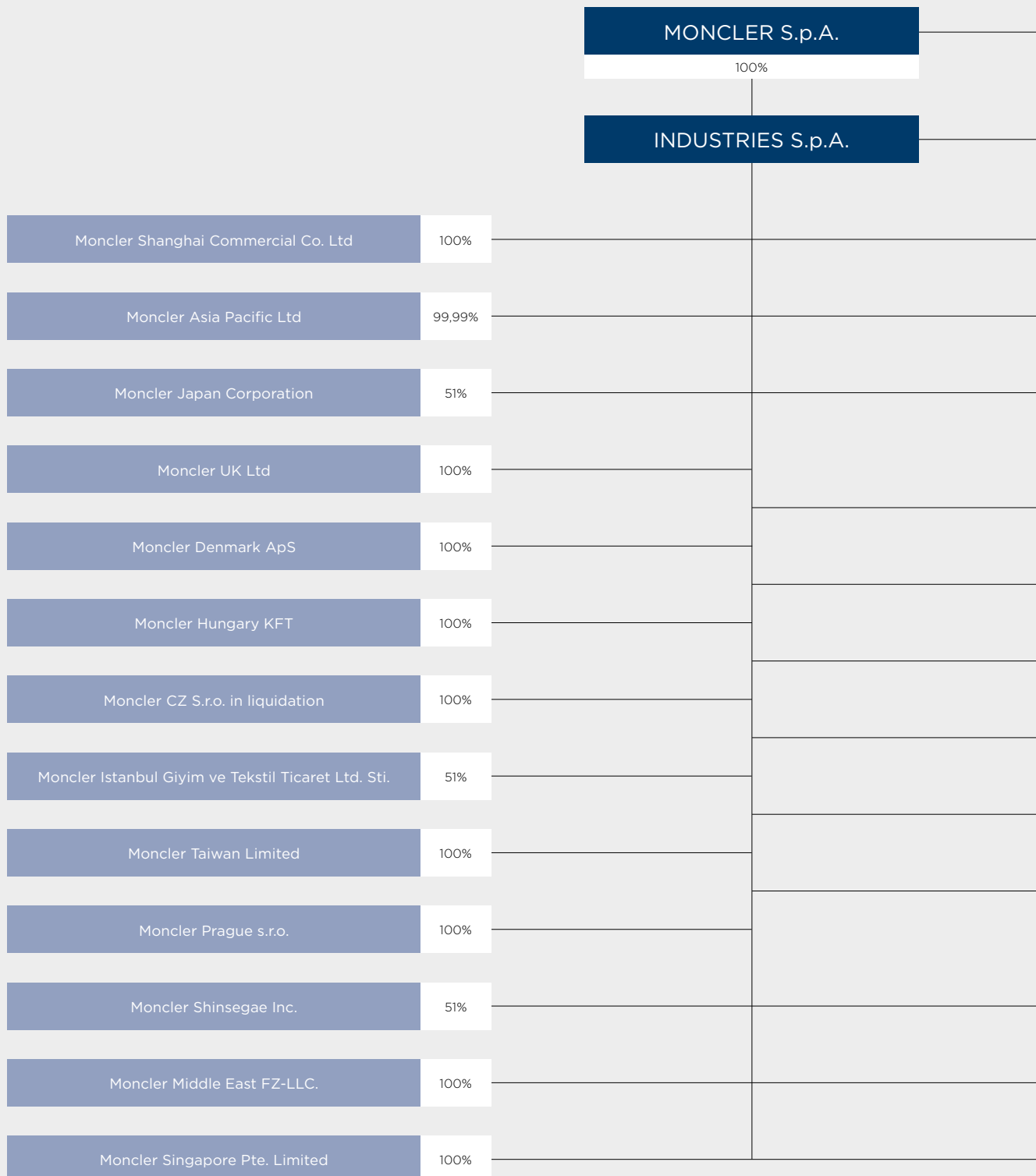
² Nomination and Remuneration Committee

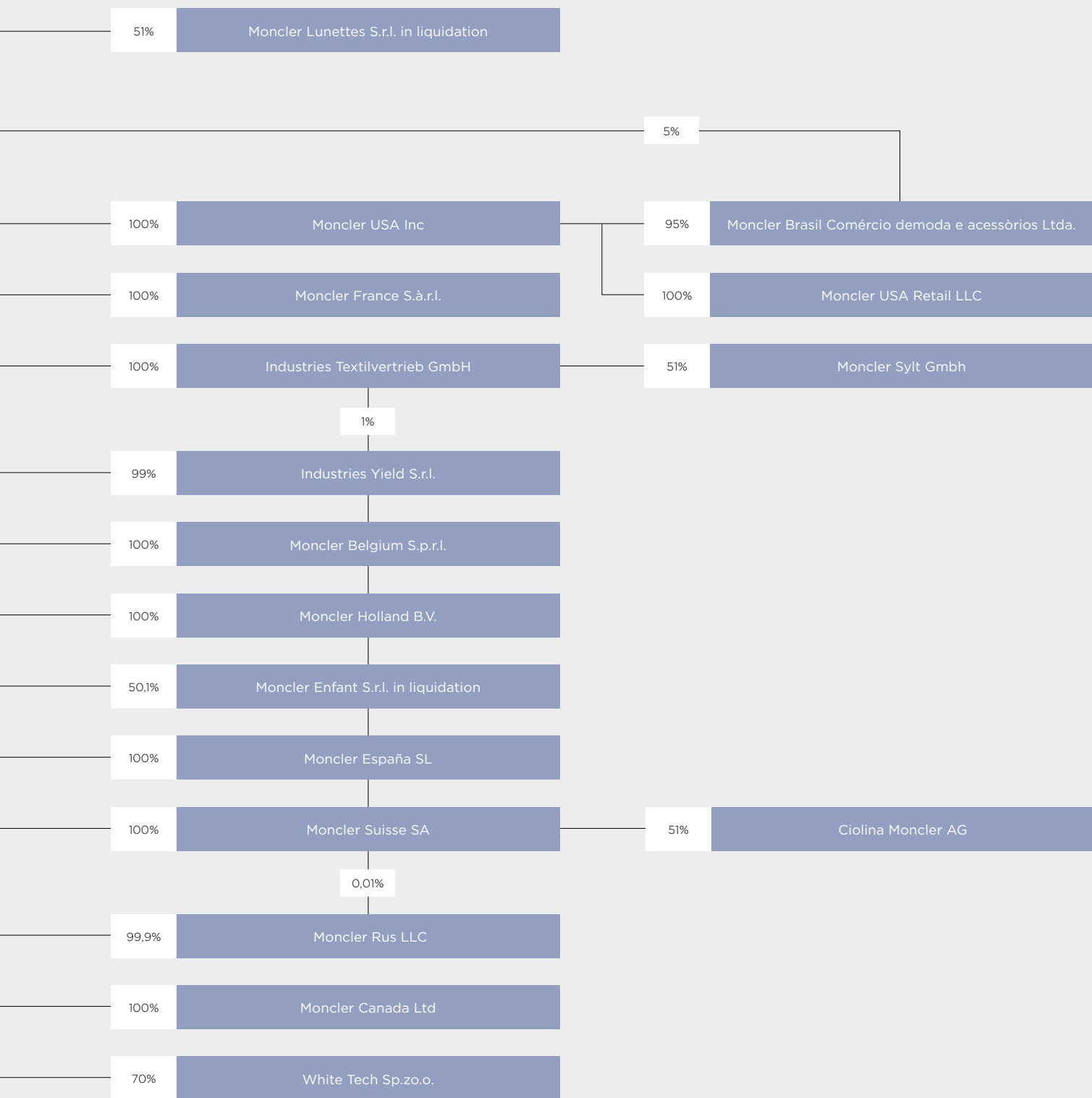
³ Control, Risks and Sustainability Committee

⁴ Lead Independent Director



ORGANIZATIONAL CHART AS OF DECEMBER 31, 2015





GROUP STRUCTURE

The Annual Report as of December 31, 2015 includes Moncler S.p.A. (Parent Company), Industries S.p.A. and 30 consolidated subsidiaries in which the Parent Company holds, directly or indirectly, a majority of the voting rights, or over which it exercises control from which it is able to derive benefits by virtue of its power to govern both on a financial and an operating aspects.

Moncler S.p.A.	Parent company which holds the Moncler brand
Industries S.p.A.	Sub-holding company, directly involved in the management of foreign companies and distribution channels (DOS, Showroom) in Italy and licensee of the Moncler brand
Industries Textilvertrieb GmbH	Company that manages DOS and promotes goods in Germany and Austria
Moncler Belgium S.p.r.l.	Company that manages DOS in Belgium
Moncler Denmark ApS	Company that manages DOS in Denmark
Moncler España SL	Company that manages DOS in Spain
Moncler France S.à.r.l.	Company that manages DOS and promotes goods in France
Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. Sti.	Company that manages DOS in Turkey
Moncler Holland B.V.	Company that manages DOS in the Netherlands
Moncler Hungary KFT	Company that manages DOS in Hungary
Moncler Prague s.r.o.	Company that manages DOS in the Czech Republic
Moncler Rus LLC	Company that manages DOS in Russia
Moncler Suisse SA	Company that manages DOS in Switzerland
Ciolina Moncler AG	Company that manages DOS in Switzerland
Moncler Sylt GmbH	Company that manages DOS in Sylt
Moncler UK Ltd	Company that manages DOS in the United Kingdom
Moncler Brasil Comércio de moda e acessórios Ltda.	Company that manages DOS in Brazil

Moncler Canada Ltd	Company that manages DOS in Canada
Moncler USA Inc	Company promotes and distributes goods in North America
Moncler USA Retail LLC	Company that manages DOS in North America
Moncler Asia Pacific Ltd	Company that manages DOS in Hong Kong and in Macau
Moncler Japan Corporation	Company that manages DOS and distributes and promotes goods in Japan
Moncler Shanghai Commercial Co. Ltd	Company that manages DOS in China
Moncler Shinsegae Inc.	Company that manages DOS and distributes and promotes goods in Korea
Moncler Singapore Pte. Limited	Company that manages DOS in Singapore
Moncler Taiwan Limited	Company that manages DOS in Taiwan
Moncler Infant S.r.l. in liquidazione	Company that distributed and promoted goods from the Moncler Baby and Junior brand
Moncler Lunettes S.r.l. in liquidazione	Company that was responsible for coordinating the production and marketing of products in the Moncler eyewear brand
White Tech Sp.zo.o.	Company that manages quality control of down
Moncler CZ S.r.o. in liquidazione	Not operating company in liquidation
Moncler Middle East FZ-LLC	Not operating company
Industries Yield S.r.l.	Company that manufactures apparel products

THE MONCLER BRAND

The Moncler brand was created in 1952 in Monestier-de-Clermont, a small village in the mountains near Grenoble, with a focus on sports clothing for the mountain. Moncler has, in fact, built in 1954 the first nylon down jacket. In the same year, the Moncler products were chosen by the Italian expedition to K2 and in 1955 by the French expedition to Makalù. In 1968, the brand gained additional visibility as Moncler became the official supplier of the French Alpine skiing team at the Winter Olympics in Grenoble.

In the 80s the Moncler products started to be used on a daily basis also in the cities and became a true fashion phenomenon among younger consumers.

Beginning in 2003, when Remo Ruffini entered in the Group, a process of repositioning of the brand was initiated through which Moncler products take on an ever more distinctive and exclusive aspect.

Under the leadership of Remo Ruffini, Moncler has pursued a clear but simple philosophy: to create unique products of the highest quality, “timeless”, versatile and innovative. The motto “born in the mountains, living in the city” tells how

the Moncler brand has evolved from a line of products used purely for sport purposes to versatile lines that consumers of all gender, age, identity and culture can wear on any occasion.

The range of Moncler brand products has expanded over the years and now spans the following areas: high fashion, with the Gamme Rouge and Gamme Bleu collections, characterized by the exclusivity of the products and the limited distribution to the most prestigious boutiques in the world, the Grenoble collections, where the technical and innovative aspect is greater, the Special Projects, consisting of experimental labs, the result of ad hoc collaborations with avant-garde designers, and the products of the Main collection that combine high quality for various uses.

The selection also offers a line dedicated to accessories (shoes “A marcher” and bags “A porter”), a line of eyewear and sunglasses (“Moncler Lunettes”) and the line *Enfant* dedicated to the child segment (0-14 years).

In 2013, Moncler listed on the Italian Stock Exchange at 10.20 euros per share.

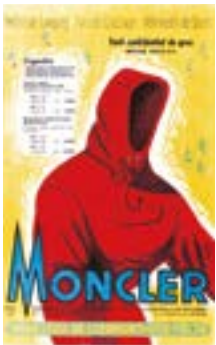


KEY EVENTS IN MONCLER'S HISTORY

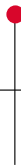
1952



René Ramillon and André Vincent **found the Moncler brand** in the mountains near Grenoble.



1954



Moncler makes its **first nylon down jacket** and supplies products for the Italian expedition to K2.

One year later, it also sponsors the French expedition to Makalu.

1968



Moncler becomes official supplier of the French Alpine skiing team at the **Winter Olympics in Grenoble**.



'80



Moncler products start to become popular in towns and cities, becoming a true **fashion phenomenon**.



2003



Remo Ruffini becomes a shareholder in the Group.

2006



Moncler launches its **Gamme Rouge** women's collection.



2007



Moncler opens in Paris – on the central Rue du Faubourg Saint-Honoré – its **first urban store**.



2009



Moncler launches its **Gamme Bleu** men's collection.

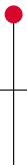
2010



Moncler's **Grenoble** collection debuts in New York.



2013

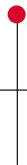


Moncler lists on the **Italian Stock Exchange**.



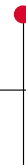
The first Moncler **eyewear** collection is unveiled.

2014



Moncler provides the technical equipment for the **K2 – 60 Years Later** expedition team.

2015



Moncler produces its first **Sustainability Report and Sustainability Plan**.



A **joint-venture** controlled by Moncler is established in **Korea** with Shinsegae International.

Moncler finalises the acquisition of a **production site** in Romania, as it aims to create a industrial-technological R&D hub for down jackets and vertically integrate a portion of its production.

PHILOSOPHY AND VALUES

The philosophy and values of the Moncler brand are intrinsically tied to its unique history. Over the years the brand has been involved in ambitious climbing expeditions and pioneering initiatives. Long associated with the world of sport, the mountains, active life and nature in its truest forms, Moncler has constantly and faithfully founded its philosophy and values on simple, solid principles, summed up in the words of its Chairman and Chief Executive Officer, Remo Ruffini.

**“THERE IS NO PRESENT
OR FUTURE WITHOUT
A PAST; MONCLER
PRODUCTS ARE
SYNONYMOUS WITH AN
EXCELLENCE IN QUALITY
THAT DOES NOT CHANGE
WITH FASHION”**

**“MONCLER’S STORES
CONVEY THE UNIQUE
VALUES OF THE BRAND”**


**“MONCLER IS
A GLOBOPHONIC COMPANY:
IT HAS A GLOBAL
VISION WITH
A DOMESTIC STRATEGY”**

Moncler has a unique heritage and positioning. With over 60 years of history, the brand injects its DNA into innovative, versatile products that withstand the tides of fashion, making them “timeless”. Products that draw inspiration from values tied to the love of sport and nature, marked by a renowned elegance and excellence of quality.

Moncler has a business model which is integrated and focused on quality control with a value chain that directly manages and coordinates the phases with higher added value. Promoting responsibility in the supply chain is an integrated part of this process.

Moncler’s presence in major multi-brand stores and luxury department stores and the selective locations of its retail stores on the most prestigious shopping streets and holiday resorts, along with a distinctive store concept that embodies the Moncler DNA, without ever standing still, are all clear expressions of the brand’s values.

Moncler has a policy of directly overseeing operations in the regions where the brand is present, with local management and organizations that act in strict coordination with the Parent Company. Moncler operates through the headquarters and five regional organizations (Regions): Europe, Asia Pacific, Japan, Korea and the Americas. Moncler firmly believes in the importance of strengthening and consolidating its presence in each of these areas and has long promoted the hiring of local managers and people able to understand and analyse trends in each single market.



**“IN ORDER
TO COMMUNICATE
A UNIQUE PRODUCT,
YOU MUST HAVE A
UNIQUE COMMUNICATION
STRATEGY”**

Moncler's communication strategy is innovative and never banal. It always conveys the uniqueness of the product and the values of the brand in a distinctive and unequivocally identifying way.

**“THERE CAN BE
NO LONG-TERM GROWTH
WITHOUT RESPONSIBILITY
AND RESPECT”**

We judge the value of our results also by how we have achieved them. In fact, there can be no long-term growth without responsibility and respect. Some years ago the company has started to integrate sustainability issues into the business model and business decisions.

**“I WANT TO BE
AMAZED BY THE TALENT
OF OTHERS”**

Moncler has a cohesive, motivated and experienced senior management team, led by Remo Ruffini as Chairman and CEO, with clear powers and responsibilities and a demonstrated ability to deliver strong results.

STRATEGY

Moncler's goal is to pursue the sustainable and responsible development of the brand in the luxury goods segment throughout the world, in harmony and in line with the uniqueness of its heritage.

Five pillars underpin the Moncler strategy:



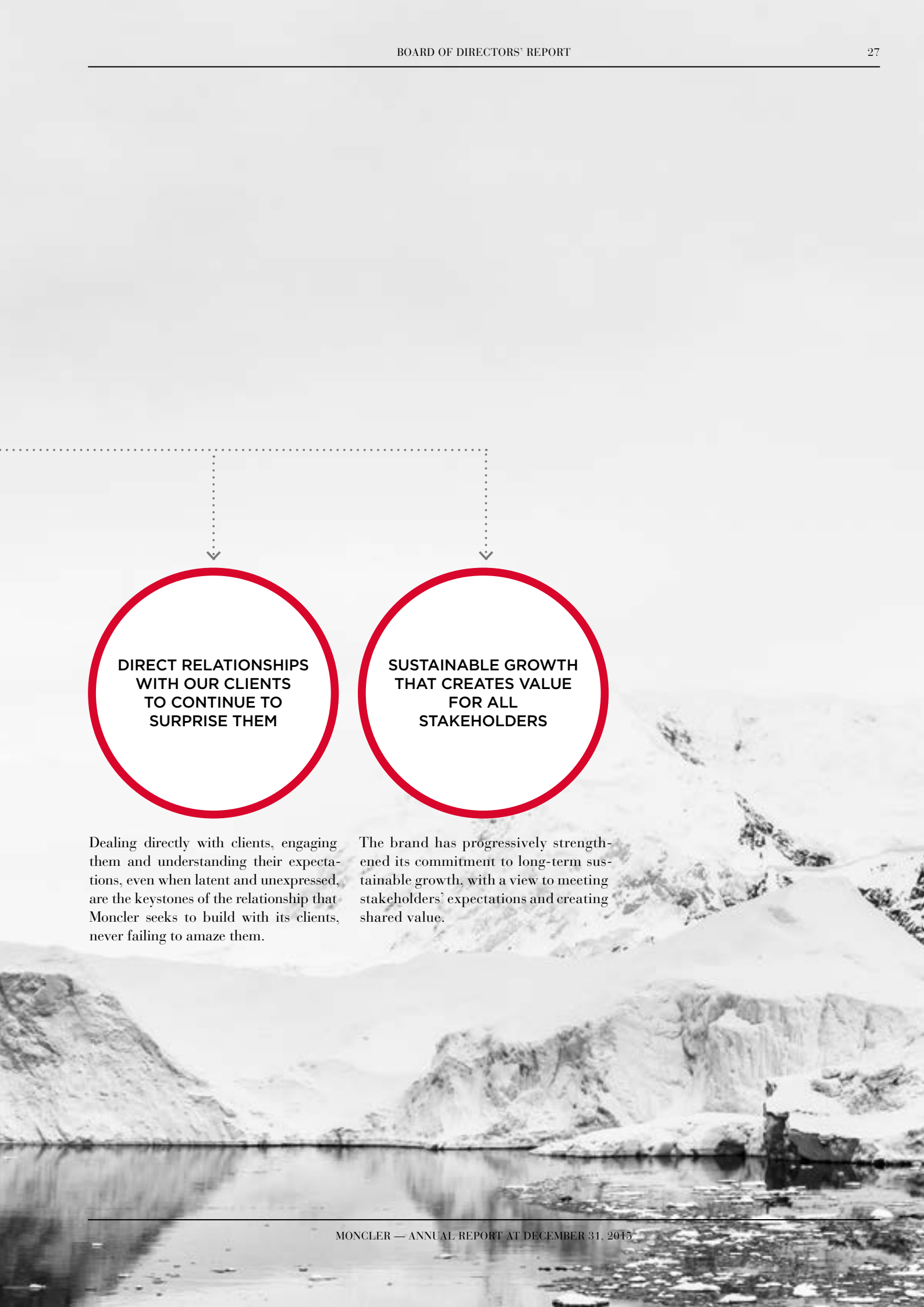
The Moncler brand has a unique heritage which is its main asset and permeates through its entire strategy. Heritage, quality, uniqueness and consistency define and characterise every Moncler garment – a brand that withstands the tides of fashion, because real luxury today is having a high quality product that lasts.

In recent years Moncler has pursued a strategy of growth underpinned by two fundamental principles, clearly outlined and firmly embraced by its Chairman and CEO, Remo Ruffini: to become a global brand and have no filters with the market.

Today, 84% of Moncler's turnover is generated outside Italy.

This has been achieved by keeping a firm control on business and by reaching out directly to our customers, both wholesale and retail.

Thanks to its strong tradition and the credibility it has built over the years, Moncler has consolidated its position as worldwide leader in the premium down jacket segment. The Group is now selectively expanding outside its core business into complementary market segments – segments where it has, or is able to achieve, instant recognition and in-depth know-how. “Creating special garments with a specialist's approach” is the *motto* that drives Moncler and will continue to steer it in the future.



**DIRECT RELATIONSHIPS
WITH OUR CLIENTS
TO CONTINUE TO
SURPRISE THEM**

Dealing directly with clients, engaging them and understanding their expectations, even when latent and unexpressed, are the keystones of the relationship that Moncler seeks to build with its clients, never failing to amaze them.

**SUSTAINABLE GROWTH
THAT CREATES VALUE
FOR ALL
STAKEHOLDERS**

The brand has progressively strengthened its commitment to long-term sustainable growth, with a view to meeting stakeholders' expectations and creating shared value.

BUSINESS MODEL

Moncler's integrated and flexible business model is geared towards having direct control of the phases of production that add the greatest value, putting the pursuit of ever increasing quality at the heart of all its work.

DESIGN AND PRODUCT DEVELOPMENT

Moncler's success is based on a unique and consistent brand strategy, which also depends on the ability to develop innovative products that are strongly "anchored" to the history of the brand. Heritage, uniqueness, quality and innovation are the terms used in Moncler to define the concept of "luxury".

The journey, which began in 2003 when Remo Ruffini entered in the Group, has always been coherent and pursued "without compromise".

The heart of Moncler and the source of its originality is the "**Archive**", from which the first collections of the brand were inspired and today continue to be a central and important part of the Moncler collections.

All products inspired by the archives have always had and continue to have the classic Moncler logo. But the Moncler collections include also many "no-logo" and "less visible logo" products. The logo is in fact always integrated with the Moncler strategy.

Over the years, the Moncler collections have enriched themselves with the energy brought upon by some designers, both for Special Projects and, above all, for the Gammes.

In 2006 the Moncler **Gamme Rouge** was launched, which is tied to the Haute Couture tradition and currently designed by Giambattista Valli. In 2009 the Moncler **Gamme Bleu** was introduced, designed by Thom Browne, representing a perfect combination of a tailored approach and the sporting aspect of the brand.

Finally in 2010 the **Grenoble** collection was created inspired by few ski products, in order to reiterate even more strongly the link between Moncler and its roots.

Moncler's team of designers is subdivided by collection and works under the close supervision of Remo Ruffini, who sets design guidelines and ensures that they are implemented uniformly across all collections and product categories. The design department is assisted and supported by the merchandising team and by product development.





DOWN

Throughout its history, down has been at the heart of Moncler outerwear, and has gradually come to be identified with the brand itself. A combination of lengthy experience and continuous research and development has enabled the company to gain unique expertise in this area, both in terms of knowledge of down as a raw material and of the garment manufacturing process.

Moncler ensures that all its suppliers comply with the highest quality standards. Over the years, these standards have been – and indeed remain – a key point of product differentiation: only the best fine white goose down is used in the brand's garments. But for the company, "quality" is something more than this: the origin of its down and the respect for animal welfare are also fundamental for Moncler. When sourcing and purchasing raw materials, these aspects are held to be as important as the quality of the material itself.

Down cluster and "fill power" are the main indicators of down quality. Moncler down contains at least 90% down clusters and boasts a fill power equal to or greater than 710 (cubic inches per 30 grams of down), resulting in a warm, soft, light and uniquely comfortable garment. Each batch of down is subjected to a two-step checking procedure to assess its compliance with 11 key parameters, set in accordance with the strictest international standards and the stringent quality requirements imposed by the company. In 2015, a total of around 800 tests were performed.

ANIMAL WELFARE AND TRACEABILITY: THE DIST PROTOCOL

To ensure respect for animal welfare, Moncler suppliers have always been contractually obliged to respect a number of key principles at every level of the supply chain:

- down must be derived exclusively from farmed geese and as a by-product of the food chain;
- no live-plucking or force-feeding of animals is permitted.

In 2014, Moncler decided to go a step further by establishing a multi-stakeholder forum, which approved the Down Integrity System and Traceability (DIST) Protocol in early 2015. All suppliers must comply scrupulously with the Protocol, to ensure the traceability of the raw material, respect for animal welfare and the highest possible quality throughout the supply chain.

Moncler's down supply chain is reasonably vertically integrated, and includes various types of entities: geese farms, slaughterhouses where the animals are slaughtered for meat production and from which the down is subsequently taken, and the companies responsible for washing, cleaning, sorting and processing the raw material.

In Moncler's protocol, animal welfare is assessed not only by looking at the environment in which the bird lives (traditional approach) but also at indicators directly observable on the animal, such as feather-pecking³, dislocated or broken wings, feather irregularities, and abnormal beak colour; these symptoms are associated with situations in which the goose's welfare is compromised.

Moncler engages in ongoing supply chain certification through on-site checks to ensure compliance with the Protocol. To ensure the utmost impartiality, audits are commissioned by Moncler and not by the supplier, and a qualified third party body has been appointed to carry out the certification process. In turn, its work is audited by another accredited external body. In 2015, a total of 120 independent audits were conducted. No instances of live-plucking or force-feeding were found at any of the farms visited.

In 2016, the Group is committed to purchasing only down which has been awarded DIST certification.

³ Feather-pecking is an abnormal behaviour in avian species in which birds peck the feathers of their companions or tear them out with their beaks

PRODUCTION

Moncler's products are designed, manufactured and distributed according to a business model characterised by direct oversight of all phases where the greatest value is added.

Moncler directly manages the creative phase, the purchase of raw materials, as well as the development of prototypes, while it mainly assigns the "cut-make-trim" phase (*façon*) of the production stage to third party manufacturers.

The purchase of raw materials is one of the main areas of the value chain. In fact, in light of its market position and its values, Moncler focuses both on the quality of the down used in its garments, which must comply with the highest standards in the industry, and the use of fabrics that must not only be of extremely high quality but also able to offer advanced functional and aesthetic features. Textiles and garment accessories (buttons, zips, etc.) are purchased from countries able to meet the highest quality standards, principally Italy and Japan. Down is purchased from Europe and Asia.

The third-parties suppliers working for Moncler are mainly located in Eastern European countries, which are currently able to ensure quality standards that are among the highest

in the world for the production of down jackets, over which the company carries out direct supervision by conducting audits designed to check aspects regarding product quality, brand protection and compliance with current laws and Moncler Code of Ethics.

Moncler currently uses around 460 suppliers, divided into four categories: raw materials, *façon*, finished products and services. Moncler's top 50 suppliers account for 72% of the value of all supplies⁴.

On 31 August 2015 Moncler, through its subsidiary Industries Yield S.r.l., acquired a small production site in Romania that makes clothing – especially outerwear – that was already a third-party supplier working almost exclusively for Moncler. This site, though currently fairly small, marks the first phase of a project to partially integrate the production chain, with the aim of creating a hub for excellence in R&D for down jackets.

The high-end lines, Gamme Rouge and Gamme Bleu, are produced in Italy as they require different production techniques and are inspired by the French and Italian *haute couture*.

⁴ Order value.



DISTRIBUTION

173

Mono-brand
Directly Operated
Stores (DOS)

AMERICAS
19

Four DOS opened
in the United States
and a second DOS opened
in Canada (Vancouver)

Moncler is present in all major markets both through the retail channel, consisting of directly operated stores (DOS)⁵ and the online store, and through the wholesale channel, represented by multi-brand doors and shop-in-shops in department stores.

Moncler's strategy is aimed at the control of the distribution channel, not only retail but also wholesale, where it operates through a direct organization.

In recent years, the business has grown mainly through the development of the retail channel, which in 2015 accounted for 70% of consolidated revenues. The online store, now active in all Moncler's main markets, is also becoming more and more important.

The wholesale channel remains strategically fundamental for Moncler. Over the years the Group has introduced a highly selective distribution policy, gradually reducing the number of doors and tightly controlling customer order quantities, so that the brand is now only present in the leading luxury multi-brand shops and department stores around the world.

As of 31 December 2015, Moncler brand products were distributed through 207 mono-brand stores, 173 of which are directly operated stores (DOS) and 34 are wholesale mono-brand "shop-in-shop" stores, of which 11 are dedicated to the *Enfant* product lines.

During 2015 the company opened 27 directly operated stores (DOS), in the most prestigious international locations, including:

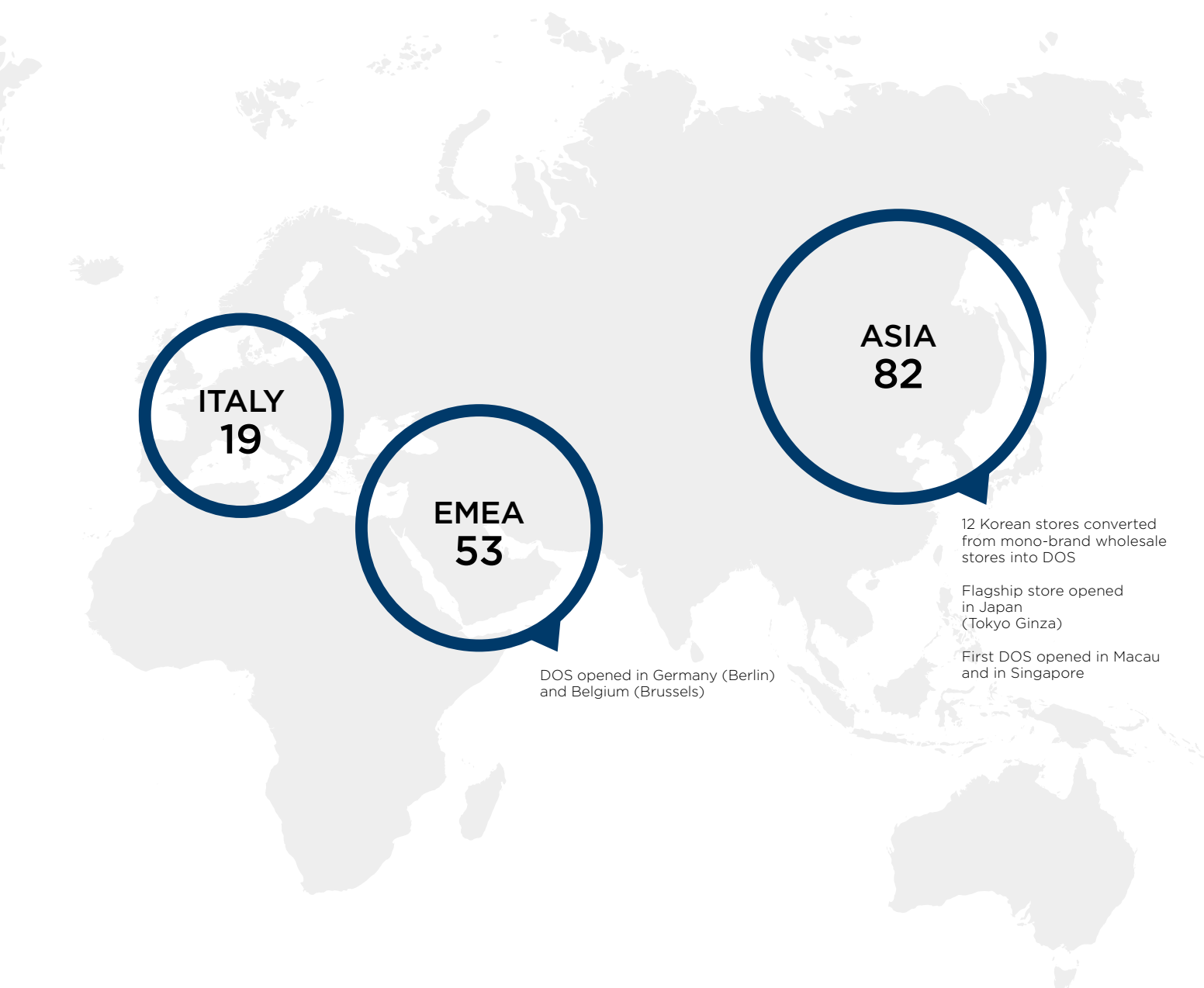
- the opening of the flagship store in Tokyo in the prestigious Ginza district;
- the openings in two new markets: Macau and Singapore;
- the consolidation of its presence in North America.

Moreover, after the establishment of the Korean Moncler Shinsegae joint venture, the 12 Moncler mono-brand stores existing in Korea have been converted from wholesale to retail.

In addition, 8 wholesale mono-brand stores were opened in 2015 in major luxury department stores.

Moncler's ability to distribute its products to such a large number of destinations is based on the careful attention it pays to the way in which logistics activities are managed. In this sphere too Moncler is attentive to optimizing processes and this has enabled it to contain both environmental effects and costs. More specifically, Moncler has made changes to the packaging it uses for shipping finished goods, thereby reducing the total volume consumed and optimizing the space taken up on the means of transport employed. This has led to a reduction in the number of transfers and therefore in the environmental effects caused in terms of energy consumption and atmospheric emissions. In this regard, wherever possible, the Group is introducing a policy to incentivise shipping by sea, which offers a further way to reduce its environmental footprint.

⁵ Including free standing stores, concessions, travel retail stores and outlets



	December 31, 2015	December 31, 2014	Net Openings
Retail mono-brand	173	134	+39
Italy	19	19	-
EMEA (excl. Italy)	53	51	+2
Asia	82	50	+32
Americas	19	14	+5
Wholesale mono-brand	34	38	-4
Total	207	172	+35

MARKETING AND COMMUNICATION

“Every day brings a fresh challenge to be overcome,” says Remo Ruffini, Moncler Chairman and CEO.

Freezing cold. Glaciers as big as skyscrapers. The excitement of setting off and the calm of the build-up. When adventure meets nature and for the challenges of everyday life. To face these extremes, Moncler designs clothes that strike a balance between two worlds, each time pushing the boundaries

to make down jackets that respond to increasingly diverse global demands.

Moncler has been at the cutting edge for more than 60 years, strongly anchored by its unique heritage. But having a unique background also means that it has to be different in how it tells its story. It is this uniqueness that Moncler has always pursued. Rooted in this ethos, the brand's marketing



and communications aim to reinforce its values and transfer their implications through a clear strategy, which has contributed to establishing Moncler as an internationally renowned luxury brand. All Moncler's marketing initiatives seek to ensure consistency between the company's values, the product and the target customers, with the aim of maintaining a high brand reputation. These principles guide

every phase of the value chain: from presentation of new collections to retail and wholesale sales activities. All this is distilled into advertising communications in the specialist press, leading domestic and international newspapers – both print and online – and into social media, as well as shows, promotions, sponsorships and events in boutiques.





WINDOW DISPLAYS

Window displays in boutiques form a key part of the brand's marketing strategy, enabling it to extend its ongoing exploration into the infinite possible interrelationships between art and creativity, interpreted as a free expression of Moncler's identity. The ethos is one of boundless creativity – the fruit of a true passion and capacity for innovation –

while always remaining true to the company's heritage. The window displays in Moncler boutiques have always been highly recognisable and distinctive, each telling original stories, as in the latest iteration which features landscapes of stylised mountains populated by modern-day skiers.

ADVERTISING CAMPAIGNS

As part of its innovative approach, Moncler also seeks to make its advertising campaigns stand out as a hallmark of the brand. During the company's relaunch, early advertising campaigns were focused on the product and on Moncler's background, in an effort to establish its heritage. Since then they have become more and more brand-focused, shot by top photographers (first Bruce Weber and then Annie Leibovitz) for campaigns in which each image reflects Moncler's intrinsic values and underlines the interplay between photography and nature as culture. Moncler

has worked with US photographer Annie Leibovitz for its main advertising campaigns since 2014. During her first campaign, Leibovitz captured the global uses of Moncler's outerwear, suited to anywhere in the world, at any latitude and in any season, whether immersed in nature or in the Chrysler Building New York. For the Autumn/Winter 2015/16 campaign Leibovitz represented Moncler's identity in a fairytale, and for the first Spring/Summer 2016 campaign she took inspiration from 'Gulliver's Travels'.

DIGITAL

Digital is becoming an increasingly important communications channel, not least for Moncler. The brand is fully represented across all aspects of digital media: web, social media and mobile. The company dedicated significant resources and investments in 2015 towards increasing its brand presence on global social media and to working with mobile-oriented properties such as WeChat in Asia, achieving substantial engagement growth (Facebook +115%, Twitter +885%, Instagram +127%, LinkedIn +65%). In 2015 Moncler launched a new website – moncler.com – in 35 languages and with five different homepages for different geographical

areas, all fully mobile responsive, fulfilling a new concept of the integrated website. The site represents a virtual space in which purchase experience and brand equity live side-by-side with an editorial approach and user experience that are consistent with the company's physical stores, as it builds towards an increasingly integrated and omni-channel approach. The new Moncler website has had 15 million unique visitors, up 25% compared to 12 million in 2014. In 2015 Moncler also launched a tablet-based app exclusively for analysts and investors (Moncler IR).





EVENTS AND FASHION SHOWS

Moncler also stands out for its unique and original communications, by developing and testing innovative modes of expression in brand events around the world. In 2015 Moncler held over 100 events, including corporate events, fashion shows, events connected to new store openings and CRM events. It all adds up to a packed programme of initiatives, each reflecting Moncler's brand values.

In September, Moncler held a photographic exhibition called "ART FOR LOVE" at the New York Public Library inspired by its iconic "Maya" jacket. This unique exhibition

– far from traditional fashion world initiatives – was held in support of amfAR – the Foundation for AIDS Research. The aesthetic skill and creative imagination of more than 30 of the world's greatest photographers was channelled into showing the power and beauty of love from a variety of points of view, the results of which were also published in a stunning exhibition catalogue.

Pure creativity as a hallmark of the brand also acts as a foundation on which to build initiatives connected to new boutique openings. Of particular significance in 2015 was



Exhibition "ART FOR LOVE" - New York Public Library (September 2015)

the opening of the flagship store in Tokyo in the prestigious Ginza district. The store opening took the form of a whole series of events, underpinned by the launch of a new collaboration with a duo of young artists, FriendsWithYou, offering further proof of Moncler's ongoing engagement with a new generation of creatives.

Presentations of the Moncler Gamme Bleu, Moncler Gamme Rouge and Moncler Grenoble collections are always spectacular. The company holds fashion shows during the

Milan, Paris and New York fashion weeks, with a total of five each year (two in Paris for Moncler Gamme Rouge, two in Milan for Moncler Gamme Bleu and one in New York for Moncler Grenoble). These events enable Moncler to transmit the originality and distinctiveness of its brand, forging strong links with leading fashion publications, domestic and international journalists, major multi-brand wholesale customers and important opinion leaders and stakeholders.





BRAND PROTECTION

Moncler spends a great deal of energy and resources to protect the value and authenticity of its products and to safeguard its intellectual property rights.

Through its specialist Intellectual Property and Brand Protection department, the Group continues to be highly active in the fight against counterfeiting, acting on various fronts that range from coordination with international customs authorities, to private investigations in the most critical areas, and actions in civil and criminal law to

enforce its rights. In 2015, this rigorous programme led to the seizure of about 32,000 fake finished products and more than 294,000 counterfeit accessories.

The company is also heavily engaged in online enforcement, working to close down unauthorised websites, remove links or adverts on social media, and so on. In 2015 more than 53,800 online auctions of counterfeit Moncler products were closed down and some 1,180 websites featuring fake Moncler products were blocked.



Moncler provides customers with direct assistance in relation to counterfeiting through its customer care service and a dedicated section on its website (<http://code.moncler.com>). In addition, as part of the drive for continuous improvement, a complex new anti-counterfeiting system will be in place from the Spring/Summer 2016 collection onwards, taking advantage of the most sophisticated technologies currently on the market.

One particularly significant case in this area saw the Beijing Intellectual Property Court order the company Beijing Nuoyakate Garment Co. Ltd to pay Moncler RMB 3 million (around 420 thousand euros) in damages for trademark infringement. The judgment marked a watershed moment, as the first to be enforced in China under new trademark protection laws requiring the defendant to pay the maximum amount of damages and applying the most severe legal penalties.

HUMAN RESOURCES

Moncler assigns vital importance to human resources, to their training, motivation and incentivization. The quality of human resources, professionalism and shared values are considered to be essentials for the development of the Company's strategy.

Moncler designs paths for executives and middle managers to enable them to develop management skills, consistent with the Moncler leadership model and the Company's values. The aim of these paths is to reinforce the sense of business identity, providing effective methodologies and tools for interpreting complex scenarios, stimulating innovation and contributing to the creation of value as well as ensuring continuity and succession for roles considered to be key. Moncler also has a strong focus on attracting and nurturing talent, with the aim of developing professionals who, in their own division or area of expertise, can represent the backbone of Moncler's future management team, taking on increasing responsibilities within the company. For this reason, the company invests heavily in staff development and retention, including through training, education and seminars, some of which feature prestigious speakers.

Over time, Moncler has developed an internal performance evaluation system based on its skills model.

In addition, the growth of the retail channel has driven Moncler to invest in projects specifically aimed at the development and enhancement of the professional and across-the-board skills of sales personnel.

In 2015, the Group provided a total of 12,300 hours of training to 1,339 employees. This mainly involved professional or hands-on training (42.4%), health and safety (27.8%) and managerial development (14.9%).

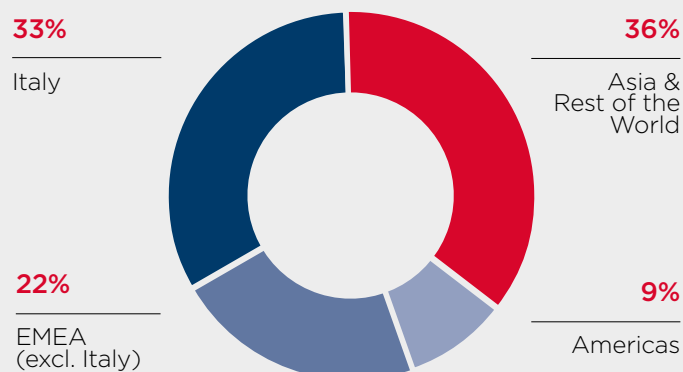
Moncler had 1,798 FTE⁶ employees in 2015, 60% of whom employed in directly operated stores. The increase in headcount compared to 2014 (+391 FTEs) was driven by the growth in directly operated stores, as well as the acquisition of the production site in Romania and the establishment of the joint venture in Korea.

In terms of distribution by geographic area, the EMEA area (including Italy) accounted for 55% of the total FTE figure, followed by Asia with 36% and the Americas with 9%.

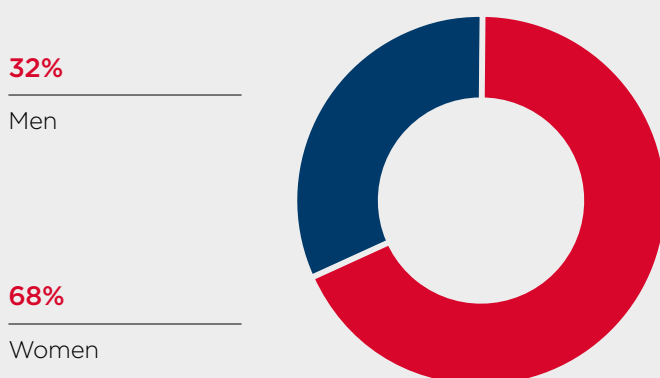
⁶ Full Time Equivalent.

Full Time Equivalents in 2015

	2015	2014
Italy	598	568
EMEA (excl. Italy)	390	301
Asia & Rest of the World	651	428
Americas	159	110
Total	1.798	1.407
of which Retail Direct	1.086	834



Employees by Gender Group at December 31, 2015



At 31 December, 68% of employees were women. This marked an increase on December 2014 (65%).

Employees by Age Group at December 31, 2015



Moncler has a strong focus on jobs for young people, as shown by the breakdown by age, with employees under 30 accounting for 36% of the total, an increase on December 2014 (33%).

During 2015 Moncler gave considerable attention to the development of its organizational structure in terms of strategy, growth and business challenges with the aim of further increasing its competitive abilities on the world markets in its target sector.

SUSTAINABILITY

At Moncler we believe that enduring success in business is based on the ability to create value for all stakeholders bearing in mind their differing expectations. This objective can only be achieved increasingly integrating economic decisions with a valuation of their social and environmental impacts.

This integration is therefore also playing a more important role for Moncler in its strategic approach and the way it operates. Indeed, Moncler strengthened its commitment to increasingly integrated sustainability management in 2015 by establishing a sophisticated governance system, which provides for interaction between the different bodies.

The Sustainability Unit was created, which reports directly to the Chairman and Chief Executive Officer. It is responsible for identifying and managing sustainability risks together with the relevant functions, identifying areas and actions for improvement, proposing the sustainability strategy and drawing up the Sustainability Plan, preparing the Sustainability Report, and fostering a culture of sustainability at the Company.

The Sustainability Unit also consults with a Sustainability Steering Committee. This Committee, comprising the heads of the relevant functions of the Group, performs a consultative role, assesses the proposals of the Sustainability Unit, supervises sustainability guidelines and objectives, and analyses the extent to which targets are achieved.

Within each department, a number of “ambassadors” have been identified who are responsible for raising awareness of social and environmental issues within their own areas. They are also responsible for meeting the objectives set out in the Sustainability Plan in their areas of competence and for supporting the Sustainability Unit in drawing up the Sustainability Report.

In a further sign that the company’s top management supports and promotes sustainability, in 2015 the Board of Directors expanded the powers of the Control and Risks Committee to include sustainability issues, changing its name to the Control, Risks and Sustainability Committee.

The Board of Directors has given the Committee the task of supervising sustainability issues connected to the activities of the company and its interactions with stakeholders, defining strategic sustainability guidelines and the associated action plan (Sustainability Plan), as well as reviewing the Sustainability Report.

In its first Sustainability Report, Moncler is providing transparent communication of the most significant activities carried out in 2015 in the environmental, social and economic spheres. In addition to establishing and applying a Protocol dedicated to traceability and respect for animal welfare along the entire down the supply chain, the Company reports on the management and development work carried out for its employees, the profile of its supply chain and the related auditing activities, the initiatives aimed at reducing the environmental impact of the company’s processes, and, lastly, the support provided to the community.

In 2015, Moncler also produced its first Sustainability Plan, which contains the Group’s objectives for the future and is the expression of its desire to grow and develop taking into account the interests of its stakeholders.

Completing the projects contained in the Plan will never be an end point, but merely a step in a process of continuous improvement Moncler is committed to pursuing over the years to come.



MONCLER AND THE FINANCIAL MARKETS

2015 was characterised by severe volatility on the global financial markets and, in particular, on the luxury goods sector.

Against this background, thanks to results that exceeded analyst expectations and continuous engagement with investors and financial analysts, Moncler's shares outperformed comparable shares in the luxury goods sector and the Italian stock market as a whole.

Total Shareholders Return (TSR) of the main players in the European luxury goods sector in 2015 is shown in the next page.

On 1 December, Moncler held its first Capital Market Day (CMD) in Milan at its offices on Via Solari. During the event, Moncler senior management outlined to the financial community the group's growth drivers for the next three years.

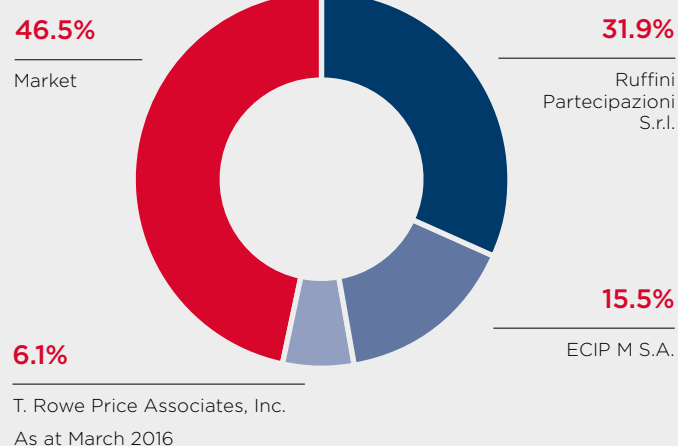
On 14 May, the private equity fund Eurazeo sold 7.8% of its stake in Moncler (held through ECIP M S.A.) for a total of 340 million euros, reducing its holding from 23.3% to 15.5% through an international accelerated bookbuild.



Company	TSR 2015
Moncler	16.98%
LVMH	11.82%
Hermès International	8.26%
Salvatore Ferragamo	8.16%
Tod's Group	3.91%
Kering Group	1.36%
Brunello Cucinelli	-11.30%
Jimmy Choo	-19.26%
Burberry	-24.93%
Prada Group	-43.96%

Source: Bloomberg

Shareholding



FINANCIAL CALENDAR

Following are the main events in 2015 related to the Moncler reporting timeline.

Date	Event
Thursday 3 March 2016	Board of Directors: Approval of Financial Statements as of December 31, 2015*
Wednesday 20 April 2016	Annual Shareholder's Meeting for Approval of Financial Statements as of December 31, 2015
Tuesday 10 May 2016	Board of Directors: Approval of Interim Financial Statements as of March 31, 2016*
Wednesday 27 July 2016	Board of Directors: Approval of Interim Financial Statements as of June 30, 2016*
Tuesday 8 November 2016	Board of Directors: Approval of Interim Financial Statements as of September 30, 2016*

* A conference call with institutional investors and equity research analysts will take place following the Board of Directors' meeting.

SECTION TWO





INTRODUCTION

In accordance with Article 40, paragraph 2 bis of the Legislative Decree 127 of 09/04/91, the Parent Company has prepared the Directors' Report as a single document for both the separate financial statements of Moncler S.p.A. and the Group Consolidated Financial Statements.

PERFORMANCE OF THE MONCLER GROUP

FINANCIAL RESULTS

Following are the consolidated income statements for financial years 2015 and 2014.

Consolidated income statement				
(Euro/000)	Fiscal Year 2015		Fiscal Year 2014	
		% on Revenues		% on Revenues
Revenues	880,393	100.0%	694,189	100.0%
YoY growth	+27%		+20%	
Cost of sales	(225,495)	(25.6%)	(192,524)	(27.7%)
Gross margin	654,898	74.4%	501,665	72.3%
Selling expenses	(253,448)	(28.8%)	(182,966)	(26.4%)
General & Administrative expenses	(79,535)	(9.0%)	(66,043)	(9.5%)
Advertising & Promotion	(57,847)	(6.6%)	(46,072)	(6.6%)
EBIT Adjusted	264,068	30.0%	206,584	29.8%
YoY growth	+28%		+20%	
Non-recurring items ⁷	(11,389)	(1.3%)	(5,034)	(0.7%)
EBIT	252,679	28.7%	201,550	29.0%
YoY growth	+25%		+21%	
Net financial result ⁸	(1,708)	(0.2%)	(6,064)	(0.9%)
EBT	250,971	28.5%	195,486	28.2%
Taxes	(83,061)	(9.4%)	(65,377)	(9.4%)
<i>Tax Rate</i>	33,1%		33,4%	
Net Income	167,910	19.1%	130,109	18.7%
Non-controlling interests	47	0.0%	(229)	(0.0%)
Net Income, Group share	167,863	19.1%	130,338	18.8%
YoY growth	+29%		+71%	
EBITDA Adjusted	300,027	34.1%	232,860	33.5%
YoY growth	+29%		+21%	

⁷ Including non-cash costs related to the stock option plans and costs associated with the "Other Brands Division" sale.

⁸ Fiscal Year 2015: FX Gain/(Losses) 3,983 thousand euros; Other financial items (5,691) thousand euros.
Fiscal Year 2014: FX Gain/(Losses) 5,782 thousand euros; Other financial items (11,846) thousand euros.

EBITDA is not a recognized measure of financial performance under IFRS, but it is a measure commonly used by both management and investors when evaluating the operating performance of the Group. EBITDA is defined as EBIT (Operating income) plus depreciation and amortization and it can be calculated from the consolidated income statement data, which have been prepared in accordance with the IFRS, integrated with the Explanatory Notes.

CONSOLIDATED REVENUES

In 2015 Moncler recorded **revenues** of 880.4 million euros, compared to revenues of 694.2 million euros in 2014, an increase of 27% at current exchange rates and an increase of 19% at constant exchange rates.

Revenues by Region (Euro/000)	Fiscal Year 2015		% Fiscal Year 2014		YoY growth % At current exchange rates	YoY growth % At constant exchange rates
Italy	136,997	15.5%	130,625	18.8%	+5%	+5%
EMEA (excl. Italy)	268,468	30.5%	232,743	33.5%	+15%	+13%
Asia & Rest of the World	333,501	37.9%	235,153	33.9%	+42%	+28%
Americas	141,427	16.1%	95,668	13.8%	+48%	+27%
Total Revenues	880,393	100.0%	694,189	100.0%	+27%	+19%

Moncler achieved revenue growth in all regions.

In **Asia & Rest of the World**, revenues increased 28% at constant exchange rates and 42% at current exchange rates, with positive results in all markets. A solid performance was achieved in China, Hong Kong and Japan, thanks to both organic growth of the existing network and the contribution from new stores. Japan, in particular, benefited from the opening of the flagship store in Tokyo Ginza, which has already surpassed management's expectations. Results from newly opened stores in Macau and Singapore also exceeded management's forecasts. Furthermore, Moncler had good growth in Korea, a market that has been directly controlled by Moncler since the beginning of 2015 and where the Company is taking actions aimed at brand consolidation. Excluding Korea, revenues in Asia & Rest of the World grew 34% at current exchange rates.

In the **Americas**, the company recorded 27% growth at constant exchange rates and 48% at current exchange rates, driven by the expansion in North America of both distribution channels. Canada increased significantly in 2015, albeit from a small base. Results in the United States were in line with management expectations, despite revenues in the fourth quarter being affected by an extraordinarily mild winter season, which drove sales of lighter products with a related price-mix effect.

In **EMEA**, Moncler grew 13% at constant exchange rates and 15% at current exchange rates, with notable positive results from France, the United Kingdom and Germany. In particular, very good results were achieved in France, despite the tragic events which occurred in Paris in November and which moderated the tourist inflows to the city. Both retail and wholesale channels drove the performance in the United Kingdom, while the growth in Germany was mainly due to healthy results in the retail network.

In **Italy** revenues rose 5% compared to 2014 driven, in particular, by the good results of the Directly Operated Stores (DOS).

Revenues by Distribution Channel (Euro/000)	Fiscal Year 2015		% Fiscal Year 2014		YoY growth % At current exchange rates	YoY growth % At constant exchange rates
Retail	619,680	70.4%	430,683	62.0%	+44%	+33%
Wholesale	260,713	29.6%	263,506	38.0%	-1%	-5%
Total Revenues	880,393	100.0%	694,189	100.0%	+27%	+19%

In 2015 revenues from the **retail distribution channel** reached 619.7 million euros compared to 430.7 million euros in 2014, representing an increase of 33% at constant exchange rates and 44% at current exchange rates. This performance was due to solid organic growth and the continued development of the network of mono-brand retail stores (DOS).

Moncler achieved *Comparable Store Sales Growth*⁹ of 6% in 2015.

The **wholesale channel** recorded revenues of 260.7 million euros compared to 263.5 million euros in 2014, down 5% at constant exchange rates and 1% at current exchange rates. This result includes the impact of the conversion of the Korean business from wholesale into retail, from 1 January 2015. Excluding Korea, wholesale was stable at constant exchange rates and rose 5% at current exchange rates, thanks to the network expansion in North America and despite the ongoing doors selection strategy mainly in Italy and Europe.

ANALYSIS OF CONSOLIDATED OPERATING AND NET RESULTS

Before analysing in detail the consolidated operating and net results, it is important to mention that, as highlighted in the notes to revenues, Moncler's growth in 2015 is partially attributable to the appreciation of some important currencies in which the Group operates. Because a considerable amount of the Group's costs are euro-denominated, the improvement in profits and margins is also due to this currency's trend.

In 2015, the consolidated **gross margin** was 654.9 million euros, equivalent to 74.4% of revenues compared to 72.3% in 2014. This improvement was mainly attributable to growth in the retail channel.

The increase in the cost of sales has been mainly driven by the volume growth, given that price evolution of raw materials and of its other constituents has been in line with the previous year.

Selling expenses reached 253.5 million euros, equivalent to 28.8% of revenues compared to 26.4% in 2014; this increase is primarily due to the expansion of the retail channel.

General and administrative expenses were 79.5 million euros, equivalent to 9.0% of revenues, below the 9.5% reported in 2014, notwithstanding the investments made to reinforce the company's organizational structure.

Advertising expenses were 57.8 million euros, representing 6.6% of revenues, the same as in 2014.

Adjusted EBITDA¹⁰ rose to 300.0 million euros, compared to 232.9 million euros in 2014, resulting in an EBITDA margin of 34.1% (33.5% in 2014).

Adjusted EBIT¹⁰ was 264.1 million euros compared to 206.6 million euros in 2014, resulting in an EBIT margin of 30.0% (29.8% in 2014). Including non-recurring costs, EBIT was 252.7 million euros, representing an EBIT margin of 28.7%, broadly in line with the margin achieved in 2014 (29.0%).

Non-recurring costs included non-cash costs related to the Moncler stock option plans (6.8 million euros in 2015, compared to 5.0 million euros in 2014). They included also the revised value of the "Other Brands Division" disposal (3.0 million euros) and other expenses, mainly legal, related to the aforementioned disposal.

Financial expenses were 1.7 million euros; lower compared to 6.1 million euros in 2014; both amounts benefited from foreign currency gains, equal to 4.0 million euros in 2015 and to 5.8 million euros in 2014. Excluding FX Gain/(Losses), the financial costs were equal to 5.7 million euros in 2015, compared to 11.9 million euros in 2014.

Taxes amounted to 83.1 million euros, with a 33.1% tax rate.

In 2015, **Net Income, Group share** increased 29% to 167.9 million euros, equivalent to 19.1% of revenues, compared to 130.3 million euros in 2014.

⁹ *Comparable Store Sales Growth* is based on sales growth in DOS (excluding outlets) which have been open for at least 52 weeks and in the online store; stores that have been extended and/or relocated are excluded from the calculation.

¹⁰ Before non-recurring costs.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Following are the consolidated statements of Financial Position for financial years 2015 and 2014.

Reclassified consolidated statement of financial position		
(Euro/000)	December 31, 2015	December 31, 2014
Intangible Assets	423,596	414,353
Tangible Assets	102,234	77,254
Other Non-current Assets/(Liabilities)	13,671	(14,706)
Total Non-current Assets	539,501	476,901
Net Working Capital	110,876	97,091
Other Current Assets/(Liabilities)	(43,683)	(34,041)
Total Current Assets	67,193	63,050
Invested Capital	606,694	539,951
Net Debt	49,595	111,155
Pension and Other Provisions	10,292	8,222
Shareholders' Equity	546,807	420,574
Total Sources	606,694	539,951

Net Working Capital was 110.9 million euros compared to 97.1 million euros at 31 December 2014, equivalent to 13% of revenues, compared to 14% in 2014.

Net working capital		
(Euro/000)	December 31, 2015	December 31, 2014
Accounts receivables	89,782	86,593
Inventory	134,063	122,821
Accounts payables	(112,969)	(112,323)
Net working capital	110,876	97,091
% on Last Twelve Months Revenues	13%	14%

Net Financial Debt at 31 December 2015 was 49.6 million euros compared to 111.2 million euros at 31 December 2014, thanks to a strong cash generation and notwithstanding the increased investments.

Net Financial Debt is broken down in the following table:

Net financial debt		
(Euro/000)	December 31, 2015	December 31, 2014
Cash and cash equivalents	(148,603)	(123,419)
Long-term borrowings	127,016	154,243
Short-term borrowings	71,182	80,331
Net financial debt	49,595	111,155

STATEMENT OF CASH FLOW

Following is the reclassified consolidated statement of cash flow for financial years 2015 and 2014:

Reclassified consolidated statement of cash flow		
(Euro/000)	December 31, 2015	December 31, 2014
EBITDA Adjusted	300,027	232,860
Change in NWC	(13,785)	(50,175)
Change in other curr./non-curr. assets/(liabilities)	(16,665)	25,129
Capex, net	(66,187)	(49,556)
Operating Cash Flow	203,390	158,258
Net financial result	(1,708)	(6,064)
Taxes	(83,061)	(65,377)
Free Cash Flow	118,621	86,817
Dividends paid	(30,484)	(28,632)
Changes in equity and other changes	(26,577)	1,720
Net Cash Flow	61,560	59,905
Net Financial Position - Beginning of Period	111,155	171,060
Net Financial Position - End of Period	49,595	111,155
Change in Net Financial Position	61,560	59,905

Free Cash Flow in 2015, including the investments made in the period, was 118.6 million euros compared to 86.8 million euros in 2014.

Net Capital Expenditure was 66.2 million euros in 2015, compared to 49.5 million euros in 2014, mainly related to the development of the retail network. Significant investments were also made in the IT infrastructure.

The following table shows the breakdown of capex by category:

Capex		
(Euro/000)	December 31, 2015	December 31, 2014
Retail	48,999	36,571
Wholesale	1,503	5,814
Corporate	15,685	7,172
Capex	66,187	49,557

PERFORMANCE OF THE PARENT COMPANY MONCLER S.P.A.

Following is the income statement of the Parent Company.

Moncler S.p.A. Income Statement				
(Euro/000)	Fiscal Year 2015	% on Revenues	Fiscal Year 2014	% on Revenues
Revenues	147,114	100.0%	116,658	100.0%
General & Administrative expenses	(14,123)	(9.6%)	(10,940)	(9.4%)
Advertising & Promotion	(27,439)	(18.7%)	(23,497)	(20.1%)
Non-recurring items	(2,490)	(1.7%)	(2,023)	(1.7%)
EBIT	103,062	70.1%	80,198	68.7%
Net financial result	(1,880)	(1.3%)	7,558	6.5%
EBT	101,182	68.8%	87,756	75.2%
Taxes	(24,280)	(16.5%)	(23,580)	(20.2%)
Net Income	76,902	52.3%	64,176	55.0%

Moncler S.p.A. revenues rose to 147.1 million euros in 2015, an increase of 26% compared to revenues of 116.7 million euros in 2014, mainly arising from proceeds received from subsidiaries for the use of the Moncler brand.

General and administrative expenses were 14.1 million euros, equal to 9.6% on revenues (9.4% in 2014).

Advertising and Promotion expenses totalled 27.4 million euros (23.5 million euros in 2014).

Non-recurring costs in 2015 were 2.5 million euros (2.0 million euros in 2014), mainly related to stock option plans.

Net financial costs were 1.9 million euros, compared to net financial income of 7.6 million euros in 2014, the latter included 15 million euros of dividend payment received by Moncler S.p.A. from Industries S.p.A.

Net income amounted to 76.9 million euros, an increase of 20% compared to 64.2 million euros in 2014.

Following is a detail of the Parent Company's financial position:

Moncler S.p.A. Reclassified consolidated statement of financial position (Euro/000)	December 31, 2015	December 31, 2014
Intangible Assets	226,545	225,081
Tangible Assets	831	934
Investments	222,534	220,814
Other Non-current Assets/(Liabilities)	(61,671)	(68,580)
Total Non-current Assets	388,239	378,248
Net Working Capital	33,471	(15,346)
Other Current Assets/(Liabilities)	(27,831)	(22,951)
Total Current Assets	5,640	(38,297)
Invested Capital	393,879	339,950
Net Debt	69,925	70,806
Pension and Other Provisions	442	469
Shareholders' Equity	323,512	268,675
Total Sources	393,879	339,950

The balance sheet of Moncler S.p.A. includes shareholders' equity of 323.5 million euros, compared to 268.7 million euros at 31 December 2014, and net financial debt of 69.9 million euros, compared to 70.8 million euros in 2014.



MAIN RISKS

Moncler, through the normal business management and the development of its strategy, is exposed to different types of risks that could adversely affect the Group's operating results and financial position. The most important business risks are constantly monitored by the Control and Risk Committee and periodically reviewed by the Board of Directors, which is responsible for the development of the strategy.

RISKS ASSOCIATED WITH THE MARKET IN WHICH THE GROUP OPERATES AND WITH GENERAL ECONOMIC CONDITIONS

Moncler operates in the luxury goods sector which is characterized by a high level of competitiveness and volatility. In addition, the Group's ability to develop its business depends to a significant extent on the economic situation of the various countries in which it operates.

Although the Group operates in a significant number of countries around the world, thereby reducing the risk of high concentration, the possible deterioration of economic conditions in one or more markets in which it operates may have a negative impact on sales and financial results of the Group.

RISKS ASSOCIATED WITH IMAGE AND BRAND RECOGNITION

The luxury goods sector in which Moncler operates is influenced by changes in consumers' tastes and preferences, but also by different habits in the regions in which it operates. In addition, the Group's success is significantly influenced by the image, perception and recognition of the Moncler brand. The Group strives to maintain and enhance the strength of the Moncler brand, paying particular attention to the design, the quality of raw materials, the characterization and product presentation, communication and developing its own distribution model by being selective and adhering to quality. Moncler is committed to integrating sustainability assessments in its actions and decisions, since the company believes that the continue creation of value for its stakeholders is an essential priority for its reputation.

In case Group will not be able in the future to maintain a high image and brand recognition, through its products and activities, sales and financial results may be affected negatively.

RISK ASSOCIATED WITH KEY MANGEMENT PERSONNEL

Moncler's results and success depend significantly on the ability of its executive directors and other members of management, which have had a decisive role in the development of the Group and which have a significant experience in the field of luxury goods.

Even though Moncler considers to have in place an operational and managerial structure capable of ensuring the continuity of the business, if the existing relationship with some of these individuals were to be interrupted without proper and timely replacement, the competitive ability of the Group and its growth prospects may be affected, with a resulting negative impact on the economic and financial position of the Group.

RISKS ASSOCIATED WITH RELATIONSHIPS WITH THIRD PARTY MANUFACTURERS

For the production of its garments, Moncler uses independent third party manufacturers, which are assigned exclusively to the production stages of the garment, while the purchase of raw materials is managed directly by Moncler. The third-party manufacturers operate under the close supervision of Moncler, mostly related to the stages of production and the quality control of the goods.

Although the Group does not depend to a significant extent on any given manufacturer, there is the possibility that any interruption or termination for any reason of the relationship with these manufacturers may materially affect the Group's business with a negative impact on sales and earnings. Moncler maintains constant and continual control over its group of third-party manufacturers in order

to ensure there is full compliance, among other things, with labor laws and environmental laws, as well as with the high quality requirements that have always been called for. Moncler performs audits at these third-party manufacturers and at their sub-suppliers. The risk cannot be excluded, however, that any one of these might not fully comply with the agreements entered with Moncler.

RISKS RELATED TO THE COST AND AVAILABILITY OF HIGH QUALITY RAW MATERIALS AND THE RELATIONSHIPS WITH SUPPLIERS

Moncler's products require raw materials of high quality, including but not limited to nylon, feather and cotton. The price of raw materials depends on a wide variety of factors largely beyond the control of the Group and difficult to predict.

Although in recent years Moncler has not encountered any particular difficulties in the acquisition of high quality raw materials to the extent appropriate, one cannot exclude that there could be some tension on the supply side that could lead to a shortage of supply resulting in an increase in costs that could have a negative impact on the financial results of the Group.

Moncler adopts a stringent policy with all its raw material suppliers, who are required to abide by clear commitments to quality and compliance with current legislation on worker protection, animal protection and environmental protection. With regards to the respect of the animals, in 2014 Moncler created a multi-stakeholder forum, which, at the beginning of 2015, approved the DIST (Down Integrity System and Traceability) Protocol, focused on the down. All suppliers have to comply with it, in order to guarantee the traceability of raw materials, the respect of animals and the highest quality standards for all the supply chain.

RISKS ASSOCIATED WITH THE DISTRIBUTION NETWORK

Moncler generates an increasing portion of its revenues through the retail channel, consisting of directly operated mono-brand stores (DOS). The Group has over the years demonstrated the ability to open new stores in the most prestigious locations in the most important cities in the world and within high profile department stores, despite the competition among key players in the luxury goods sector in order to secure a strong position in that sector. This is the reason why the fact that the Group might face difficulties in opening new stores, which could have a negative impact on the growth of the business, should not be excluded.

RISKS RELATED TO BRAND AND PRODUCT COUNTERFEITING AND THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The luxury goods market is known to be prone to brand and product counterfeiting.

Moncler has made considerable investments in the adoption of innovative technologies which allow products to be tracked along the value chain, to prevent and mitigate the effects of counterfeiting of its brands and products and to protect its intellectual property rights in the territories in which it operates. However, it cannot be excluded that the presence on the market of significant quantities of counterfeit products may adversely affect the image of the brand, with a negative impact on sales and operating results.

RISKS RELATED TO THE EVOLUTION OF THE REGULATORY FRAMEWORK

Moncler operates in a complex international environment and is subject to rules and regulations in the various jurisdictions in which it operates, which are constantly monitored, especially for all matters relating to the health and safety of workers, environmental protection, rules around product manufacturing and their composition, consumer protection, the protection of intellectual and industrial property rights and competition rules.

The enactment of new legislation or amendments to existing laws which may require the adoption of more stringent standards could lead to additional costs linked to the manufacturing of the products or even limit the Group's operations with a negative impact on the results.

EXCHANGE RATES RISKS

Moncler operates in international markets using currencies other than the Euro, of which mainly Yen, U.S. Dollar, Renminbi and Hong Kong Dollar. Therefore it is exposed to the risk associated with fluctuations in exchange rates, equal to the transaction amount (mainly income) which are not covered by a matching transaction of the same currency. In 2014, the Group initiated a strategy to gradually hedge the risks associated with exchange rates fluctuations limiting its actions to the so called “transactional risk”.

However, also due to the so called “translational risk”, arising from the translation in Euro of financial statements of foreign companies denominated in local currency, one cannot exclude that significant changes in exchange rates could have an adverse impact on the Group's results and financial position. For more information, please refer to the specific section of the Notes to the Financial Statements.

INTEREST RATE RISKS

The Net Financial Position of the Group consists of cash and bank loans denominated primarily in Euros and is subject to interest rate risk. The Group, in order to partially hedge the interest rate risk, has entered into some hedging transactions.

However, any significant fluctuations in interest rates could lead to an increase in borrowing costs, with a negative impact on the Group's financial results.

For more information, please refer to the specific section of the Notes to the Financial Statements.

CREDIT RISK

Moncler operates in accordance with the credit control policies aimed at reducing the risks resulting from non-solvency of its wholesale customers. These policies are based on preliminary in-depth analysis of the reliability of the customers and based on eventual insurance coverage and / or guaranteed form of payment. In addition, the Group has no significant concentrations of credit.

However, it can not be excluded that the difficulty of some customers may result in losses on receivables, with a negative impact on the Group's financial results.

For more information, please refer to the specific section of the Notes to the Financial Statements.

LIQUIDITY RISK

The Group has implemented financial planning process aimed at reducing the liquidity risk. In addition, based upon the financial requirements, credit lines required to meet those needs are planned with the financial institutions and are classified between short-term and long-term.

For more information, please refer to the specific section of the Notes to the Financial Statements.

CORPORATE GOVERNANCE

Moncler S.p.A. (the "Parent Company") has adopted a traditional model of governance, detailed below:

- the **Board of Directors** manages the company and determines the Group guidelines;
- the **Board of Statutory Auditors** oversees (i) compliance with the law and with the By-laws as well as on the principles of proper management; (ii) to the extent of its competence the adequacy of Company's organisational structure, the internal control system and administrative-accounting system, as well as the reliability of the latter to correctly represent operational realities; (iii) the practical ways in which the Company implements the corporate governance rules set out in the codes of conduct that it has publicly claimed to adopt; (iv) the effectiveness of the internal audit and risk management system, the auditing for the accounts and the independence of the independent auditor;
- the **Shareholders' Meeting**, in ordinary or extraordinary session, is responsible for taking resolutions regarding, inter alia, (i) the nomination and revocation of members of the Board of Directors and Board of Statutory Auditors and their remuneration; (ii) approval of the financial statements and allocation of profits; (iii) amendments to the By-laws; (iv) appointing the independent auditor, upon reasoned proposal of the Board of Statutory Auditors; (v) incentive plans;
- the **Independent Auditor** carries out the statutory audit of the accounts. The independent auditor firm is appointed in accordance with the By-laws by the Shareholders' Meeting. In accordance with the Civil Code, the independent auditor carries out its activities in an independent and autonomous fashion and therefore is not a representative of neither the minority or majority shareholders.

The Shareholders' meeting appointed KPMG SpA as the external auditor of the Stand Alone Financial Statements and Consolidated Financial Statements for the years 2013-2021.

For any further information on corporate governance, please refer to the Report on Corporate Governance and Ownership Structures, pursuant to article 123-*bis* of the TUF, published on the website www.monclergroup.com (section "Governance/Corporate Documents").

At its meeting of March 28, 2014 the Board of Directors of Moncler S.p.A. approved the "**Organization, management and control model**" pursuant to Legislative Decree no. 231 of June 8, 2001 on "Discipline of the administrative responsibility of legal persons, companies and associations including those not having a legal personality, in accordance with Article 11 of Law no. 300 of September 29, 2000". This Model establishes control principles and tools for activities considered potentially at risk and forms an integral part of the Internal Control System together with the Code of Ethics adopted by Moncler. The **Code of Ethics** expresses the ethical commitments and responsibilities in conducting business affairs and activities which each Recipient including those that do not belong to the Company (in particular Suppliers, Contractors, Consultants, Collaborators, Partners) must abide by when carrying out their working activities. On adopting the Model the Board of Directors simultaneously established the **Supervisory Body**, on which it bestowed the supervisory and control duties prescribed by the Decree.

RELATED PARTIES TRANSACTIONS

Information relating to related party transactions are provided in Note 10.1 to the Consolidated Financial Statements and Note 8.1 of the Separate Financial Statements.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

There are no positions or transactions deriving from atypical and / or unusual transactions that could have a significant impact on the results and financial position of the Group and the Parent Company.

TREASURY SHARES

The company does not own at 31 December 2015 nor did it own during the year, even through a third party or through trusts, treasury shares or shares in parent companies.

SIGNIFICANT EVENTS OCCURRED DURING FISCAL YEAR 2015

MONCLER SHINSEGAE

On 1 January 2015, Moncler Shinsegae, a joint venture controlled by Moncler (51%), took over the 12 Moncler mono-brand stores in Korea from Shinsegae International.

In 2014, in fact, the subsidiary Industries S.p.A. signed a joint venture contract with Shinsegae International, a Korean company listed on the Seoul stock exchange, Moncler's distributor in Korea and one of the country's leading retailers in the fashion and luxury sector.

This joint venture started operations in 1 January 2015 to promote, develop and manage Moncler stores in the Asian country's most prestigious locations. By reaching direct control on Korea, Moncler has realised its strategy of directly controlling all markets in which it operates.

2015 PERFORMANCE STOCK OPTION PLAN

The shareholders, during the ordinary session of the meeting approved the adoption of the equity-based incentive plan "2015 Performance Stock Option Plan" (or the "2015 Plan") with the characteristics (including relevant terms and conditions) as described in the Directors' report and in the Plan's information document, both of which are available on the Company's website (www.monclergroup.com) in the section Governance / Shareholders' Meeting.

The 2015 Plan is intended for executive directors and/or key-managers with strategic responsibilities and/or employees and/or external consultants and other collaborators of Moncler and its subsidiaries which are considered as having a strategic importance or are otherwise able to make a significant contribution to achieving Moncler's strategic objectives as determined by the Board of Directors based on the opinion of the Nomination and Remuneration Committee.

The 2015 Plan sets forth the assignment, free of charge, of options that allow for the subsequent subscription of the Company's ordinary shares at the established conditions. More specifically, each option granted gives the right for the beneficiary to purchase one (1) share by paying the Company the exercise price.

DIVIDENDS

On April 23, 2015 the shareholders meeting of the Parent company Moncler S.p.A. resolved to approve the financial statements for the year ended December 31, 2014 and to distribute a dividend of 0.12 euro per share relating to 2014 net profit for a total of 30,000,000 euro, paid on May 20, 2015.

PRODUCTION UNIT IN ROMANIA

On August 31, 2015, Moncler acquired, through its subsidiary Industries Yield S.r.l., a small production unit in Romania that manufactures apparel products and that was already a Moncler supplier. This production unit, which is today not significant in the context of the Group, represents the first step in a project aimed at partially integrating production.

EYEWEAR LICENSE AGREEMENT

On September 22, 2015, Marcolin Group and Moncler S.p.A. announced the signing of a worldwide exclusive license agreement for the design, production and distribution of Moncler branded men's and women's sunglasses and eyeglasses, as well as ski masks for men, women and children.

The license will be effective from January 2016 until December 2020 with the possibility of renewing for an additional five years.

IMPORTANT LEASE AGREEMENTS SIGNED IN 2015 FOR STORES TO BE OPENED IN 2016

In October, Moncler, through its subsidiaries Moncler UK Ltd and Moncler USA Retail LLC, signed two important lease agreements to open respectively a store in London (Old Bond Street) and a store in New York (Madison Avenue).

SIGNIFICANT EVENTS OCCURRED AFTER THE REPORTING DATE

SHARE PURCHASES PLAN

On 2 February 2016, Moncler launched a share purchases plan in implementation of the shareholders' meeting resolution of 23 April 2015, pursuant to arts. 2357 and 2357-ter of the Italian Civil Code. The treasury shares acquired in implementation of this resolution shall be used to establish a "stock of shares" that may be used to meet obligations deriving from possible programs for the distribution, against payment or free of charge, of the Company's stock options or shares to directors, employees and associates of the Company or its subsidiaries.

Under the aforementioned share purchases plan completed on 12 February 2016 Moncler bought 1,000,000 Company shares, equal to 0.4% of the current share capital, for a total amount of 12.8 million euros.

BUSINESS OUTLOOK

Notwithstanding the uncertain macro-economic and geopolitical environment, the Group is forecasting a scenario of growth also in 2016, based on clear strategic guidelines.

INTERNATIONAL DEVELOPMENT

Moncler's strategy in recent years has been to focus on international growth, while always keeping strong control of the business and maintaining a direct dialogue with its customers, both in the wholesale and in the retail channel.

SELECTIVE EXPANSION OF PRODUCT CATEGORIES

Moncler is working on a selective expansion in product categories that are complementary to its core business and where the Group can be readily recognized for having and developing strong know-how.

FOCUS ON CUSTOMERS

Developing a direct relationship with its customers by establishing an ongoing dialogue with them and being able to anticipate their needs and desires are the pillars of Moncler's strategy with regards to customers.

BRAND EQUITY REINFORCEMENT

Moncler has a unique heritage which is its core asset and pervades its strategy. Heritage, quality, uniqueness and consistency are the values that define and distinguish every Moncler product.

SUSTAINABLE DEVELOPMENT

Moncler is committed to sustainable and responsible long-term development, taking care of stakeholders' expectations and focusing on shared value creation.

OTHER INFORMATION

RESEARCH AND DEVELOPMENT

Since the Moncler Group's success depends in part on the look, prestige and brand recognition, and in part on the ability to manufacture a set of collections in line with market trends, the company conducts research and development in order to design, create and implement new products and new collections. Research and development costs are expensed in the income statement as they occur on an accrual basis.

RECONCILIATION BETWEEN NET RESULT AND SHAREHOLDERS' EQUITY OF THE PARENT COMPANY AND THE GROUP'S AMOUNTS

The reconciliation between the Group's net result and shareholders equity at the end of the period and the Parent Company Moncler's S.p.A. net results and shareholders' equity is detailed in the following table:

Reconciliation between result and net equity of the Parent company and the Group (Euro/000)	Result 2015	Net Equity December 31, 2015	Result 2014	Net Equity December 31, 2014
Parent company balances	76,902	323,512	64,176	268,675
Inter-group dividends	(18,795)	0	(31,608)	0
Share of consolidated subsidiaries net of book value of related equity interests	126,944	163,119	123,121	78,331
Allocation of the excess cost resulting from the acquisition of the subsidiaries and the corresponding Equity	0	159,011	0	159,011
Elimination of the intercompany profit and losses	(14,306)	(64,113)	(24,165)	(49,807)
Translation adjustments	0	3,581	0	(637)
Effects of other consolidation entries	(2,882)	(38,952)	(1,186)	(36,070)
Total Group shares	167,863	546,158	130,338	419,503
Share attributable to non-controlling interests	47	649	(229)	1,071
Total	167,910	546,807	130,109	420,574

SECONDARY OFFICES

The Company does not have any secondary offices.

CERTIFICATION PURSUANT TO ART. 2.6.2, PARAGRAPH 8 AND 9 OF THE RULES OF THE MARKETS ORGANIZED AND MANAGED BY THE ITALIAN STOCK EXCHANGE

In relation to art. 36 of Consob Regulation 16191 of 29/10/2007 as amended and integrated, concerning the conditions for the listing of companies with subsidiaries established and regulated under the laws of countries outside the European Union and of significance to the consolidated financial statements, please note that the above mentioned regulation is applicable to six companies belonging to the Group (Moncler Japan, Moncler USA, Moncler USA Retail, Moncler Asia Pacific, Moncler Shanghai e Moncler Shinsegae) and that adequate procedures to ensure full compliance with said rules have been adopted and that the conditions referred to in that Article 36 were met.

MOTION TO APPROVE THE FINANCIAL STATEMENTS AND THE ALLOCATION OF THE RESULT FOR THE YEAR ENDED DECEMBER 31, 2015

Shareholders,

We invite you to approve the Moncler Group consolidated financial statements as at and for the year ended 31 December 2015 and invite you to approve Moncler S.p.A.'s stand alone financial statements which show a net income of Euro 76,902,100 which we propose be allocated as follows:

- Euro 35,017,424.12 to be distributed as dividends, equal to Euro 0.14 per share
- Euro 300,000 to be allocated to the legal reserve
- Euro 41,584,675.88 to be carried forward

Milan, 3 March 2016

For the Board of Directors

The Chairman
Remo Ruffini

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CONSOLIDATED FINANCIAL STATEMENTS

MONCLER GROUP CONSOLIDATED FINANCIAL STATEMENTS

EXPLANATORY NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS



MONCLER GROUP CONSOLIDATED FINANCIAL STATEMENTS





CONSOLIDATED INCOME STATEMENT

Consolidated income statement (Euro/000)	Notes	Fiscal Year 2015	of which related parties (note 10.1)	Fiscal Year 2014	of which related parties (note 10.1)
Revenue	4.1	880,393	413	694,189	385
Cost of sales	4.2	(225,495)	(8,932)	(192,524)	(5,555)
Gross margin		654,898		501,665	
Selling expenses	4.3	(253,448)	(685)	(182,966)	(650)
General and administrative expenses	4.4	(79,535)	(6,139)	(66,043)	(5,375)
Advertising and promotion expenses	4.5	(57,847)		(46,072)	
Non-recurring income/(expenses)	4.6	(11,389)	(3,059)	(5,034)	(2,420)
Operating result	4.7	252,679		201,550	
Financial income	4.8	4,267		6,100	
Financial expenses	4.8	(5,975)		(12,164)	
Income before taxes		250,971		195,486	
Income taxes	4.9	(83,061)		(65,377)	
Net Income		167,910		130,109	
Non-controlling interests		47		(229)	
Net income, Group share		167,863		130,338	
Earnings per share (unit of Euro)	5.15	0.67		0.52	
Diluted earnings per share (unit of Euro)	5.15	0.67		0.52	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income (Euro/000)	Notes	Fiscal Year 2015	Fiscal Year 2015
Net profit (loss) for the period		167,910	130,109
Gains/(Losses) on fair value of hedge derivatives	5.15	801	(646)
Gains/(Losses) on exchange differences on translating foreign operations	5.15	4,219	4,298
Items that are or may be reclassified to profit or loss		5,020	3,652
Other Gains/(Losses)	5.15	134	(178)
Items that will never be reclassified to profit or loss		134	(178)
Other comprehensive income/(loss), net of tax		5,154	3,474
Total Comprehensive income/(loss)		173,064	133,583
Attributable to:			
Group		173,016	133,808
Non-controlling interests		48	(225)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position (Euro/000)	Notes	December 31, 2015	of which related parties (note 10.1)	December 31, 2014	of which related parties (note 10.1)
Brands and other intangible assets - net	5.1	268,014		258,771	
Goodwill	5.1	155,582		155,582	
Property, plant and equipment - net	5.3	102,234		77,254	
Other non-current assets	5.8	22,676		17,251	
Deferred tax assets	5.4	65,970		45,968	
Non-current assets		614,476		554,826	
Inventories and work in progress	5.5	134,063		122,821	
Trade account receivables	5.6	89,782	7,013	86,593	1,130
Income taxes	5.11	4,155		5,938	
Other current assets	5.8	20,985		33,547	
Cash and cash equivalent	5.7	148,603		123,419	
Current assets		397,588		372,318	
Total assets		1,012,064		927,144	
Share capital	5.15	50,025		50,000	
Share premium reserve	5.15	108,284		107,040	
Other reserves	5.15	219,986		132,125	
Net result, Group share	5.15	167,863		130,338	
Equity, Group share		546,158		419,503	
Non-controlling interests		649		1,071	
Equity		546,807		420,574	
Long-term borrowings	5.14	127,016		154,243	
Provisions non-current	5.12	5,688		3,110	
Pension funds and agents leaving indemnities	5.13	4,604		5,112	
Deferred tax liabilities	5.4	68,753		74,436	
Other non-current liabilities	5.10	6,222		3,489	
Non-current liabilities		212,283		240,390	
Short-term borrowings	5.14	71,182		80,331	
Trade account payables	5.9	112,969	8,445	112,323	7,163
Income taxes	5.11	36,613		43,556	
Other current liabilities	5.10	32,210	2,696	29,970	1,896
Current liabilities		252,974		266,180	
Total liabilities and equity		1,012,064		927,144	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity (Euro/000)	Notes	Share capital	Share premium	Legal reserve	Other comprehensive income	
					Cumulative translation adj. reserve	Other OCI items
Group shareholders' equity at January 1, 2014	5.15	50,000	107,040	10,000	(4,931)	(151)
Allocation of Last Year Result		0	0	0	0	0
Changes in consolidation area		0	0	0	0	0
Dividends		0	0	0	0	0
Share premium		0	0	0	0	0
Other movements in Equity		0	0	0	0	0
Other changes of comprehensive income		0	0	0	4,294	(824)
Result of the period		0	0	0	0	0
Group shareholders' equity at December 31, 2014	5.15	50,000	107,040	10,000	(637)	(975)
Group shareholders' equity at January 1, 2015	5.15	50,000	107,040	10,000	(637)	(975)
Allocation of Last Year Result		0	0	0	0	0
Changes in consolidation area		0	0	0	0	0
Dividends		0	0	0	0	0
Share premium		25	1,244	0	0	0
Other movements in Equity		0	0	0	0	0
Other changes of comprehensive income		0	0	0	4,218	935
Result of the period		0	0	0	0	0
Group shareholders' equity at December 31, 2015	5.15	50,025	108,284	10,000	3,581	(40)

Other reserves

IFRS 2 reserve	FTA reserve	Retained earnings	Result of the period, Group share	Equity, Group share	Equity, non controlling interest	Total consolidated Net Equity
0	1,242	68,223	76,072	307,495	3,090	310,585
0	0	76,072	(76,072)	0	0	0
0	0	0	0	0	516	516
0	0	(25,000)	0	(25,000)	(3,632)	(28,632)
0	0	0	0	0	0	0
4,522	0	(1,322)	0	3,200	1,322	4,522
0	0	0	0	3,470	4	3,474
0	0	0	130,338	130,338	(229)	130,109
4,522	1,242	117,973	130,338	419,503	1,071	420,574
4,522	1,242	117,973	130,338	419,503	1,071	420,574
0	0	130,338	(130,338)	0	0	0
0	0	0	0	0	0	0
0	0	(30,014)	0	(30,014)	(470)	(30,484)
0	0	0	0	1,269	0	1,269
6,607	(1,242)	(22,981)	0	(17,616)	0	(17,616)
0	0	0	0	5,153	1	5,154
0	0	0	167,863	167,863	47	167,910
11,129	0	195,316	167,863	546,158	649	546,807

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows (Euro/000)	Fiscal Year 2015	of which related parties	Fiscal Year 2014	of which related parties
<i>Cash flow from operating activities</i>				
Consolidated result	167,910		130,109	
Depreciation and amortization	35,959		26,276	
Net financial (income)/expenses	1,708		11,846	
Other non cash (income)/expenses	6,607		4,522	
Income tax expenses	83,061		65,377	
Changes in inventories - (Increase)/Decrease	(14,859)		(45,597)	
Changes in trade receivables - (Increase)/Decrease	10,596	(5,883)	(10,072)	1,393
Changes in trade payables - Increase/(Decrease)	(2,931)	1,282	5,246	(16,595)
Changes in other current assets/liabilities	11,778	800	8,516	885
<i>Cash flow generated/(absorbed) from operating activities</i>	299,829		196,223	
Interest and other bank charges paid	(4,108)		(9,950)	
Interest received	284		318	
Income tax paid	(114,432)		(39,289)	
Changes in other non-current assets/liabilities	314		(5,607)	
Net cash flow from operating activities (a)	181,887		141,695	
<i>Cash flow from investing activities</i>				
Purchase of tangible and intangible fixed assets	(67,657)		(50,216)	
Proceeds from sale of tangible and intangible fixed assets	1,470		659	
Net cash flow from investing activities (b)	(66,187)		(49,557)	
<i>Cash flow from financing activities</i>				
Repayment of borrowings	(69,653)		(171,736)	
Proceeds from borrowings	37,781		155,075	
Short term borrowings variation, other than bank borrowings	0		0	
Short term borrowings variation	(29,365)		(26,778)	
Dividends paid to shareholders	(30,014)		(25,000)	
Dividends paid to non-controlling interests	(470)		(3,632)	
Share capital increase	1,269		0	
Other changes in Net Equity	2,223		3,057	
Net cash flow from financing activities (c)	(88,229)		(69,014)	
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	27,471		23,124	
Cash and cash equivalents at the beginning of the period	122,400		99,276	
Effect of exchange rate changes	(3,790)		0	
Net increase/(decrease) in cash and cash equivalents	27,471		23,124	
Cash and cash equivalents at the end of the period	146,081		122,400	

On behalf of the Board of Directors of Moncler S.p.A.

The Chairman
Remo Ruffini



EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



1. GENERAL INFORMATION ABOUT THE GROUP

1.1 THE GROUP AND ITS CORE BUSINESS

The Parent Company Moncler S.p.A. is a company established and domiciled in Italy, with its registered office located at Via Stendhal 47 Milan, Italy, and registration number of 04642290961.

The consolidated financial statements as at and for the year ended December 31, 2015 include the Parent Company and its subsidiaries (hereafter referred to as the “Group”).

To date, the Group’s core business are the study, design, production and distribution of clothing for men, women and children and related accessories under the Moncler brand name.

1.2. BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.2.1. RELEVANT ACCOUNTING PRINCIPLES

The 2015 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union. IFRS also includes all International Accounting Standards (“IAS”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), previously known as the Standing Interpretations Committee (“SIC”).

The consolidated financial statements include the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the explanatory notes to the consolidated financial statements.

1.2.2. PRESENTATION OF THE FINANCIAL STATEMENTS

The Group presents its consolidated income statement by destination, the method that is considered most representative for the business at hand. This method is in fact consistent with the internal reporting and management of the business.

With reference to the consolidated statement of financial position, a basis of presentation has been chosen which makes a distinction between current and non-current assets and liabilities, in accordance with the provisions of paragraph 60 and thereafter of IAS 1.

The consolidated statement of cash flows is prepared under the indirect method.

According to the provisions of IAS 24, the following few paragraphs describe related party transactions with the Group and their impact, if significant, on the consolidated statement of financial position, consolidated income statement and consolidated statement of cash flows.

1.2.3. BASIS FOR MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the measurement of certain financial instruments (i.e. derivative measured at fair value in accordance with IAS 39) and on a going concern basis.

The consolidated financial statements are presented in Euro thousand, which is the functional currency of the markets where the Group mainly operates.

1.2.4. USE OF ESTIMATES

The preparation of the consolidated financial statements and the related explanatory notes in conformity with IFRS requires that management make estimates and assumptions that affect the reported amounts

of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. The estimates and related assumptions are based on historical experience and other relevant factors. The actual results could differ from those estimates. The estimates and underlying assumptions are reviewed periodically and any variations are reflected in the consolidated income statement in the period in which the estimate is revised if the revision affects only that period or even in subsequent periods if the revision affects both current and future periods.

In the event that management's estimate and judgment had a significant impact on the amounts recognized in the consolidated financial statements or in case that there is a risk of future adjustments on the amounts recognized for assets and liabilities in the period immediately after the reporting date, the following notes will include the relevant information.

The estimates pertain mainly to the following captions of the consolidated financial statements:

- impairment of non-current assets and goodwill;
- impairment of trade receivables (bad debt provision);
- impairment of inventories (obsolescence provision);
- recoverability of deferred tax assets;
- provision for losses and contingent liabilities.

IMPAIRMENT OF NON CURRENT ASSETS AND GOODWILL

Non-current assets include property, plant and equipment, intangible assets with indefinite useful life and goodwill, investments and other financial assets.

Management periodically reviews non-current assets for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is estimated based on the present value of future cash flows expect to derive from the asset or from the sale of the asset itself, at a suitable discount rate.

When the recoverable amount of a non-current asset is less than its carrying amount, an impairment loss is recognized immediately in profit or loss and the carrying amount is reduced to its recoverable amount determined based on value-in-use calculation or its sale's value in an arm's length transaction, with reference to the most recent Group business plan.

IMPAIRMENT OF TRADE RECEIVABLES

The bad debt provision represents management's best estimate of the probable loss for unrecoverable trade receivables. A provision for impairment is determined based on probable losses arising from doubtful debt taking into consideration the original credit terms, the economic environment and the company's historical trend together with the monitoring controls in place.

IMPAIRMENT OF INVENTORY

The Group manufactures and sells mainly clothing goods that are subject to changing consumer needs and fashion trends. As a result, it is necessary to consider the recoverability of the cost of inventories and the related required provision. Inventory impairment represents management's best estimate for losses arising from the sales of aged products, taking into consideration their saleability through the Group's distribution channels.

RECOVERABILITY OF DEFERRED TAX ASSETS

The Group is subject to income taxes in numerous jurisdictions. Judgment is required in determining the provision for income taxes in each territory. The Group recognizes deferred tax assets when it is expected that they will be realised within a period that is consistent with management estimate and business plans.

PROVISION FOR LOSSES AND CONTINGENT LIABILITIES

The Group could be subject to legal and tax litigations arising in the countries where it operates. Litigations are inevitably subject to risk and uncertainties surrounding the events and circumstances associated with the claims and associated with local legislation and jurisdiction. In the normal course of business, management requests advice from the Group legal consultants and tax experts. The recognition of a provision is based on management's best estimate when an outflow of resources is probable to settle the obligation and the amount can be reliably estimated. In those circumstances where the outflow of resources is possible or the amount of the obligation cannot be reliably measured, the contingent liabilities are disclosed in the notes to consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES USED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accounting principles set out below have been applied consistently for fiscal year 2015 and the prior year.

2.1 BASIS OF CONSOLIDATION

The consolidated financial statements comprises those of the Parent Company and its subsidiaries, of which the Parent owns, directly or indirectly, a majority of the voting rights and over which it exercises control, or from which it is able to benefit by virtue of its power to govern the subsidiaries' financial and operating policies.

The financial results of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where the Group loses control of a subsidiary, the consolidated financial statements include the results for the portion of the reporting period during which the parent company had control. In the consolidated financial statements, non-controlling interests are presented separately within equity and in the statement of income. Changes in parent's ownership interest, that do not result in a loss of control or changes that represent acquisition of non-controlling interests after the control has been obtained, are accounted for as changes in equity.

In preparing the consolidated financial statements the effects, the balances as well as the unrealized profit or loss recognized in assets resulting from intra-group transactions are fully eliminated.

INVESTMENTS IN ASSOCIATES

Investments in associates are accounted for using the equity method whereas the initial recognition is stated at acquisition cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets. On acquisition of the investment any difference between the cost of the investment and the investor's share of the net fair value of the associate's assets and liabilities is included in the carrying amount of the investment. If the investor's share of losses of the associate equals or exceeds its interest in the associate, the investor's interest is reduced to zero and additional losses are provided for and a liability is recognized to the extent that the investor has incurred a legal obligation or has the intention to make payments on behalf of the associate.

2.2 FOREIGN CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

TRANSACTIONS IN FOREIGN CURRENCIES

Foreign currency transactions are recorded by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are held at year-end, are translated into the functional currency at the exchange rate ruling at the reporting date. Exchange differences arising on the settlement on the translation of monetary transactions at a rate different from those at which they were translated at initial recognition are recognized in the consolidated income statement in the period in which they arise.

TRANSLATION OF THE RESULTS OF OVERSEAS BUSINESSES

Assets and liabilities of overseas subsidiaries included in the consolidated financial statements are translated into the Group's reporting currency of Euros at the exchange rate ruling at the reporting date. Income and expenses are translated at the average exchange rate for the reporting period, as it is considered to approximate at best the actual exchange rate at the transaction date. Differences arising on the adoption of this method are recognized separately in other comprehensive income and are presented in a separate component of equity as translation reserve until disposal of the foreign operation. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate ruling at the reporting date.

The main exchange rates used to convert into Euro the consolidated financial statements of foreign subsidiaries as at and for the years ended December 31, 2015 and December 31, 2014 are as follows:

	Average rate		Rate at the end of the period	
	Fiscal Year 2015	Fiscal Year 2014	As at 31 December 2015	As at 31 December 2014
CHF	1.067860	1.214620	1.083500	1.202400
CNY	6.973330	8.185750	7.060800	7.535800
CZK	27.279200	27.535900	27.023000	27.735000
DKK	7.458700	7.454820	7.462600	7.445300
GBP	0.725850	0.806120	0.733950	0.778900
HKD	8.601410	10.302500	8.437600	9.417000
HUF	309.996000	308.706000	315.980000	315.540000
JPY	134.314000	140.306000	131.070000	145.230000
USD	1.109510	1.328500	1.088700	1.214100
TRY	3.025460	2.906500	3.176500	2.832000
BRL	3.700440	3.121130	4.311700	3.220700
RUB	68.072000	50.951800	80.673600	72.337000
TWD	35.250100	40.249900	35.790800	38.413300
CAD	1.418560	1.466140	1.511600	1.406300
PLN	4.184120	4.211200	4.263900	4.273200
KRW	1.256.540000	1.398.140000	1.280.780000	1.324.800000
MOP	8.859870	n/a	8.691862	n/a
SGD	1.525490	n/a	1.541700	n/a
AED	4.073340	n/a	3.996618	n/a
RON	4.448760	n/a	4.524000	n/a

2.3 BUSINESS COMBINATIONS

Business combinations are accounted under the acquisition method.

Under this method, the identifiable assets acquired and the liabilities assumed are measured initially at their acquisition-date fair values. The costs incurred in a business combination are accounted for as expenses in the periods in which the services are rendered.

Goodwill is determined as the excess of the aggregate of the considerations transferred, of any non-controlling interests and, in a business combination achieved in stages, the fair value of previously held equity interest in the acquiree compared to the net amounts of fair value of assets transferred and liabilities assumed at the acquisition date. If the fair value of the net assets acquired is greater than the acquisition cost, the difference is recognized directly in the statement of income at the acquisition date. Non-controlling interests could be measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the identifiable net assets. The election of either method is done for each single business combination.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurred, the Group shall report in the financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, that shall not exceed one year from the acquisition date, the provisional amounts are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of assets and liabilities recognized as of that date.

2.4 NON CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets available for sale and discontinued operations are classified as available for sale when their values are recoverable mainly through a probable sale transaction. In such conditions, they are valued at the lower of their carrying value or fair value, net of cost to sell if their value is mainly recoverable through a sale transaction instead of continued use.

Discontinued operations are operations that:

- include a separate line of business or a different geographical area;
- are part of a single coordinated plan for the disposal of a separate major line of business or geographical area of activity;
- consist of subsidiaries acquired exclusively for the purpose of being sold.

In the consolidated income statement, non-current assets held for sale and disposal groups that meet the requirements of IFRS 5 to be defined as “discontinued operations”, are presented in a single caption that includes both gains and losses, as well as losses or gains on disposal and the related tax effect. The comparative period is subsequently restated in accordance with IFRS 5.

As far as the financial position is concerned, non-current assets held for sale and disposal groups that meet the requirements of IFRS 5 are reclassified as current assets and liabilities in the period in which such requirements arise. The comparative financial statements are not restated or reclassified.

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition or manufacturing cost, not revalued net of accumulated depreciation and impairment losses (“impairment”). Cost includes original purchase price and all costs directly attributable to bringing the asset to its working condition for its intended use.

DEPRECIATION

Depreciation of property, plant and equipment is calculated and recognized in the consolidated income statement on a straight-line basis over the estimated useful lives as reported in the following table:

Category	Depreciation period
Land	No depreciation
Buildings	From 25 to 33 years
Plant and equipment	From 8 to 12 years
Fixtures and fittings	From 5 to 10 years
Electronic machinery and equipment	From 3 to 5 years
Leasehold improvements	Lower between lease period and useful life of improvements
Other fixed assets	Depending on market conditions generally within the expected utility to the entity

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will take ownership of the asset by the end of the lease term.

Depreciation methods, useful lives and residual value are reviewed at each reporting period and adjusted if appropriate.

GAIN/LOSSES ON THE DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Gains and losses on the disposal of property, plant and equipment represent the difference between the net proceeds and net book value at the date of sale. Disposals are accounted for when the relevant transaction becomes unconditional.

2.6 INTANGIBLE ASSETS

GOODWILL

Goodwill arising from business combination is initially recognized at the acquisition date as described in the notes related to “Business combinations”.

Goodwill is included within intangible assets with an indefinite useful life, and therefore, is not amortized but subject to impairment test performed annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. After the initial recognition, goodwill is measured at acquisition cost less accumulated impairment.

As part of the IFRS first time adoption, the Group chose not to apply IFRS 3 “Business Combinations” retrospectively regarding acquisitions made prior to the transition date (January 1, 2009); consequently, goodwill resulting from acquisitions prior to the transition date to IFRS is still recorded under Italian GAAP, prior to any eventual impairment.

For further details please refer to section 2.7 “Impairment of non-financial assets.”

BRANDS

Separately acquired brands are shown at historical cost. Brands acquired in a business combination are recognized at fair value at the acquisition date.

Brands have an indefinite useful life and are carried at cost less accumulated impairment. Brands are not amortized but subject to impairment test performed annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

For further details please refer to section 2.7 “Impairment of non-financial assets.”

INTANGIBLE ASSETS OTHER THAN GOODWILL AND BRANDS

License rights are capitalized as intangible asset and amortized on a straight-line basis over their useful economic life. The useful economic life of license rights is determined on a case-by-case basis, in accordance with the terms of the underlying agreement.

Key money are capitalized in connection with the opening of new directly operated shop (“DOS”) based on the amount paid. Key money in general have a definite useful life which is generally in line with the lease period. However, in certain circumstances, Key money have an indefinite useful life due legal protection or due to the fact that a refund could be received at the end of the lease period, which is considered a common practice. In such a case, provided adequate reasons, Key money are not amortized but subject to impairment test at least annually in accordance with what set out in the note related to impairment of non-financial assets.

Software (including licenses and separately identifiable external development costs) is capitalized as intangible asset at purchase price, plus any directly attributable cost of preparing that asset for its intended use. Software and other intangible assets that are acquired by the Group and have definite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

AMORTIZATION OF INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE

Intangible assets with a definite useful life are amortized on a straight line basis over their estimated useful lives as described in the following table:

Category	Depreciation period
License rights	Based on market conditions within the licence period or legal limits to use the assets
Key money	Based on market conditions generally within the lease period
Software	From 3 to 5 years
Other intangible assets	Based on market conditions generally within the period of control over the asset

2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

On an annual basis, the Group tests for impairment property, plant and equipment and intangible assets with an indefinite useful life. Whenever events or changes in circumstance indicate that the carrying amount may not be recoverable, an impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

Goodwill and assets with an indefinite useful life are not subject to amortization and are tested annually or more frequently for impairment, whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

When the recoverable amount for individual asset cannot be reliably estimated, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of an asset’s fair value less costs to sell and value-in-use. The Group determines the value in use as the present value of future cash flows expected to be derived from the asset or from the cash-generating unit, gross of tax effects, by applying an appropriate discount rate that reflects market time value of money and the risks inherent to the asset. An impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

With the exception of impairment losses recognized on goodwill, when the circumstances that led to the loss no longer exist, the carrying amount of the asset is increased to its recoverable amount and cannot exceed the carrying amount that would have been determined had there been no loss in value. The reversal of an impairment loss is recognized immediately in the consolidated income statement.

2.8 LEASED ASSETS

FINANCIAL LEASE

Leases for which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at the amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

OPERATING LEASE

Assets under a lease contracts (i.e. rent agreements) other than finance leases are not recognized in the Group's consolidated statement of financial position. The Group lessees property and gross rent expenses related to these operating leases are recognized on a straight line basis over the period of the leases. Certain rental expenses are determined on the basis of revenue achieved in specific retail locations and are accrued for on that basis.

2.9 INVENTORY

Raw materials and work in progress are valued at the lower of purchase or manufacturing cost calculated using the weighted average cost method and net realizable value. The weighted average cost includes directly attributable expenditures for raw material inventories and labour cost and an appropriate portion of production overhead based on normal operating capacity.

Provision is recorded to reduce cost to net realizable value taking into consideration the age and condition of inventory, the likelihood to use raw materials in the production cycle as well as the saleability of finished products through the Group's distribution channels (outlet and stock).

2.10 FINANCIAL INSTRUMENTS

Financial instruments are initially recognized at fair value when the entity becomes a party to a contractual obligation of the financial instruments.

The Group's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, other current and non-current assets and liabilities, investments, borrowings and derivative financial instruments.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short-term deposits held with banks and most liquid assets that are readily convertible into cash and that have insignificant risk of change in value. Bank overdrafts are recorded under current liabilities on the Group's consolidated statement of financial position.

FINANCIAL ASSETS, TRADE RECEIVABLES AND OTHER CURRENT AND NON-CURRENT RECEIVABLES

Trade and other receivables generated when the Group provides money, goods or services directly to a third party are classified as current assets, except for items with maturity dates greater than twelve months after the reporting date.

Current and non-current financial assets, other current and non-current assets, trade receivable, excluding derivatives, with fixed maturity or determinable payment terms, are recognized at amortized cost calculated using the effective interest method. Notes receivable (due date greater than a year) with interest rate below that of the market rate are valued using the current market rate.

At the end of each reporting period the Group assesses whether there is any objective evidence that the financial asset or a group of financial assets is impaired. If any such evidence exists, an impairment loss is recognized immediately in the current period consolidated income statement.

FINANCIAL LIABILITIES, TRADE PAYABLES AND OTHER CURRENT AND NON-CURRENT PAYABLES

Trade and other payables arise when the Group acquires money, goods or services directly from a supplier. They are included within current liabilities, except for items with maturity dates greater than twelve months after the reporting date.

Financial liabilities, excluding derivatives, are recognized initially at fair value which represents the amount at which the asset was bought in a current transaction between willing parties, and subsequently measured at amortized cost using the effective interest method. Financial liabilities that are designated as hedged items are subject to the hedge accounting requirements.

DERIVATIVES INSTRUMENTS

In accordance with IAS 39, derivative instruments qualify for hedge accounting only if at the inception there is a formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective and the effectiveness of the hedge can be reliably measured throughout the financial reporting periods for which the hedge was designated.

FAIR VALUE HEDGE

A derivative instrument is designated as fair value hedge when it hedges the exposure to changes in fair value of a recognized asset or liability, that is attributable to a particular risk and could affect profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, adjusts the carrying amount of the hedged item and is recognized in the consolidated income statement.

CASH FLOW HEDGE

A derivative instrument is designated as cash flow hedge when it hedges the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss. The portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in equity within other comprehensive income. The cumulative gain or loss is reclassified from equity to profit or loss in the same period in which the asset acquired or liability assumed affects profit or loss. Any gain or loss on the hedging instrument that is not an effective hedge is recognized immediately in the consolidated income statement. In the event that the hedge expires or is terminated or no longer meets the criteria for hedge accounting but the forecast transaction has not yet occurred, the cumulative gain or loss recognised in other comprehensive income from the period when the hedge was effective remains separately in equity and is recognised in the consolidated income statement in the same period during which the hedged forecast transaction affects profit or loss.

When the forecast transaction is no longer expected to occur, the cumulative gain or loss recognised in other comprehensive income from the period when the hedge was effective is reclassified immediately in the income statement.

2.11 EMPLOYEE BENEFITS

Short-term employee benefits, such as wages, salaries, social security contributions, paid leave and annual leave due within twelve months of the consolidated statement of financial position date and all other fringe benefits are recognised in the year in which the service is rendered by the employee.

Benefits granted to employees which are payable on or after the termination of employment through defined benefit and contribution plans are recognised over the vesting period.

DEFINED BENEFIT SCHEMES

Defined benefit schemes are retirement plans determined based on employees' remuneration and years of service.

The Group obligation to contribute to employees' benefit plans and the related current service cost is determined by using an actuarial valuation defined as the projected unit credit method. The cumulative net amount of all actuarial gains and losses are recognised in equity within other comprehensive income. The amount recognised as a liability under the defined benefit plans is the present value of the related obligation, taking into consideration expenses to be recognised in future periods for employee service in prior periods.

DEFINED CONTRIBUTION SCHEMES

Contribution made to a defined contribution plan is recognised as an expense in the income statement in the period in which the employees render the related service.

Up to December 31, 2006 Italian employees were eligible to defined benefit schemes referred as post-employment benefit ("TFR"). With the act n. 296 as of December 27, 2006 and subsequent decrees ("Pension Reform") issued in early 2007, the rules and the treatment of TFR scheme were changed. Starting from contribution vested on or after January 1, 2007 and not yet paid at the reporting date, referring to entities with more than 50 employees, Italian post-employment benefits is recognised as a defined contribution plan. The contribution vested up to December 31, 2006 is still recognised as a defined benefit plan and accounted for using actuarial assumptions.

2.12 PROVISION FOR RISKS AND CHARGES

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic resources will be required to settle the obligation and where the amount of the obligation can be reliably estimated.

Restructuring provision is recognised when the Group has a detailed formal restructuring plan and the plan has been implemented or the restructuring plan has been publicly announced. Identifiable future operating losses up to the date of a restructuring are not included in the provision.

Changes in estimates are recognised in the income statement in the period in which they occur.

2.13 SHARE-BASED PAYMENTS

The fair value at grant date of the incentives granted to employees in the form of share-based payments that are equity settled is usually included in expenses, with a matching increase in equity, over the period during which the employees obtain the incentives rights. The amount recognized as an expense is adjusted to reflect the actual number of incentives for which the continued service conditions are met and the achievement of non-market conditions, so that the final amount recognized as an expense is based on the number of incentives that fulfill these conditions at the vesting date. In case the incentives granted as share-based payments whose conditions are not to be considered to maturity, the fair value at the grant date of the share-based payment is measured to reflect such conditions. With reference to the non-vesting conditions, any differences between amounts at the grant date and the actual amounts will not have any impact on the consolidated financial statements.

The fair value of the amount payable to employees related to share appreciation rights, settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period during which the employees unconditionally become entitled to receive the payment. The liability is valued at each balance sheet date and the settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognized in profit or loss for the year.

2.14 REVENUE RECOGNITION

Revenues are recognised when it is probable that the economic benefits associated with the transactions will flow to the Group and the amount can be reliably measured. Revenue, which is stated excluding value added tax and other sales related taxes, is the amount receivable for goods supplied less returns, trade discounts and allowances.

Wholesale sales are recognised when goods are dispatched to trade customers, reflecting the transfer of risks and rewards. The provision for returns and discounts is estimated and accounted for based on future expectation, taking into consideration historical return trends.

Retail sales are recognised at the date of transactions with final customers.

Royalties received from licensee are accrued as earned on the basis of the terms of the relevant royalty agreement which is typically based on sales volumes.

2.15 BORROWING COSTS

Borrowing costs are recognized on an accrual basis taking into consideration interest accrued on the net carrying amount of financial assets and liabilities using the effective interest rate method.

2.16 TAXATION

Tax expense recognised in the consolidated income statement represents the aggregate amount related to current tax and deferred tax.

Current taxes are determined in accordance with enforced rules established by local tax authorities. Current taxes are recognised in the consolidated income statement for the period, except to the extent that the tax arises from transactions or events which are recognised directly either in equity or in other comprehensive income.

Deferred tax liabilities and assets are determined based on temporary taxable or deductible differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group consolidated financial statements. Current and deferred tax assets and liabilities are offset when income taxes are levied by the same tax authority and when there is a legally enforceable right to offset the amounts.

Deferred tax liabilities and assets are determined using tax rates that have been enacted by the reporting date and are expected to be enforced when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are not discounted.

Deferred tax assets recognised on tax losses and on deductible differences are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.17 EARNING PER SHARE

The Group presents the basic and diluted earnings per share. The basic earnings per share is calculated by dividing the profit or loss attributable to holders of the Company shares by the weighted average of the number of shares for the financial year (defined as equal to the share capital), adjusted to consider any treasury shares held. The diluted earnings per share is calculated by adjusting the profit or loss attributable to shareholders, and the weighted average of the number of company shares as defined above, to consider the effects of all potential shares with a dilution effect.

2.18 SEGMENT INFORMATION

For purposes of IFRS 8 “Operating segments,” the Group’s business is conducted as a single operating segment known as the Moncler business.

2.19 FAIR VALUE

IFRS 13 is the only point of reference for the fair value measurement and related disclosures when such an assessment is required or permitted by other standards. Specifically, the principle defines fair value as the consideration received for the sale of an asset or the amount paid to settle a liability in a regular transaction between market participants at the measurement date. In addition, the new standard replaces and provides for additional disclosures required in relation to fair value measurements by other accounting standards, including IFRS 7.

IFRS 13 establishes a hierarchy that classifies within different levels the inputs used in the valuation techniques necessary to measure fair value. The levels, presented in a hierarchical order, are as follows:

- level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3: Fair values measured using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

2.20 ACCOUNTING STANDARDS AND RECENTLY PUBLISHED INTERPRETATIONS

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE FROM JANUARY 1, 2015

IFRIC INTERPRETATION 21 - LEVIES

On May 20, 2013, the IASB issued the IFRIC Interpretation 21, an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. The interpretation sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. IFRIC 21 is effective for annual periods beginning on or after June 17, 2014 (after the endorsement of the EU).

IMPROVEMENTS TO IFRS (2011-2013 CYCLE)

This document introduces amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards (specifications regarding the early application by first-time adopters of documents issued by the IASB), IFRS 3 – Business Combinations (clarifications that joint operations are outside the scope of this standard), IFRS 13 – Fair Value Measurement (introduction of the extension of the exception in IFRS 13 for the measurement at fair value on a net basis of a portfolio of assets and liabilities), IAS 16 – Property, Plant and Equipment and IAS 40 – Investment Property (clarifications on the interrelationship between IAS 40 and IFRS 3 regarding the acquisition of an investment property). The adoption of the interpretations and standards did not have significant impact on the consolidated financial statements of the Group.

NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE AND NOT EARLY ADOPTED BY THE GROUP

IMPROVEMENTS TO IFRS (2010-2012 CYCLE)

This document introduces amendments to IFRS 2 – Share-based Payment (new definitions of a vesting condition and a market condition and additional definitions of a performance condition and a service condition), IFRS 3 – Business Combinations (clarifications of certain aspects regarding the classification and measurement of contingent consideration, with the resulting amendments to IAS 39 and IAS 37), IFRS 8 – Operating Segments (new disclosure requirements are introduced for segment aggregation and clarifications are provided on the reconciliation of total segment assets), IFRS 13 – Fair Value Measurement (clarifications on short-term receivables and payables with no stated interest

rates), IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets (a clarification that if the revaluation model is used, adjustments to accumulated depreciation or amortisation are not always proportional to the adjustment of the gross carrying amount) and IAS 24 – Related Party Disclosures (clarifications on management entities and the relevant disclosures required).

These amendments are effective for annual periods beginning on or after February 1, 2015 (after the endorsement of the EU).

DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS (AMENDMENTS TO IAS 19)

The aim of this amendment to IAS 19 is to enable entities to simplify their accounting for defined benefit plans if the contributions made by employees or third parties satisfy specific requirements.

This amendment is effective for annual periods beginning on or after February 1, 2015 (after the endorsement of the EU).

ACCOUNTING FOR ACQUISITIONS OF INTERESTS IN JOINT OPERATIONS (AMENDMENTS TO IFRS 11)

In May 2014, the IASB issued amendments to IFRS 11 - Joint arrangements: Accounting for acquisitions of interests in joint operations which clarifies the accounting for acquisitions of an interest in a joint operation that constitutes a business.

The amendments are effective, retrospectively, for annual periods beginning on or after January 1, 2016 with earlier application permitted.

AGRICULTURE: BEARER PLANTS (AMENDMENTS TO IAS 16 AND IAS 41)

This amendment introduces the possibility of accounting for bearer plants under IAS 16 rather than under IAS 41. The amendment is applicable for annual periods beginning January 1, 2016 with earlier application permitted.

CLARIFICATION ON ACCEPTABLE METHODS OF DEPRECIATION (AMENDMENTS TO IFRS 16 AND TO IAS 38)

In May 2014, the IASB issued an amendment to IAS 16 - Property, Plant and Equipment and to IAS 38 – Intangible Assets. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. These amendments are effective for annual periods beginning on or after January 1, 2016, with early application permitted.

IMPROVEMENTS TO IFRS (2012-2014 CYCLE)

In September 2014 the IASB issued the Annual Improvements to IFRSs 2012-2014 cycle, a series of amendments to IFRSs in response to issues raised mainly on IFRS 5 - Non-current assets held for sale and discontinued operations, on the changes of method of disposal, on IFRS 7 - Financial Instruments: Disclosures on the servicing contracts, on the IAS 19 - Employee Benefits, on the discount rate determination. The effective date of the amendments is January 1, 2016, with early application permitted.

DISCLOSURE INITIATIVE (AMENDMENTS TO IAS 1)

In December 2014 the IASB issued amendments to IAS 1- Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016 with early application permitted.

EQUITY METHOD IN THE SEPARATE FINANCIAL STATEMENTS (AMENDMENTS TO IAS 27 (2011))

This document introduces the option of using the equity method even in the Separate Financial Statements. The amendment is applicable for annual periods beginning January 1, 2016 with early application permitted.

In addition, at the date of these financial statements the competent bodies of the European Union had not yet completed their adoption process for the following accounting standards and amendments:

Document title	Issue date by IASB	Effective from
Standards		
IFRS 9 Financial Instruments	July 2014	1st January 2018
IFRS 14 Regulatory Deferral Accounts	January 2014	1 st January 2016
IFRS 15 Revenue from Contracts with Customers (including amendments to effective date issued in September 2015)	May 2014	1 st January 2018
IFRS 16 Leases	January 2016	1 st January 2019
Amendments		
Amendments to IFRS 10 and IAS 28 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (including amendment to effective date issued in December 2015)	September 2014	Not defined
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	December 2014	1 st January 2016
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	January 2016	1 st January 2017
Amendments to IAS 7: Disclosure Initiative	January 2016	1 st January 2017

The Group will comply with these new standards and amendments based on their relevant effective dates when endorsed by the European Union and it will evaluate their potential impacts on the consolidated financial statements.

3. SCOPE FOR CONSOLIDATION

As at December 31, 2015 the Consolidated Financial Statements of the Moncler Group include the parent company Moncler S.p.A. and 31 consolidated subsidiaries as detailed in the following table:

Investments (in associates for consolidation)	Registered office	Share capital	Currency	% of ownership	Parent company
Moncler S.p.A.	Milan (Italy)	50,024,892	EUR		
Industries S.p.A.	Milan (Italy)	15,000,000	EUR	100%	Moncler S.p.A.
Moncler Infant S.r.l.	Milan (Italy)	200,000	EUR	50%	Industries S.p.A.
Industries Textilvertrieb GmbH	Munich (Germany)	700,000	EUR	100%	Industries S.p.A.
Moncler España S.L.	Madrid (Spain)	50,000	EUR	100%	Industries S.p.A.
Moncler Asia Pacific Ltd	Hong Kong (China)	300,000	HKD	100%	Industries S.p.A.
Moncler France S.à.r.l.	Paris (France)	8,000,000	EUR	100%	Industries S.p.A.
Moncler USA Inc	New York (USA)	1,000	USD	100%	Industries S.p.A.
Moncler UK Ltd	London (United Kingdom)	2,000,000	GBP	100%	Industries S.p.A.
Moncler Japan Corporation (*)	Tokyo (Japan)	195,050,000	JPY	51%	Industries S.p.A.
Moncler Shanghai Commercial Co. Ltd	Shanghai (China)	31,797,714	CNY	100%	Industries S.p.A.
Moncler Suisse SA	Chiasso (Switzerland)	3,000,000	CHF	100%	Industries S.p.A.
Ciolina Moncler SA	Berna (Switzerland)	100,000	CHF	51%	Moncler Suisse SA
Moncler Belgium S.p.r.l.	Bruxelles (Belgium)	500,000	EUR	100%	Industries S.p.A.
Moncler Denmark ApS	Copenhagen (Denmark)	2,465,000	DKK	100%	Industries S.p.A.
Moncler Holland B.V.	Amsterdam (Holland)	18,000	EUR	100%	Industries S.p.A.
Moncler Hungary KFT	Budapest (Hungary)	150,000,000	HUF	100%	Industries S.p.A.
Moncler CZ S.r.o.	Praga (Czech Republic)	1,000,000	CZK	100%	Industries S.p.A.
Moncler Lunettes S.r.l.	Milan (Italy)	300,000	EUR	51%	Moncler S.p.A.
Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. Sti. (*)	Istanbul (Turkey)	50,000	TRY	51%	Industries S.p.A.
Moncler Sylt GmbH (*)	Hamm (Germany)	100,000	EUR	51%	Industries Textilvertrieb GmbH
Moncler Rus LLC	Moscow (Russian Federation)	220,000,000	RUB	99.99% 0.01%	Industries S.p.A. Moncler Suisse SA
Moncler Brasil Comércio de moda e acessórios Ltda.	Sao Paulo (Brazil)	6,280,000	BRL	95.00% 5.00%	Moncler USA Inc Industries S.p.A.
Moncler Taiwan Limited	Taipei (China)	10,000,000	TWD	100%	Industries S.p.A.
Moncler Canada Ltd	Vancouver (Canada)	1,000	CAD	100%	Industries S.p.A.
Moncler Prague s.r.o.	Praga (Czech Republic)	200,000	CZK	100%	Industries S.p.A.
White Tech Sp.zo.o.	Katowice (Poland)	369,000	PLD	70%	Industries S.p.A.
Moncler Shinsegae Inc. (*)	Seoul (South Korea)	5,000,000,000	KRW	51%	Industries S.p.A.
Moncler Middle East FZ-LLC	Dubai (United Arab Emirates)	50,000	AED	100%	Industries S.p.A.
Moncler USA Retail LLC	New York (USA)	15,000,000	USD	100%	Moncler USA Inc
Moncler Singapore PTE, Limited	Singapore	650,000	SGD	100%	Industries S.p.A.
Industries Yield S.r.l.	Bacau (Romania)	7,536,000	RON	99.00% 1.00%	Industries S.p.A. Industries Textilvertrieb GmbH

(*) Fully consolidated (without attribution of interest to third parties).

As far as the scope of consolidation is concerned, the following changes occurred during fiscal year 2015 when compared to the prior year:

- Moncler Middle East FZ-LLC was established in the first quarter of 2015 and it was included in the consolidation scope starting from the date of its establishment;
 - Moncler USA Retail LLC has been incorporated in the first quarter of 2015, arising from the contribution of the retail division of the company Moncler USA Inc; it was included in the consolidation scope starting from the date of its establishment;
 - In the second quarter of 2015 the company ISC S.p.A. has been merged in the company Industries S.p.A.;
- Moncler Singapore Pte. Limited and Industries Yield S.r.l. were established in the third quarter of 2015 and they were included in the consolidation scope starting from the date of their establishment.

There are no subsidiaries excluded from the scope of consolidation.

4. COMMENTS ON THE CONSOLIDATED STATEMENT OF INCOME

4.1 REVENUES

REVENUES BY DISTRIBUTION CHANNEL

Revenue by distribution channels are broken down as follows:

(Euro/000)	Fiscal Year 2015	%	Fiscal Year 2014	%
Total revenues	880,393	100.0%	694,189	100.0%
of which:				
- Wholesale	260,713	29.6%	263,506	38.0%
- Retail	619,680	70.4%	430,683	62.0%

Sales are made through two main distribution channels, wholesale and retail. The retail channel pertains to stores that are directly managed by the Group (free-standing stores, concessions, e-commerce and outlets), while the wholesale channel pertains to stores managed by third parties either single-brand (i.e. shop-in-shop) or multi-brand (corner or space reserved within department stores).

Revenues from the retail distribution channel reached Euro 619.7 million compared to Euro 430.7 million in 2014, representing an increase of 44%, due to solid organic growth and the continued development of the network of mono-brand retail stores (DOS).

The wholesale channel recorded revenues of Euro 260.7 million compared to Euro 263.5 million in 2014, down 1%. This result includes the impact of the conversion of the Korean business from wholesale into retail, from January 1, 2015. Excluding Korea, wholesale rose 5%, thanks to the network expansion in North America and despite the ongoing doors selection strategy mainly in Italy and Europe.

REVENUES BY GEOGRAPHICAL AREA

Sales are broken down by geographical area as reported in the following table:

(Euro/000)	Revenues by geographical area					
	Fiscal Year 2015	%	Fiscal Year 2014	%	2015 vs 2014	%
Italy	136,997	15.5%	130,625	18.8%	6,372	4.9%
EMEA, Italy excluded	268,468	30.5%	232,743	33.5%	35,725	15.3%
Asia and rest of world	333,501	37.9%	235,153	33.9%	98,348	41.8%
Americas	141,427	16.1%	95,668	13.8%	45,759	47.8%
Total	880,393	100.0%	694,189	100.0%	186,204	26.8%

Moncler Group achieved revenue growth in all regions.

In Asia and rest of the world, revenues increased 42%, with positive results in all markets. A solid performance was achieved in China, Hong Kong and Japan, thanks to both organic growth of the existing network and the contribution from new stores. Japan, in particular, benefited from the opening of the flagship store in Tokyo Ginza, which has already surpassed management's expectations. Results from newly opened stores in Macau and Singapore also exceeded management's forecasts. Furthermore, Moncler had good growth in Korea, a market that has been directly controlled by Moncler since the beginning of 2015 and where the Company is taking actions aimed at brand consolidation. Excluding Korea, revenues in Asia and rest of the world grew 34%.

In the Americas, the company recorded 48% growth, driven by the expansion in North America of both distribution channels. Canada increased significantly in 2015, albeit from a small base. Results in the United States were in line with management expectations, despite revenues in the fourth quarter being affected by an extraordinarily mild winter season, which drove sales of lighter products with a related price-mix effect.

In EMEA, Moncler grew 15%, with notable positive results from France, the United Kingdom and Germany. In particular, very good results were achieved in France, despite the tragic events which occurred in Paris in November and which moderated the tourist inflows to the city. Both retail and wholesale channels drove the performance in the United Kingdom, while the growth in Germany was mainly due to healthy results in the retail network.

In Italy revenues rose 5% compared to 2014 driven, in particular, by the good results of the Directly Operated Stores (DOS).

For further detailed analysis on revenues, also with reference to foreign exchange rates trends, please refer to comments included in the Directors' Report.

4.2 COST OF SALES

In 2015, cost of sales grew by Euro 33.0 million (+17.1%) in absolute terms, going from Euro 192.5 million in 2014 to Euro 225.5 million in 2015. This overall growth is due to increased sales volumes and the growth of the retail channel. Cost of sales as a percentage of sales has decreased, going from 27.7% in 2014 to 25.6% in 2015. This decrease is due to the fact that the retail channel has increased its importance in the total sales going from 62.0% in 2014 to 70.4% in 2015, on total sales.

4.3 SELLING EXPENSES

Selling expenses grew both in absolute terms, with an increase of Euro 70.5 million between 2014 and 2015, and as a percentage of turnover, going from 26.4% in 2014 to 28.8% in 2015 due to the development of the retail business. Selling expenses mainly include rent costs for Euro 123.3 million, personnel costs for Euro 60.3 million and costs for depreciation and amortization for Euro 31.3 million.

4.4 GENERAL AND ADMINISTRATIVE EXPENSES

In 2015, general and administrative expenses amount to Euro 79.5 million, up Euro 13.5 million when compared to last year and therefore showing a lower growth rate than revenues. General and administrative expenses as a percentage of turnover dropped from 9.5% in 2014 to 9.0 % in 2015.

4.5 ADVERTISING EXPENSES

Also during 2015, the Group continued to invest in marketing and advertising in order to support and spread awareness and the prestige of the Moncler brand. The weight of advertising expenses on turnover is equal to 6.6% in 2015 (like in 2014), while in absolute value, it goes from Euro 46.1 million in 2014 to Euro 57.8 million in 2015, with an absolute change of Euro 11.7 million (+25.6%).

4.6 NON-RECURRING INCOME AND EXPENSES

The caption non-recurring income and expenses for 2015 includes mainly the costs incurred for the stock option plans and amounted to Euro 6.8 million (Euro 5.0 million in 2014). The caption includes also the revised value of the “Other Brands Division” disposal (Euro 3.0 million) and other expenses, mainly legal, related to the aforementioned disposal.

The description of the incentive loyalty schemes and the related costs are included in note 10.2.

4.7 OPERATING RESULTS

In 2015, the operating results (EBIT) of the Moncler Group amounted to Euro 252.7 million (Euro 201.6 million in 2014) and as a percentage of revenue amounted to 28.7% (29.0% in 2014).

Operating results, net of non-recurring income and costs, amounted to Euro 264.1 million (Euro 206.6 million in 2014), and 30.0% as a percentage of revenue (29.8% in 2014), up in absolute value by Euro 57.5 million.

Management believes that EBITDA is an important indicator for the valuation of the Group’s performance, insofar as it is not influenced by the methods for determining tax or amortisation/depreciation. However, EBITDA is not an indicator defined by the reference accounting standards applied by the Group and, therefore, it may be that the methods by which EBITDA is calculated are not comparable with those used by other companies.

EBITDA is calculated as follows:

(Euro/000)	Fiscal Year 2015	Fiscal Year 2014	2015 vs 2014	%
Operating result	252,679	201,550	51,129	25.4%
Non-recurring income and expenses	11,389	5,034	6,355	126.2%
Operating result net of non recurring income and expenses	264,068	206,584	57,484	27.8%
Amortization, depreciation and impairment	35,959	26,276	9,683	36.9%
EBITDA	300,027	232,860	67,167	28.8%

In 2015, EBITDA increased by Euro 67.2 million (+28.8%), going from Euro 232.9 million (33.5% of revenue) in 2014 to Euro 300.0 million (34.1% of revenue) in 2015. This increase mainly derives from the margin contribution of the retail channel and the control of the fixed cost.

Amortisation/depreciation in 2015 amounted to Euro 36.0 million (Euro 26.3 million in 2014) and increased by Euro 9.7 million.

4.8 FINANCIAL INCOME AND EXPENSES

The caption is broken down as follows:

(Euro/000)	Fiscal Year 2015	Fiscal Year 2014
Interest income and other financial income	284	318
Foreign currency differences - positive	3,983	5,782
Total financial income	4,267	6,100
Interests expenses and other financial charges	(5,975)	(12,164)
Foreign currency differences - negative	0	0
Total financial expenses	(5,975)	(12,164)
Total net	(1,708)	(6,064)

4.9 INCOME TAX

The income tax effect on the consolidated income statement is as follows:

(Euro/000)	Fiscal Year 2015	Fiscal Year 2014
Current income taxes	(107,860)	(80,593)
Deferred tax (income) expenses	24,799	15,216
Income taxes charged in the income statement	(83,061)	(65,377)

The reconciliation between the theoretical tax burden by applying the theoretical rate of the parent company, and the effective tax burden is shown in the following table:

Reconciliation theoretic-effective tax rate (Euro/000)	Taxable Amount 2015	Tax Amount 2015	Tax rate 2015	Taxable Amount 2014	Amount 2014	Tax rate 2014
Profit before tax	250,971			195,486		
Income tax using the Company's theoretic tax rate		(69,017)	27.5%		(53,759)	27.5%
Temporary differences		(21,682)	8.6%		(12,762)	6.5%
Permanent differences		(1,300)	0.5%		(507)	0.3%
Other differences		(15,862)	6.3%		(11,578)	5.9%
Deferred taxes recognized in the income statement		24,799	(9.9%)		13,228	(6.8%)
Income tax at effective tax rate		(83,061)	33.1%		(65,377)	33.4%

The caption other differences mainly includes IRAP (current) and the other taxes different from IRES.

4.10 PERSONNEL EXPENSES

The following table lists the detail of the main personnel expenses by nature, compared with those of the previous year:

(Euro/000)	Fiscal Year 2015	Fiscal Year 2014
Wages and salaries	(69,632)	(55,239)
Social security costs	(13,134)	(11,993)
Accrual for employment benefits	(4,772)	(2,789)
Total	(87,538)	(70,021)

Personnel expenses increased by 25.0% when compared to prior year, from Euro 70.0 million in 2014 to Euro 87.5 million in 2015. This increase is mainly due the growth in directly operated stores, the establishment of the joint venture in Korea and overall growth in other functions.

The following table depicts the number of employees (full-time-equivalent, FTE) in 2015 compared to the prior year:

Average FTE by area		
Number	Fiscal Year 2015	Fiscal Year 2014
Italy	598	567
Other European countries	390	301
Asia and Japan	651	429
Americas	159	110
Total	1,798	1,407

The actual number of FTEs of the Group as at December 31, 2015 is 2,249 (1,600 as at December 31, 2014).

The total number of employees increased principally as a result of the growth in directly operated stores, as well as the acquisition of the production site in Romania and the establishment of the joint venture in Korea.

The remuneration related to the members of the Board of Directors is commented separately in the related party section.

4.11 DEPRECIATION AND AMORTIZATION

Depreciation and amortization are broken down as follows:

(Euro/000)	Fiscal Year 2015	Fiscal Year 2014
Depreciation of property, plant and equipment	(27,762)	(20,393)
Amortization of intangible assets	(8,197)	(5,883)
Total Depreciation and Amortization	(35,959)	(26,276)

The increase in both depreciation and amortization is mainly due to investments made in connection with the new store openings. Please refer to comments made in paragraphs 5.1 and 5.3 for additional details related to investments made during the year.



5. COMMENTS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1 GOODWILL, BRANDS AND OTHER INTANGIBLE ASSETS

Brands and other intangible assets (Euro/000)	December 31, 2015			December 31, 2014
	Gross value	Accumulated amortization and impairment	Net value	Net value
Brands	223,900	0	223,900	223,900
Key money	41,511	(18,165)	23,346	24,577
Software	21,790	(12,515)	9,275	7,316
Other intangible assets	6,795	(3,477)	3,318	2,036
Assets in progress	8,175	0	8,175	942
Goodwill	155,582	0	155,582	155,582
Total	457,753	(34,157)	423,596	414,353

Intangible assets rollforward is included in the following tables:

As of December 31, 2015

Gross value Brands and other intangible assets (Euro/000)	Brands	Licence rights	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
Acquisitions	0	0	2,386	4,256	2,626	7,702	0	16,970
Disposals	0	0	(119)	(104)	(20)	(25)	0	(268)
Translation adjustment	0	0	796	141	55	38	0	1,030
Other movements, including transfers	0	0	0	465	(511)	(482)	0	(528)
December 31, 2015	223,900	0	41,511	21,790	6,795	8,175	155,582	457,753

Accumulated amortization and impairment Brands and other intangible assets (Euro/000)	Brands	Licence rights	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
Amortization	0	0	(4,083)	(2,826)	(1,288)	0	0	(8,197)
Disposals	0	0	119	51	8	0	0	178
Translation adjustment	0	0	(330)	(22)	(28)	0	0	(380)
Impairment	0	0	0	0	0	0	0	0
Other movements, including transfers	0	0	0	(2)	440	0	0	438
December 31, 2015	0	0	(18,165)	(12,515)	(3,477)	0	0	(34,157)

As of December 31, 2014

Gross value Brands and other intangible assets (Euro/000)	Brands	Licence rights	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
January 1, 2014	223,900	0	31,364	12,611	3,984	1,195	155,582	428,636
Acquisitions	0	0	6,586	3,830	756	912	0	12,084
Disposals	0	0	0	(11)	0	(47)	0	(58)
Translation adjustment	0	0	273	6	47	4	0	330
Impairment	0	0	0	0	0	0	0	0
Other movements, including transfers	0	0	225	596	(142)	(1,122)	0	(443)
December 31, 2014	223,900	0	38,448	17,032	4,645	942	155,582	440,549

Accumulated amortization and impairment Brands and other intangible assets (Euro/000)	Brands	Licence rights	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
January 1, 2014	0	0	(10,651)	(7,718)	(1,946)	0	0	(20,315)
Depreciation	0	0	(3,089)	(1,994)	(800)	0	0	(5,883)
Disposals	0	0	0	5	0	0	0	5
Translation adjustment	0	0	(131)	(1)	(21)	0	0	(153)
Impairment	0	0	0	0	0	0	0	0
Other movements, including transfers	0	0	0	(8)	158	0	0	150
December 31, 2014	0	0	(13,871)	(9,716)	(2,609)	0	0	(26,196)

The increase in the caption key money refers to key money paid for European stores.

The increase in the caption software pertains to the right of use acquired in information technology for the development and management of the business and the finance functions.

The assets in progress mainly refer to a store opening soon in Europe.

The increase in the caption other intangible assets mainly refers to the brand registration expenses.

Please refer to the Directors' report for additional information related to investments made during the year.

5.2 IMPAIRMENT OF INTANGIBLE FIXED ASSETS WITH AN INDEFINITE USEFUL LIFE AND GOODWILL

The captions brands, other intangible fixed assets with an indefinite useful life and goodwill deriving from previous acquisitions have not been amortised, but have been tested for impairment by management.

The impairment test on the brand was performed by comparing its carrying value with that derived from the discounted cash flow method applying the Royalty Relief Method, based on which the cash flows are linked to the recognition of a royalty percentage applied to revenues that the brand is able to generate.

The recoverable amount of goodwill has been tested based on the “asset side” approach which compares the value in use of the cash-generating unit with the carrying amount of its net invested capital.

For the 2015 valuation, the expected cash flows and revenues were derived from the Business Plan 2016-2018 approved by the Board of Directors on December 16, 2015.

The “g” rate used was 2%.

The discount rate was calculated using the Weighted Average Cost of Capital (WACC), by weighting the expected rate of return on invested capital, net of hedging costs from a sample of companies within the same industry. The calculation took into account fluctuation in the market as compared to the previous year and the resulting impact on interest rates. The weighted average cost of capital (WACC) was calculated at 8.40%.

The results of the sensitivity analysis indicate that the carrying amount of the Moncler brand is in line with the benchmark with a “g” rate = 0% and WACC = 16.34%.

Similarly, the same sensitivity analysis applied to the entire cash-generating unit shows a full recovery considering changes in parameters still higher than those indicated for the brand, showing the wide recoverability of goodwill.

It also shows that the market capitalization of the company, based on the average price of Moncler share in 2015, shows a significant positive difference with respect to the Group net equity, confirming again the value of the goodwill.

5.3 NET PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipments (Euro/000)	December 31, 2015			December 31, 2014
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Land and buildings	5,922	(2,638)	3,284	925
Plant and Equipment	8,327	(6,176)	2,151	1,497
Fixtures and fittings	62,001	(32,767)	29,234	24,822
Leasehold improvements	101,633	(45,806)	55,827	44,147
Other fixed assets	12,316	(8,647)	3,669	3,478
Assets in progress	8,069	0	8,069	2,385
Total	198,268	(96,034)	102,234	77,254

The rollforward of property, plant and equipment is included in the following tables:

As of December 31, 2015

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2015	3,358	7,132	47,435	74,046	10,903	2,385	145,259
Acquisitions	2,564	1,227	13,548	23,845	1,684	7,819	50,687
Disposals	0	(51)	(1,819)	(1,378)	(548)	(219)	(4,015)
Translation adjustment	0	15	2,263	3,332	107	92	5,809
Other movements, including transfers	0	4	574	1,788	170	(2,008)	528
December 31, 2015	5,922	8,327	62,001	101,633	12,316	8,069	198,268

Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2015	(2,433)	(5,635)	(22,613)	(29,899)	(7,425)	0	(68,005)
Depreciation	(205)	(545)	(10,656)	(14,702)	(1,654)	0	(27,762)
Disposals	0	15	1,355	785	480	0	2,635
Translation adjustment	0	(11)	(891)	(1,513)	(49)	0	(2,464)
Other movements, including transfers	0	0	38	(477)	1	0	(438)
December 31, 2015	(2,638)	(6,176)	(32,767)	(45,806)	(8,647)	0	(96,034)

As of December 31, 2014

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2014	3,358	6,675	35,208	50,442	8,738	2,084	106,505
Acquisitions	0	1,131	13,480	18,845	2,301	2,375	38,132
Disposals	0	(33)	(889)	(1,903)	(147)	(209)	(3,181)
Translation adjustment	0	19	1,240	1,852	87	163	3,361
Other movements, including transfers	0	(660)	(1,604)	4,810	(76)	(2,028)	442
December 31, 2014	3,358	7,132	47,435	74,046	10,903	2,385	145,259

Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2014	(2,337)	(5,351)	(15,058)	(19,205)	(6,306)	0	(48,257)
Depreciation	(96)	(396)	(7,519)	(11,143)	(1,239)	0	(20,393)
Disposals	0	19	410	2,001	145	0	2,575
Translation adjustment	0	(15)	(629)	(1,086)	(51)	0	(1,781)
Other movements, including transfers	0	108	183	(466)	26	0	(149)
December 31, 2014	(2,433)	(5,635)	(22,613)	(29,899)	(7,425)	0	(68,005)

The rollforward of property plant and equipment in 2015 shows an increase in the captions fixtures and fittings, leasehold improvements and assets in progress and advances: all of these captions are mainly related to the development of the retail network.

The increase in the caption land and buildings relates to the purchase of the Italian site of Trebaseleghe (Padua) and the buildings related to the production unit in Romania.

Please refer to the Directors' Report for an analysis of investments made during the year.

5.4 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities are offset only when there is a law within a given tax jurisdiction that provides for such right to offset. The balances were as follows as at December 31, 2015 and December 31, 2014:

Deferred taxation (Euro/000)	December 31, 2015	December 31, 2014
Deferred tax assets	65,970	45,968
Deferred tax liabilities	(68,753)	(74,436)
Net amount	(2,783)	(28,468)

Deferred tax liabilities resulting from temporary differences associated with intangible assets are related to fiscal year 2008 in connection with the allocation of the brand name Moncler resulting from the excess price paid during acquisition. The decrease in deferred tax liabilities was also due to the reduction of the tax rate expected at the time of potential reversal, following the change introduced by the Stability Law of December 28, 2015. This decrease was partly offset by the impact in the opposite direction, included under the changes in deferred tax assets.

The rollforward of deferred tax assets and liabilities, without taking into consideration the right of offset of a given tax jurisdiction, is detailed in the following table:

Deferred tax assets (liabilities) (Euro/000)	Opening balance - January 1, 2015	Taxes charged to the income statement	Taxes accounted for in Equity	Effect of currency translation	Other movements	Closing balance - December 31, 2015
Tangible and intangible assets	2,933	1,692	0	(158)	111	4,578
Financial assets	0	0	0	0	0	0
Inventories	33,422	12,204	0	3,020	20	48,666
Trade receivables	278	1,892	0	(10)	(3)	2,157
Derivatives	1,077	0	(187)	0	(890)	0
Employee benefits	1,621	123	(49)	80	(319)	1,456
Provisions	2,469	1,894	0	195	21	4,579
Trade payables	64	163	0	10	0	237
Other temporary items	3,583	23	0	81	417	4,104
Tax loss carried forward	521	(340)	0	12	0	193
Tax assets	45,968	17,651	(236)	3,230	(643)	65,970
Tangible and intangible assets	(72,254)	6,509	0	(126)	(27)	(65,898)
Financial assets	0	0	0	0	0	0
Inventories	(478)	21	0	(17)	0	(474)
Trade receivables	0	0	0	0	0	0
Derivatives	0	0	0	0	0	0
Employee benefits	(4)	0	(117)	0	4	(117)
Provisions	0	0	0	0	0	0
Trade payables	0	0	0	0	0	0
Other temporary items	(1,700)	618	(1,183)	0	1	(2,264)
Tax liabilities	(74,436)	7,148	(1,300)	(143)	(22)	(68,753)
Net deferred tax assets (liabilities)	(28,468)	24,799	(1,536)	3,087	(665)	(2,783)

Deferred tax assets (liabilities) (Euro/000)	Opening balance - January 1, 2014	Taxes charged to the income statement	Taxes accounted for in Equity	Effect of currency translation	Other movements	Closing balance - December 31, 2014
Tangible and intangible assets	1,534	1,345	0	4	50	2,933
Financial assets	0	0	0	0	0	0
Inventories	17,209	14,505	0	1,586	122	33,422
Trade receivables	2,560	(2,305)	0	24	(1)	278
Derivatives	5	890	181	0	1	1,077
Employee benefits	629	905	53	30	4	1,621
Provisions	2,092	(155)	0	161	371	2,469
Trade payables	35	23	0	6	0	64
Other temporary items	984	708	0	(6)	1,897	3,583
Tax loss carried forward	85	893	0	(96)	(361)	521
Tax assets	25,133	16,809	234	1,709	2,083	45,968
Tangible and intangible assets	(70,327)	(1,581)	0	(317)	(29)	(72,254)
Financial assets	0	0	0	0	0	0
Inventories	0	(463)	0	(15)	0	(478)
Trade receivables	0	0	0	0	0	0
Derivatives	(63)	0	64	0	(1)	0
Employee benefits	(21)	0	22	0	(5)	(4)
Provisions	(16)	0	0	0	16	0
Trade payables	0	0	0	0	0	0
Other temporary items	(2,124)	451	0	0	(27)	(1,700)
Tax liabilities	(72,551)	(1,593)	86	(332)	(46)	(74,436)
Net deferred tax assets (liabilities)	(47,418)	15,216	320	1,377	2,037	(28,468)

The taxable amount on which deferred tax assets have been calculated is detailed in the following table:

Deferred tax assets (Euro/000)	Taxable Amount 2015	Closing balance - December 31, 2015
Tangible and intangible assets	15,530	4,578
Financial assets	(0)	0
Inventories	178,526	48,666
Trade receivables	11,125	2,157
Derivatives	0	0
Employee benefits	4,806	1,456
Provisions	16,273	4,579
Trade payables	678	237
Other temporary items	11,642	4,104
Tax loss carried forward	565	193
Tax assets	239,143	65,970
Tangible and intangible assets	(234,789)	(65,898)
Financial assets	(0)	0
Inventories	(1,691)	(474)
Trade receivables	0	0
Derivatives	0	0
Employee benefits	(427)	(117)
Provisions	0	0
Trade payables	0	0
Other temporary items	(8,962)	(2,264)
Tax liabilities	(245,869)	(68,753)
Net deferred tax assets (liabilities)	(6,726)	(2,783)

5.5 INVENTORY

Inventory is broken down as follows:

Inventory (Euro/000)	December 31, 2015	December 31, 2014
Raw materials	49,891	40,887
Work-in-progress	9,244	7,626
Finished products	130,687	113,910
Inventories, gross	189,822	162,423
Obsolescence provision	(55,759)	(39,602)
Total	134,063	122,821

The raw material increased by approximately Euro 9.0 million principally as a result of volume increases linked to purchases made for the upcoming 2016 production, in order to be ready for the market requirements. The inventories of finished products increased by approximately Euro 16.8 million mainly due to the growth of the retail business.

The obsolescence provision is calculated using management's best estimate based on the season needs and the inventory balance based on passed sales trends through alternative channels and future sales volumes.

The rollforward of the obsolescence provision is summarized in the following table:

Obsolescence provision - movements (Euro/000)	January 1, 2015	Accrued	Used	Translation Difference	December 31, 2015
Obsolescence provision	(39,602)	(25,193)	9,214	(178)	(55,759)
Total	(39,602)	(25,193)	9,214	(178)	(55,759)

Obsolescence provision - movements (Euro/000)	January 1, 2014	Accrued	Used	Translation Difference	December 31, 2014
Obsolescence provision	(28,142)	(23,247)	12,299	(512)	(39,602)
Total	(28,142)	(23,247)	12,299	(512)	(39,602)

5.6 TRADE RECEIVABLES

Trade receivables are as follows:

Trade receivables (Euro/000)	December 31, 2015	December 31, 2014
Trade account receivables	98,328	91,956
Allowance for doubtful debt	(5,947)	(4,119)
Allowance for returns and discounts	(2,599)	(1,244)
Total, net value	89,782	86,593

Trade receivables are related to the Group's wholesale business and they include balances with a collection time not greater than three months. During 2015 and 2014, there were no concentration of credit risk greater than 10% associated to individual customers. Please refer to Section 9.1 for information regarding the exposure of trade receivables to currency risks.

The rollforward of the allowance for doubtful debt and sales return is detailed in the following tables:

Doubtful debt and sales returns allowance (Euro/000)	January 1, 2015	Accrued	Used	Translation Difference	December 31, 2015
Allowance for doubtful debt	(4,119)	(3,186)	1,412	(54)	(5,947)
Allowance for returns and discounts	(1,244)	(2,562)	1,244	(37)	(2,599)
Total	(5,363)	(5,748)	2,656	(91)	(8,546)

Doubtful debt and sales returns allowance (Euro/000)	January 1, 2014	Accrued	Used	Translation Difference	December 31, 2014
Allowance for doubtful debt	(5,378)	(2,535)	3,841	(47)	(4,119)
Allowance for returns and discounts	(3,887)	(1,072)	3,737	(22)	(1,244)
Total	(9,265)	(3,607)	7,578	(69)	(5,363)

The allowance for doubtful debt was calculated in accordance with management's best estimate based on the ageing of accounts receivable as well as the solvency of the most aged accounts and also taking into consideration any balances turned over into collection proceedings. Trade receivables written down are related to specific balances that were past due and for which collection is uncertain.

5.7 CASH AND BANK

As of December 31, 2015 the caption cash on hand and in bank amounts to Euro 148.6 million (Euro 123.4 million as at December 31, 2014) and includes cash and cash equivalents as well as the funds available in banks.

The amount included in the consolidated financial statements represents the fair value at the date of the financial statements. The credit risk is very limited since the other parties are class A financial institutions.

The consolidated statement of cash flows includes the changes in cash and cash in bank as well as the bank overdrafts.

The following table shows the reconciliation between cash and cash in bank with those included in the consolidated statement of cash flows:

Cash and cash equivalents included in the Statement of cash flows (Euro/000)	December 31, 2015	December 31, 2014
Cash in hand and at banks	148,603	123,419
Bank overdraft	(2,522)	(1,019)
Total	146,081	122,400

5.8 OTHER CURRENT AND NON-CURRENT ASSETS

Other current and non-current assets (Euro/000)	December 31, 2015	December 31, 2014
Prepayments and accrued income - current	6,652	10,655
Other current receivables	14,333	22,892
Other current assets	20,985	33,547
Prepayments and accrued income - non-current	2,009	2,304
Security / guarantees deposits	20,283	11,440
Other non-current receivables	384	3,507
Other non-current assets	22,676	17,251
Total	43,661	50,798

As of December 31, 2015, accrued income and deferred expenses amount to Euro 6.7 million (Euro 10.7 million as at December 31, 2014) and mainly pertain to product style and development, rent and other assets.

Other current receivables mainly comprise the receivable due from the tax authority for value added tax and the receivable resulting from the disposal of the Other Brands Division occurred in November 2013. To date the disagreements regarding the calculation of the third price instalment for the sale of the "Other Brands" division have not been settled. To this end, a professional Expert was appointed in the first half of 2015 (in accordance with the terms of the sale agreement) to determine the final price of the sale. The Expert issued his final report on July 31, 2015, which identified an amount of Euro 5,484 thousand for the third price instalment.

In addition, there is also a dispute regarding the interpretation and execution of the terms of the sale agreement, which resulted in an arbitration application to the London Court of Arbitration. That arbitration is still underway.

Accordingly, in keeping with the Expert's appraisals, the Directors continue to consider the amount originally recognised of Euro 6.6 million to be legitimate with respect to Moncler's claims at the time when the entry was made. Nevertheless, pending the outcome of the above-mentioned proceedings underway and of the arbitration, and despite the comfort provided by the Expert's confirmation, the Directors have considered it prudent to adjust that receivable by Euro 3 million in order to reflect the potential risks associated with the conclusion of the proceedings and the consequent receipt of the amount due.

Prepayments and accrued income non-current amount to Euro 2.0 million (Euro 2.3 million as at December 31, 2014) and pertain to prepaid rents that extend over the current year.

Deposits are mostly related to the amounts paid on behalf of the lessee as a guarantee to the lease agreement.

There are no differences between the amounts included in the consolidated financial statements and their fair values.

5.9 TRADE PAYABLES

Trade payables amount to Euro 113.0 million (Euro 112.3 million as at December 31, 2014) and pertain to current amounts due to suppliers for goods and services. These payables pertain to amounts that are payable within the upcoming year and do not include amounts that will be paid over 12 months.

In 2015 and 2014 there are no outstanding positions associated to individual suppliers that exceed 10% of the total value.

There are no differences between the amounts included in the consolidated financial statements and their respective fair values.

Please refer to paragraph 9.1 for an analysis of trade payable denominated in foreign currencies.

5.10 OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities (Euro/000)	December 31, 2015	December 31, 2014
Deferred income and accrued expenses - current	1,494	1,989
Advances and payments on account to customers	3,283	2,443
Employee and social institutions	16,556	13,416
Tax accounts payable, excluding income taxes	5,626	7,681
Other current payables	5,251	4,441
Other current liabilities	32,210	29,970
Deferred income and accrued expenses - non-current	6,222	3,489
Other non-current liabilities	6,222	3,489
Total	38,432	33,459

The caption deferred income and accrued expenses current pertains mainly to accrued expenses on rents. The caption taxes payable includes mainly value added tax (VAT) and payroll tax withholding. The caption deferred income and accrued expenses non current pertains to accrued expenses on rents extending over a year.

5.11 TAX ASSETS AND LIABILITIES

Tax assets amount to Euro 4.2 million as at December 31, 2015 (Euro 5.9 million as at December 31, 2014) and they pertain to receivables for advance payments.

Tax liabilities amounted to Euro 36.6 million as at December 31, 2015 (Euro 43.6 million as at December 31, 2014). They are recognized net of current tax assets, where the offsetting relates to the same tax jurisdiction and tax system.

5.12 NON-CURRENT PROVISIONS

Provision rollforward is described in the following table:

Provision for contingencies and losses (Euro/000)	January 01, 2015	Increase	Decrease	Translation differences	Other movements	December 31, 2015
Tax litigations	(1,015)	0	0	0	0	(1,015)
Other non current contingencies	(2,095)	(3,001)	505	(82)	0	(4,673)
Total	(3,110)	(3,001)	505	(82)	0	(5,688)

Provision for contingencies and losses (Euro/000)	January 01, 2014	Increase	Decrease	Translation differences	Other movements	December 31, 2014
Tax litigations	(1,015)	0	0	0	0	(1,015)
Other non current contingencies	(2,147)	(771)	817	6	0	(2,095)
Total	(3,162)	(771)	817	6	0	(3,110)

The caption other non-current contingencies includes the costs for restoring stores and the legal costs associated with ongoing disputes.

5.13 PENSION FUNDS AND AGENTS LEAVING INDEMNITIES

The rollforward of the funds are depicted in the following table:

Provision for contingencies and losses (Euro/000)	January 01, 2015	Increase	Decrease	Translation differences	Other movements	December 31, 2015
Pension funds	(2,146)	(190)	165	0	183	(1,988)
Agents leaving indemnities	(2,966)	(39)	389	0	0	(2,616)
Total	(5,112)	(229)	554	0	183	(4,604)

Provision for contingencies and losses (Euro/000)	January 01, 2014	Increase	Decrease	Translation differences	Other movements	December 31, 2014
Pension funds	(1,814)	(182)	102	0	(252)	(2,146)
Agents leaving indemnities	(4,641)	(201)	1,876	0	0	(2,966)
Total	(6,455)	(383)	1,978	0	(252)	(5,112)

The pension funds pertain mainly to the Italian entities of the Group. Following the recent welfare reform, beginning on January 1, 2007, the liability has taken the form of a defined contribution plan. Therefore, the amount of pension fund (TFR) accrued prior to the application of the reform and not yet paid to the employees as of the date of the consolidated financial statements is considered as a defined benefit plan which rollforward is included in the following table:

Employees pension funds - movements (Euro/000)	December 31, 2015	December 31, 2014
Net recognized liability - opening	(2,082)	(1,748)
Interest costs	(31)	(57)
Service costs	(159)	(125)
Payments	175	100
Actuarial Gains/(Losses)	183	(252)
Net recognized liability - closing	(1,914)	(2,082)

5.14 FINANCIAL LIABILITIES

Financial liabilities are detailed in the following table:

Borrowings (Euro/000)	December 31, 2015	December 31, 2014
Bank overdraft	2,522	1,019
Short-term bank loans	3	27,356
Short-term portion of long-term bank loans	68,283	42,916
Other short-term loans	374	9,040
Short-term borrowings	71,182	80,331
Long-term borrowings	127,016	154,243
Total	198,198	234,574

Short-term borrowings include advance payments on invoices, bank receipts and short-term loans related to working capital as well as the current portion of long-term bank loans.

Long-term borrowings include the portion with a due date greater than a year payable both to financial institution and third parties.

The following tables show the break down of the borrowing in accordance with their maturity date:

Ageing of the financial liabilities

(Euro/000)	December 31, 2015	December 31, 2014
Within 2 years	62,022	66,703
From 2 to 5 years	64,994	87,540
Beyond 5 years	0	0
Total	127,016	154,243

No new medium/long-term loans were taken out during 2015. The change in short and long terms borrowings reflects the normal repayment instalments as per the related agreements.

As at December 31, 2015, the company Moncler S.p.A. had an outstanding loan of Euro 48 million (Euro 60 million as at December 31, 2014), payable on a half-year basis and expiring on December 31, 2017. At the same date, the Group had medium term unsecured loans for Euro 84.7 million (Euro 104.5 million as at December 31, 2014).

The loans do not include covenants.

As at December 31, 2015, the IRS contracts hedging the exposure to interest rate risk on outstanding unsecured loans were terminated upon expiry.

As at December 31, 2014, the current amount of the long-term bank loans also included the negative fair value of the IRS contract of Euro 0.7 million.

Finally, the caption other short-term loans includes also the negative fair value, equal to Euro 0.4 million (negative Euro 3.9 million as at December 31, 2014), related to the contracts to hedge the exchange rate risk. Please refer to note 9.1 for more details.

The net financial position is detailed in the following table:

Net financial position

(Euro/000)	December 31, 2015	December 31, 2014
Cash and cash equivalents	148,603	123,419
Debts and other current financial liabilities	(71,182)	(80,331)
Debts and other non-current financial liabilities	(127,016)	(154,243)
Total	(49,595)	(111,155)

Net financial position

(Euro/000)	December 31, 2015	December 31, 2014
A. Cash in hand	976	947
B. Cash at banks and cash equivalents	147,627	122,472
C. Available for sale securities	0	0
D. Liquidity (A)+(B)+(C)	148,603	123,419
E. Current financial assets	0	0
F. Payable to banks, current	(2,526)	(28,375)
G. Current portion of long-term debt	(68,283)	(42,916)
H. Other current financial debt	(374)	(9,040)
I. Current financial debt (F)+(G)+(H)	(71,183)	(80,331)
J. Net current financial debt (I)-(E)-(D)	77,420	43,088
K. Payable to bank, non-current	(64,114)	(121,699)
L. Bonds issued	0	0
M. Other non-current payables	(62,901)	(32,544)
N. Non-current financial debt (K)+(L)+(M)	(127,015)	(154,243)
O. Net financial debt (J)+(N)	(49,595)	(111,155)

Net financial position as defined by the CESR Recommendation of February 10, 2005 (referred to by the Consob Communication of July 28, 2006).

5.15 SHAREHOLDERS' EQUITY

Changes in shareholders' equity for 2015 and the comparative period are included in the consolidated statements of changes in equity.

The legal reserve and premium reserve pertain to the Parent Company Moncler S.p.A.

In 2015 the parent company distributed dividends to the Group Shareholders for an amount of Euro 30 million (Euro 25 million in 2014).

The increase of the share capital and the share premium reserve arises from the exercise of n. 124,458 vested options (for the same number of shares) in relation to the stock option plan approved by the shareholders meeting of Moncler S.p.A. dated February 28, 2014 at the exercise price of Euro 10.20 per share.

The other changes in shareholders' equity result from the accounting treatment of stock option plans. The change in retained earnings mainly relates to the payment of dividends to shareholders and the adjustment to market value of the financial liabilities towards non-banking parties.

The caption other reserves includes other comprehensive income comprising the exchange rate translation reserve of financial statements reported in foreign currencies, the reserve for hedging interest rate risks and exchange rates risks and the reserve for actuarial gains/losses. The translation reserve includes the exchange differences emerging from the conversion of the financial statements of the foreign consolidated companies; the changes are mainly due to the differences resulting from the consolidation of the American companies and of the Japanese company. The hedging reserve includes the effective portion of the net differences accumulated in the fair value of the derivative hedge instruments. Changes to these reserves were as follows:

Other comprehensive income (Euro/000)	Cumulative translation adj. reserve			Other OCI items		
	Value before tax effect	Tax effect	Value after tax effect	Value before tax effect	Tax effect	Value after tax effect
Reserve as at January 1, 2014	(4,931)	0	947	(170)	19	(151)
Changes in the period	4,294	0	4,294	(1,144)	320	(824)
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
Reserve as at December 31, 2014	(637)	0	(637)	(1,314)	339	(975)
Reserve as at January 1, 2015	(637)	0	(637)	(1,314)	339	(975)
Changes in the period	4,218	0	4,218	1,289	(354)	935
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
Reserve as at December 31, 2015	3,581	0	3,581	(25)	(15)	(40)

EARNING PER SHARE

Earning per share for the years ended December 31, 2015 and December, 31 2014 is included in the following table and is based on the relationship between net income attributable to the Group and the outstanding shares.

The diluted earnings per share is in line with the basic earnings per share as at December, 31 2015 as there are no significant dilutive effects arising from Stock Option Plans.

Earnings per share	December 31, 2015	December 31, 2014
Net result of the period (Euro/000)	167,863	130,338
Average number of shares related to parent's Shareholders	250,086,129	250,000,000
Earnings attributable to Shareholders (Unit of Euro)	0.67	0.52
Diluted earnings attributable to Shareholders (Unit of Euro)	0.67	0.52

6. SEGMENT INFORMATION

For the purposes of IFRS 8 “Operating Segments”, the Group’s activity is part of a single operating segment.

7. COMMITMENTS AND GUARANTEES GIVEN

7.1 COMMITMENTS

The Group’s commitments pertain mostly to lease agreements related to the location where sales are generated (stores, outlets and showrooms), the location where inventories are stored and the location where the administrative functions are performed.

As at December 31, 2015, the outstanding operating lease balance was as follows:

Operating lease commitments - future minimum payments (Euro/000)	Less than 1 year	Between 1 and 5 years	Beyond 5 years	Total
DOS	43,218	142,641	108,629	294,488
Outlets	3,893	14,458	10,154	28,506
Other buildings	5,286	19,852	12,160	37,298

As of December 31 2014, the outstanding operating lease balance was as follows:

Operating lease commitments - future minimum payments (Euro/000)	Less than 1 year	Between 1 and 5 years	Beyond 5 years	Total
DOS	30,408	73,181	49,732	153,321
Outlets	1,687	5,430	4,235	11,352
Other buildings	5,261	19,737	15,526	40,524

7.2 GUARANTEES GIVEN

As at December 31, 2015 the Group had given the following guarantees:

Guarantees and bails given (Euro/000)	December 31, 2015	December 31, 2014
Guarantees and bails given for the benefit of:		
Third parties/companies	10,115	8,869
Total guarantees and bails	10,115	8,869

Guarantees pertain mainly to lease agreements for the new stores.

8. CONTINGENT LIABILITY

As the Group operates globally, it is subject to legal and tax risks which may arise during the performance of its ordinary activities. Based on information available to date, the Group believes that as of the date of the consolidated financial statements, the provisions set up in consolidated financial statements are adequate to ensure that the consolidated financial statements give a true and fair view of the Group's financial position and results of operations.

9. INFORMATION ABOUT FINANCIAL RISKS

The Group's financial instruments include cash and cash equivalents, loans, receivables and trade payables and other current receivables and payables and non-current assets as well as derivatives.

The Group is exposed to financial risks related to its operations: market risk (mainly related to exchange rates and interest rates), credit risk (associated with both regular client relations and financing activities), liquidity risk (with particular reference to the availability of financial resources and access to the credit market and financial instruments) and capital risk.

The financial risk management is carried out by the Headquarter, which ensures primarily that there are sufficient financial resources to meet the needs of business development and that resources are properly invested in income-generating activities.

The Group uses derivative instruments to hedge its exposure to specific market risks, such as the risk associated with fluctuations in exchange rates and interest rates, on the base of the policy established by the Board of Directors.

9.1 MARKET RISK

FOREIGN EXCHANGE RATE RISK

The Group operates internationally and is exposed to foreign exchange rate risk primarily related to the U.S. Dollars, the Japanese Yen and the Chinese Renminbi and to a lesser extent to the Hong Kong Dollars, the British Pounds, Koreans Dollars and the Swiss Francs.

The Group regularly assesses its exposure to financial market risks and manages these risks through the use of derivative financial instruments, in accordance with its established risk management policies.

The Group's policy permits derivatives to be used only for managing the exposure to fluctuations in exchange rates connected with future cash flows and not for speculative purposes.

During 2015 the Group has put in place a policy to hedge the exchange rates risk on transactions with reference to the major currencies to which it is exposed: USD, JPY, CNY, HKD, GBP, KRW and CHF.

The instruments used for these hedges are mainly Currency Forward Contracts and Currency Option Contracts.

The Group uses derivative financial instruments as cash flow hedges for the purpose of redetermining the exchange rate at which forecasted transactions denominated in foreign currencies will be accounted for. Counterparties to these agreements are major and diverse financial institutions.

The exposure of contingent assets and liabilities denominated in currencies is detailed in the following table (the Euro amount of each currency):

Details of the balances expressed in foreign currency (Euro/000)	December 31, 2015										
	Euro	JP Yen	US Dollar	CN Yuan	HK Dollar	CH Franc	GB Pound	KR Won	CA Dollar	Other	Total
Cash and cash equivalent	46,082	12,367	12,741	23,004	14,946	6,107	8,017	8,980	5,282	11,077	148,603
Trade receivable	27,954	25,963	4,875	16,935	636	14	2,882	6,383	1,073	3,067	89,782
Other current assets	11,721	1,415	2,181	1,044	(21)	117	1,293	1,017	0	2,218	20,985
Other non-current assets	5,079	5,004	3,238	2,327	3,823	513	562	762	537	831	22,676
Total assets	90,836	44,749	23,035	43,310	19,384	6,751	12,754	17,142	6,892	17,193	282,046
Trade payables	(80,851)	(12,636)	(3,572)	(4,192)	(3,126)	(391)	(980)	(866)	(371)	(5,984)	(112,969)
Borrowings	(198,094)	0	0	0	0	0	0	(86)	0	(18)	(198,198)
Other current payables	(24,662)	(1,797)	(1,595)	(1,433)	(895)	(369)	(421)	(826)	(122)	(90)	(32,210)
Other non-current payables	(1,347)	0	(4,759)	0	0	0	0	0	(115)	(1)	(6,222)
Total liabilities	(304,954)	(14,433)	(9,926)	(5,625)	(4,021)	(760)	(1,401)	(1,778)	(608)	(6,093)	(349,599)
Total, net foreign positions	(214,118)	30,316	13,109	37,685	15,363	5,991	11,353	15,364	6,284	11,100	(67,553)

Details of the balances expressed in foreign currency (Euro/000)	December 31, 2014									
	Euro	JP Yen	US Dollar	CN Yuan	HK Dollar	CH Franc	GB Pound	Other	Total	
Cash and cash equivalent	37,475	24,053	24,106	11,684	5,493	5,385	7,738	7,485	123,419	
Trade receivable	35,581	18,143	6,644	19,895	716	15	2,731	2,868	86,593	
Other current assets	29,865	260	777	565	435	51	326	1,268	33,547	
Other non-current assets	7,489	818	2,177	1,701	3,088	459	544	975	17,251	
Total assets	110,410	43,274	33,704	33,845	9,732	5,910	11,339	12,596	260,810	
Trade payables	(83,104)	(11,703)	(6,655)	(3,917)	(3,277)	(373)	(1,238)	(2,056)	(112,323)	
Borrowings	(234,574)	0	0	0	0	0	0	0	(234,574)	
Other current payables	(22,243)	(2,092)	(1,565)	(1,278)	(491)	(243)	(1,261)	(797)	(29,970)	
Other non-current payables	(437)	0	(3,052)	0	0	0	0	0	(3,489)	
Total liabilities	(340,358)	(13,795)	(11,272)	(5,195)	(3,768)	(616)	(2,499)	(2,853)	(380,356)	
Total, net foreign positions	(229,948)	29,479	22,432	28,650	5,964	5,294	8,840	9,743	(119,546)	

At the reporting date, the Group had outstanding hedges for Euro 29.9 million (Euro 39.6 million as at December 31, 2014) against receivables still to be collected and outstanding hedges for Euro 65.6 million (Euro 23.4 million as at December 31, 2014) against future revenues. As far as the currency transactions are concerned, it should be noted that a + / -1% change in their exchange rates would have the following effects:

Details of the transactions expressed in foreign currency (Euro/000)	JP Yen	US Dollar	CN Yuan	Other
Effect of an exchange rate increase amounting to +1%				
Revenue	1,620	1,694	1,155	2,158
Operating profit	848	857	685	1,290
Effect of an exchange rate decrease amounting to -1%				
Revenue	(1,585)	(1,549)	(1,139)	(2,137)
Operating profit	(1,027)	(1,289)	(683)	(1,241)

With reference to the provisions of IFRS 13, it should be pointed out that the category of financial instruments measured at fair value are mainly attributable to the hedging of exchange rates risk. The valuation of these instruments is based on the discounting of future cash flows considering the exchange rates at the reporting date (level 2 as explained in the section related to principles).

INTEREST RATE RISK

The Group's exposure to interest-rate risk is mainly related to cash, cash equivalents and bank loans and it is centrally managed by the Headquarter.

On December 31, 2015, Moncler S.p.A. has a loan in the amount of Euro 60 million, received in a lump sum, payable on a half-year basis and expiring on December 31, 2017. The applicable interest rate is Euribor plus a market spread.

Furthermore, at the same date, the Group had medium term unsecured loans for Euro 84.7 million (Euro 104.5 million as at December 31, 2014).

As at December 31, 2015, there were no interest rate hedges, because the Interest Rate Swap (IRS) contracts taken out in previous years have terminated.

As far as financial debts are concerned, a fluctuation of +/- 0.25% in the interest rate would have led to a worsening of Euro 389 thousand in financial charges and an improvement of Euro 441 thousand.

9.2 CREDIT RISK

The Group has no significant concentrations of financial assets (trade receivables and other current assets) with a high credit risk. The Group's policies related to the management of financial assets are intended to reduce the risks arising from non solvency of wholesale customers. Sales in the retail channel are made through cash and credit cards. In addition, the amount of loans outstanding is constantly monitored, so that the Group's exposure to bad debts is not significant and the percentage of writeoffs remain low. The maximum exposure to credit risk for the Group at December 31, 2015 is represented by the carrying amount of trade receivables reported in the consolidated financial statements.

As far as the credit risk arising from other financial assets other than trade receivables (including cash and short-term bank deposits) is concerned, the theoretical credit risk for the Group arises from default of the counterparty with a maximum exposure equal to the carrying amount of financial assets recorded in the consolidated financial statements, as well as the nominal value of guarantees given for third parties debts or commitments indicated in paragraph 8 of the Explanatory Notes. The Group's policies limit the amount of credit exposure in different banks.

9.3 LIQUIDITY RISK

Liquidity risk arises from the ability to obtain financial resources at a sustainable cost in order for the Group to conduct its daily business operations. The factors that influence this risk are related to the resources generated/absorbed by operating activities, by investing and financing activities and by availability of funds in the financial market.

Following the dynamic nature of the business, the Group has centralized its treasury functions in order to maintain the flexibility in finding financial sources and maintain the availability of credit lines. The procedures in place to mitigate the liquidity risk are as follows:

- centralized treasury management and financial planning. Use of a centralized control system to manage the net financial position of the Group and its subsidiaries;
- obtaining adequate credit lines to create an adequate debt structure to better use the liquidity provided by the credit system;
- continuous monitoring of future cash flows based on the Group budget.

Management believes that the financial resources available today, along with those that are generated by the current operations will enable the Group to achieve its objectives and to meet its investment needs and the repayment of its debt at the agreed upon maturity date.

It should also be noted, with reference to the provisions of IFRS 13, financial liabilities relating to commitment to purchase minority interests are accounted for at fair value based on valuation models primarily attributable to level 3, as explained in the section related to principles.

It is reported in the following table an analysis of the contractual maturities (including interests), for financial liabilities.

Non derivative financial liabilities (Euro/000)	Contractual cash flows								
	Total book value	Total	6 months or less	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	more than 5 years
Bank overdrafts	2,522	2,522	2,522	0	0	0	0	0	0
Self-liquidating loans	3	3	3	0	0	0	0	0	0
Financial debt to third parties	0	0	0	0	0	0	0	0	0
Unsecured loans	132,397	134,132	30,722	38,716	62,583	2,111	0	0	0

Derivative financial liabilities (Euro/000)	Contractual cash flows								
	Total book value	Total	6 months or less	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	more than 5 years
Interest rate swap hedging	0	0	0	0	0	0	0	0	0
Forward contracts on exchange rate hedging	374	374	374	0	0	0	0	0	0
- Outflows	374	374	374	0	0	0	0	0	0
- Inflows	0	0	0	0	0	0	0	0	0

9.4 OPERATING AND CAPITAL MANAGEMENT RISKS

In the management of operating risk, the Group's main objective is to manage the risks associated with the development of business in foreign markets that are subject to specific laws and regulations. The Group has implemented guidelines in the following areas:

- appropriate level of segregation of duties;
- reconciliation and constant monitoring of significant transactions;
- documentation of controls and procedures;
- technical and professional training of employees;
- periodic assessment of corporate risks and identification of corrective actions.

As far as the capital management risk is concerned, the Group's objectives are aimed at the going concern issue in order to ensure a fair economic return to shareholders and other stakeholders while maintaining a good rating in the capital debt market. The Group manages its capital structure and makes adjustments in line with changes in general economic conditions and with the strategic objectives.

10. OTHER INFORMATION

10.1 RELATED PARTY TRANSACTIONS

Set out below are the transactions with related parties deemed relevant for the purposes of the “Procedure with related party” adopted by the Group.

The “Procedure with related party” is available on the Company’s website (www.monclergroup.com, under “Governance/ Corporate documents”).

Transactions and balances with consolidated companies have been eliminated during consolidation and are therefore not commented here.

During 2015, related party transactions mainly relate to trading transactions carried out on an arm’s length basis with the following parties:

- Yagi Tsusho Ltd, counterparty to the transaction which led to the establishment of Moncler Japan Ltd., acquires finished products from Moncler Group companies (Euro 50.2 million in 2015 and Euro 42.2 million in 2014) and then sells them to Moncler Japan Ltd. (Euro 59.2 million in 2015 and Euro 47.8 million in 2014) pursuant to contract agreed upon the company’s establishment.
- Gokse Tekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi, company held by the minority share holder of Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. Sti, provides services to that company by virtue of the contract signed at the time of incorporation of the company. Total costs recognized for 2015 amount to Euro 0.2 million (Euro 0.2 million in 2014).
- Allison S.p.A., counterparty to the transaction which led to the establishment of Moncler Lunettes S.r.l., provides finished products and charges rental and services to the latter pursuant to a contract agreed upon its establishment. Total costs recognized in 2015 amount to Euro 0.4 million (Euro 0.9 million in 2014).
- The company La Rotonda S.r.l., owned by a manager of the Moncler Group, acquires finished products from Industries S.p.A. and provides services to the same. Total revenues recognized for 2015 amount to Euro 0.4 million (same amount in 2014) and total costs recognized for 2015 amount to Euro 0.1 million (Euro 0.2 in 2014).

Industries S.p.A., Moncler Lunettes S.r.l. and, beginning in 2014, Moncler Enfant S.r.l. adhere to the Parent Company Moncler S.p.A. fiscal consolidation.

COMPENSATION PAID TO DIRECTORS, BOARD OF STATUTORY AUDITORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Compensation paid of the members of the Board of Directors in 2015 are Euro 3,666 thousand (Euro 3,212 thousand in 2014).

Compensation paid of the members of the Board of Auditors in 2015 are Euro 190 thousand (Euro 245 thousand in 2014). In 2015 total compensation paid to executives with strategic responsibilities amounted to Euro 2,149 thousand (Euro 1,269 thousand in 2014).

In 2015 the costs relating to Stock Option Plans (described in section 10.2) referring to members of the Board of Directors and Key management personnel amount to Euro 3,059 thousand (Euro 2,420 thousand in 2014).

The following tables summarize the afore-mentioned related party transactions that took place during 2015 and the prior year.

(Euro/000)	Type of relationship	Notes	December 31, 2015	%	December 31, 2014	%
Yagi Tsusho Ltd	Distribution agreement	a	50,237	(22.3)%	42,200	(21.9)%
Yagi Tsusho Ltd	Distribution agreement	a	(59,169)	26.2%	(47,755)	24.8%
GokseTekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi	Service agreement	b	(223)	0.3%	(219)	0.3%
Allison S.p.A.	Trade transactions/ Service agreement	b	(448)	0.6%	(911)	1.4%
La Rotonda S.r.l.	Trade transactions	c	413	0.0%	385	n.a.
La Rotonda S.r.l.	Trade transactions	d	(148)	0.1%	(167)	n.a.
Directors, board of statutory auditors and executives with strategic responsibilities	Labour services	b	(5,468)	6.9%	(4,245)	6.4%
Executives with strategic responsibilities	Labour services	d	(537)	0.2%	(483)	0.3%
Directors and executives with strategic responsibilities	Labour services	e	(3,059)	26.9%	(2,420)	n.a.
Total			(18,402)		(13,615)	

a effect in % based on cost of sales
b effect in % based on general and administrative expenses
c effect in % based on revenues
d effect in % based on selling expenses
e effect in % based on non-recurring expenses

(Euro/000)	Type of relationship	Notes	December 31, 2015	%	December 31, 2014	%
Yagi Tsusho Ltd	Trade payables	a	(8,426)	7.5%	(6,826)	6.1%
Yagi Tsusho Ltd	Trade receivables	b	6,722	7.5%	928	1.1%
Gokse Tekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi	Trade payables	a	(19)	0.0%	(85)	0.1%
Allison S.p.A.	Trade payables	a	0	0.0%	(207)	0.2%
La Rotonda S.r.l.	Trade receivables	b	291	0.3%	202	n.a.
La Rotonda S.r.l.	Trade payables	a	0	0.0%	(45)	n.a.
Directors, board of statutory auditors and executives with strategic responsibilities	Other current liabilities	c	(2,696)	8.4%	(1,896)	6.3%
Total			(4,128)		(7,929)	

a effect in % based on trade payables
b effect in % based on trade receivables
c effect in % based on other current liabilities

The following tables summarize the weight of related party transactions on the Consolidated Financial Statements as at and for the years ended December 31, 2015 and 2014:

	December 31, 2015							
	Revenue	Cost of sales	Selling expenses	General and administrative expenses	Non-recurring income/(expenses)	Trade receivables	Trade Payables	Other current liabilities
Total related parties	413	(8,932)	(685)	(6,139)	(3,059)	7,013	(8,445)	(2,696)
Total consolidated financial statements	880,393	(225,495)	(253,448)	(79,535)	(11,389)	89,782	(112,969)	(32,210)
weight %	0.0%	4.0%	0.3%	7.7%	26.9%	7.8%	7.5%	8.4%

	December 31, 2014							
	Revenue	Cost of sales	Selling expenses	General and administrative expenses	Non-recurring income/(expenses)	Trade receivables	Trade Payables	Other current liabilities
Total related parties	385	(5,555)	(650)	(5,375)	(2,420)	1,130	(7,163)	(1,896)
Total consolidated financial statements	694,189	(192,524)	(182,966)	(66,043)	(5,034)	86,593	(112,323)	(29,970)
weight %	0.1%	2.9%	0.4%	8.1%	48.1%	1.3%	6.4%	6.3%

10.2 STOCK OPTION PLANS

The Consolidated Financial Statements at December 31, 2015 reflect the values of the Stock Option Plans approved in 2014 and 2015.

With regard to Stock Option Plans approved in 2014, please note that:

- The Stock Option Plan 2014-2018 “Top Management and Key People” provides for a vesting period ending with the approval of the Consolidated Financial Statements as at December 31, 2016. Each beneficiary may exercise the options granted on condition that the specific performance goals related to Group’s consolidated EBITDA are achieved. The exercise price of the options is equal to Euro 10.20 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The Stock Option Plan 2014-2018 “Italian Corporate Structures” provides for three separate tranches with a vesting period starting from the grant date of the plan until the approval date by the Board of Directors of the Consolidated Financial Statements respectively as at December 31, 2014, 2015 and 2016. Each beneficiary may exercise the options granted on condition that the specific performance goals related to Group’s consolidated EBITDA are achieved. The exercise price of the options is equal to Euro 10.20 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The fair value of stock options was estimated at the grant date using the Black-Scholes method, based on the following assumptions:
 - share price at the grant date of the options Euro 13.27;
 - estimated life of options equal to the period from the grant date to the following estimated exercise dates:
 - “Top Management and Key People” Plan: March 1, 2018;
 - “Italian Corporate Structures” Plan: I tranche March 1, 2017, II tranche August 31, 2017, III tranche March, 1 2018;
 - dividend yield 1%;
 - fair value per tranches from Euro 3.8819 to Euro 4.1597.
- The effect of the two plans on the 2015 income statement amounted to Euro 6.1 million, while the effect on net equity of the exercise of the first tranche of the “Italian Corporate Structures” Plan amounts to Euro 1.2 million.
- As at December 31, 2015 the following options are still in circulation: 4,495,000 options for the “Top Management and Key People” Plan and 261,451 options for the “Italian Corporate Structures” Plan, after that, during 2015, 124,458 options related to the first tranche of the “Italian Corporate Structures” Plan were exercised.

On April 29, 2015, the shareholders meeting of Moncler approved the adoption of the equity-based incentive plan (“2015 Plan”) with the characteristics as described below:

- The 2015 Plan is intended for executive directors and/or Key-managers with strategic responsibilities employees and external consultants and other collaborators of Moncler S.p.A. and its subsidiaries which are considered as having a strategic importance or are otherwise able to make a significant contribution to achieving Group’s strategic objectives;
- The 2015 Plan provides for the assignment of maximum 2,548,225 options through 3 cycles of allocation, free of charge. The options allow, under the conditions established, to subscribe ordinary shares of Moncler S.p.A. The first grant cycle was completed on May 12, 2015, with the allocation of 1,385,000 options. As at December 31, 2015 the following options are still in circulation: 1,375,000 options;
- The exercise price of the options is equal to Euro 16.34 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The 2015 Plan provides for a vesting period of three years between the allocation date and the initial exercise date. The option can be exercised within June 30, 2020 maximum, for the first attribution cycle and June 30, 2021 or June 30, 2022, respectively, for the second and third attribution cycle;
- Each beneficiary may exercise the options granted on condition that the specific performance goals related to Group’s consolidated EBITDA are achieved;
- The effect on the income statement of the stock option plans amounts to Euro 0.5 million, which mainly includes the costs accrued during the period, which calculation is based on the fair value of the plans, which takes into account the value of the share at the grant date, the volatility, the flow of the expected dividends, the option term and the risk-free rate.

- The fair value of 2015 Plan was estimated at the grant date using the Black-Scholes method, based on the following assumptions:
 - share price at the grant date of the options Euro 16.34;
 - estimated life of options equal to the period from the grant date to the following estimated exercise: May 31, 2019;
 - dividend yield 1%;
 - fair value per tranches Euro 3.2877.

As stated by IFRS 2, these plans are defined as Equity Settled.

For information regarding the plan, please see the company's website, www.monclergroup.com, in the "Governance" section.

10.3 SUBSIDIARIES AND MINORITY INTERESTS

Following are the financial information of the subsidiaries that have significant minority interests.

December 31, 2015						
Summary of subsidiary's financial information (Euro/000)	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)	Profit/(Loss) attributable to minority
Moncler Enfant S.r.l.	553	89	464	0	(48)	(24)
Ciolina Moncler SA	777	484	293	1,324	28	14
Moncler Lunettes S.r.l.	1,064	387	677	2,244	84	41
White Tech Sp.z.o.o.	134	28	106	7	31	9

December 31, 2014						
Summary of subsidiary's financial information (Euro/000)	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)	Profit/(Loss) attributable to minority
Moncler Enfant S.r.l.	1,319	187	1,131	387	(182)	(91)
Ciolina Moncler SA	902	330	572	1,301	130	64
Moncler Lunettes S.r.l.	3,893	3,300	593	3,119	(619)	(303)
White Tech Sp.z.o.o.	86	11	75	7	(12)	(4)

Profit/(Loss) attributable to minority differs from consolidated Profit/(Loss) attributable to minority since the data are presented gross of intercompany eliminations.

Cash Flow 2015 (*)				
(Euro/000)	Moncler Enfant S.r.l.	Ciolina Moncler SA	Moncler Lunettes S.r.l.	White Tech Sp.z.o.o.
Operating Cash Flow	886	203	1,241	3
Free Cash Flow	910	207	1,154	(2)
Net Cash Flow	291	(108)	1,154	(3)

Cash Flow 2014 (*)				
(Euro/000)	Moncler Enfant S.r.l.	Ciolina Moncler SA	Moncler Lunettes S.r.l.	White Tech Sp.z.o.o.
Operating Cash Flow	2,609	17	(1,421)	(70)
Free Cash Flow	2,710	(21)	(1,264)	(68)
Net Cash Flow	(4,569)	(11)	(264)	18

(*) Amounts showed according to the Cash Flow Statements included in the Directors' Report.

10.4 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

On April, 29 2015, the Moncler Ordinary Shareholders' Meeting approved an incentive loyalty plan, known as "Performance Stock Option 2015".

The description of the incentive loyalty plans and the related costs are included in note 10.2.

10.5 ATYPICAL AND/OR UNUSUAL TRANSACTIONS

It should be noted that during 2015 the Group did not enter into any atypical and/or unusual transactions.

10.6 FEES PAID TO INDEPENDENT AUDITORS

Fees paid to independent auditors are summarized below:

Audit and attestation services (Euro)	Entity that has provided the service	Fees 2015
Audit	KPMG S.p.A.	245,026
	Network KPMG S.p.A.	198,857
Attestation services	KPMG S.p.A.	33,740
	Network KPMG S.p.A.	6,933
Other services	KPMG S.p.A.	22,000
	Network KPMG S.p.A.	177,790
Total		684,346

11. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

SHARE PURCHASES PLAN

On February 2, 2016, Moncler launched a share purchases plan in implementation of the shareholders' meeting resolution of April 23, 2015, pursuant to arts. 2357 and 2357-ter of the Italian Civil Code. The treasury shares acquired in implementation of this resolution shall be used to establish a "stock of shares" that may be used to meet obligations deriving from possible programs for the distribution, against payment or free of charge, of the Company's stock options or shares to directors, employees and associates of the Company or its subsidiaries.

Under the aforementioned share purchases plan completed on February 12, 2016 Moncler bought 1,000,000 Company shares, equal to 0.4% of the current share capital, for a total amount of Euro 12.8 million.

The Consolidated Financial Statements, comprised of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes to the consolidated financial statements give a true and fair view of the financial position and the results of operations and cash flows and corresponds to the accounting records of the Parent Company and the companies included in the consolidation.

On behalf of the Board of Directors of Moncler S.p.A.

The Chairman
Remo Ruffini

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SEPARATE FINANCIAL STATEMENTS

MONCLER S.P.A. FINANCIAL STATEMENTS

EXPLANATORY NOTES
TO THE SEPARATED FINANCIAL STATEMENTS

Moncler S.p.A. - Registered office: Via Stendhal 47, MILAN - ITALY
Share capital: Euro 50,024,891.60 i.v. - Registration number CCIAA: MI-1763158 - Tax code: 04642290961



MONCLER S.P.A. FINANCIAL STATEMENTS





INCOME STATEMENT

Income statement (Euro)	Notes	December 31, 2015	of which related parties (note 8.1)	December 31, 2014	of which related parties (note 8.1)
Revenue	3.1	147,114,040	146,973,991	116,658,220	116,393,847
General and administrative expenses	3.2	(14,123,060)	(3,810,634)	(10,940,145)	(3,464,812)
Advertising and promotion expenses	3.3	(27,439,689)	(236,994)	(23,496,734)	(46,272)
Non-recurring income/(expenses)	3.4	(2,489,733)	(1,837,171)	(2,023,172)	(1,540,204)
Operating result		103,061,558		80,198,169	
Financial income	3.6	10,740		15,011,902	
Financial expenses	3.6	(1,890,570)	(845,600)	(7,454,205)	(669,666)
Income before taxes		101,181,728		87,755,866	
Income taxes	3.7	(24,279,628)		(23,580,320)	
Net result		76,902,100		64,175,546	

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income (Euro)	Notes	December 31, 2015	December 31, 2014
Net profit (loss) for the period		76,902,100	64,175,546
Gains/(Losses) on fair value of hedge derivatives	4.14	5,653	(173,804)
Items that are or may be reclassified to profit or loss		5,653	(173,804)
Actuarial Gains/(Losses) on pension funds	4.14	65,522	(69,342)
Items that will never be reclassified to profit or loss		65,522	(69,342)
Other comprehensive income/(loss), net of tax		71,175	(243,146)
Total Comprehensive income/(loss)		76,973,275	63,932,400

STATEMENT OF FINANCIAL POSITION

Statement of financial position (Euro)	Notes	December 31, 2015	of which related parties (note 8.1)	December 31, 2014	of which related parties (note 8.1)
Brands and other intangible assets - net	4.1	226,544,658		225,080,704	
Property, plant and equipment - net	4.3	830,697		933,839	
Investments in subsidiaries	4.4	222,534,374		220,813,523	
Deferred tax assets	4.5	1,967,548		2,572,014	
Non-current assets		451,877,277		449,400,080	
Trade accounts receivable	4.6	66,756		67,976	
Intra-group accounts receivable	4.6	48,533,479	48,533,479	323,806	323,806
Income taxes	4.13	0		0	
Other current assets	4.8	2,088,753		1,882,562	
Other current assets intra-group	4.8	40,000	40,000	21,393,248	21,393,248
Cash and cash equivalent	4.7	788,241		532,003	
Current assets		51,517,229		24,199,595	
Total assets		503,394,506		473,599,675	
Share capital	4.14	50,024,892		50,000,000	
Premium reserve	4.14	108,284,263		107,039,683	
Other reserve	4.14	88,300,525		47,460,246	
Net result	4.14	76,902,100		64,175,546	
Equity		323,511,780		268,675,475	
Long-term borrowings	4.12	23,972,007		47,911,236	
Employees pension fund	4.11	441,700		469,156	
Deferred tax liabilities	4.5	63,638,389		71,152,180	
Non-current liabilities		88,052,096		119,532,572	
Short-term borrowings	4.12	23,939,230		12,588,900	
Intra-group short-term borrowings	4.12	22,802,107	22,802,107	10,837,684	10,837,684
Trade accounts payable	4.9	14,718,214		14,304,352	
Intra-group accounts payable	4.9	410,844	410,844	1,433,894	1,433,894
Income taxes	4.13	14,895,250		25,671,779	
Other current liabilities	4.10	3,363,140	1,907,145	2,537,715	1,448,317
Other current liabilities intra-group	4.10	11,701,845	11,701,845	18,017,304	18,017,304
Current liabilities		91,830,630		85,391,628	
Total liabilities and equity		503,394,506		473,599,675	

STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity				
(Euro)	Notes	Share capital	Premium reserve	Legal reserve
Shareholders' equity at January 1, 2014	4.14	50,000,000	107,039,683	10,000,000
Allocation of Last Year Result		0	0	0
Reclassification		0	0	0
Dividends		0	0	0
Other movements in Equity		0	0	0
Result of the period		0	0	0
Shareholders' equity at December 31, 2014	4.14	50,000,000	107,039,683	10,000,000
Shareholders' equity at January 1, 2015	4.14	50,000,000	107,039,683	10,000,000
Allocation of Last Year Result		0	0	0
Share capital and reserves increase		24,892	1,244,580	0
Reclassification		0	0	0
Dividends		0	0	0
Other movements in Equity		0	0	0
Result of the period		0	0	0
Shareholders' equity at December 31, 2015	4.14	50,024,892	108,284,263	10,000,000

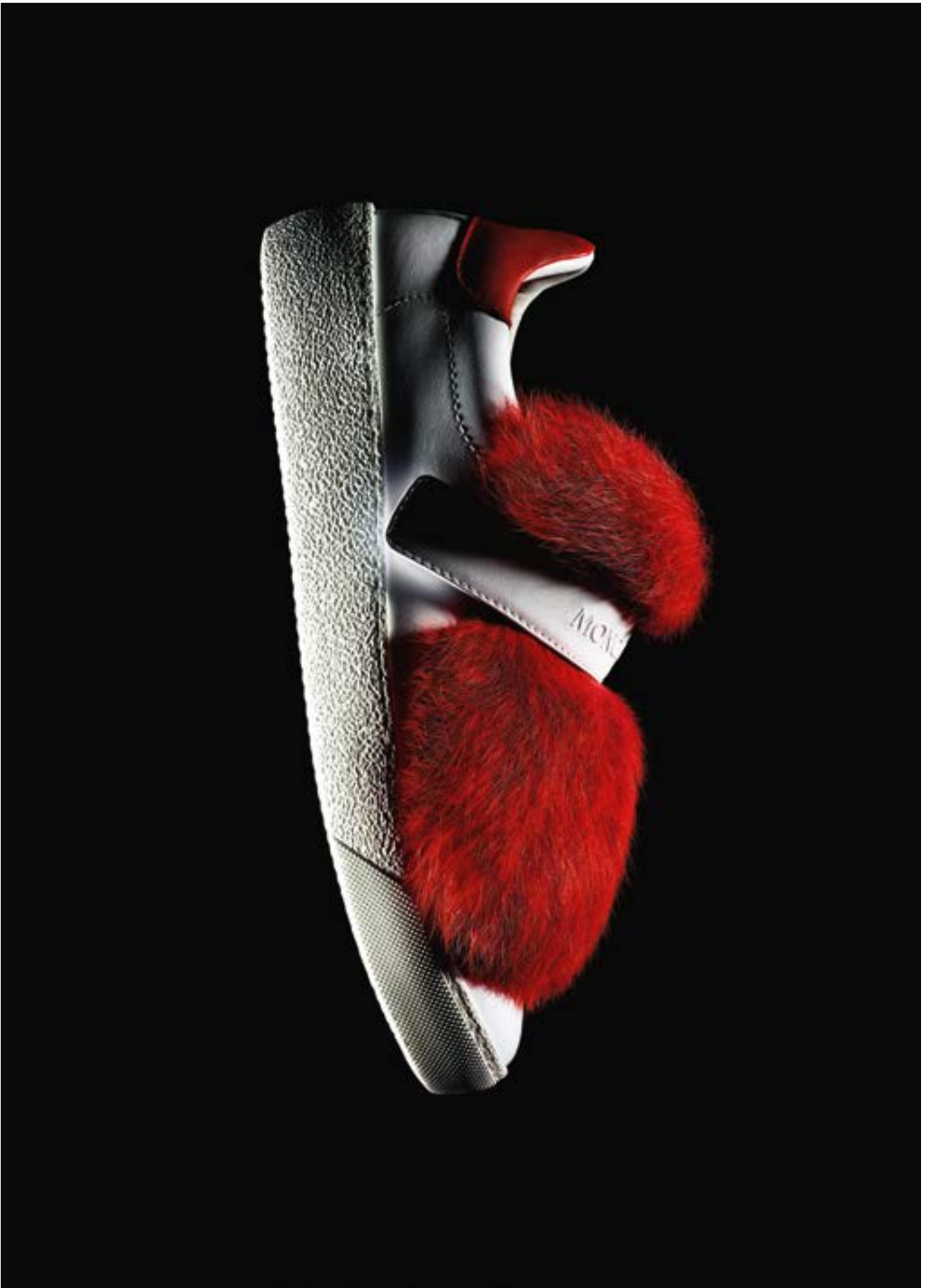
Other comprehensive income	Other reserves IFRS 2 reserve	Retained earnings	Result of the period	Net Equity
124,321	0	26,758,249	31,298,544	225,220,797
0	0	31,298,544	(31,298,544)	0
0	0	0	0	0
0	0	(25,000,000)	0	(25,000,000)
(243,146)	4,522,278	0	0	4,279,132
0	0	0	64,175,546	64,175,546
(118,825)	4,522,278	33,056,793	64,175,546	268,675,475
(118,825)	4,522,278	33,056,793	64,175,546	268,675,475
0	0	64,175,546	(64,175,546)	0
0	0	0	0	1,269,472
0	0	0	0	0
0	0	(30,013,645)	0	(30,013,645)
71,175	6,607,203	0	0	6,678,378
0	0	0	76,902,100	76,902,100
(47,650)	11,129,481	67,218,694	76,902,100	323,511,780

STATEMENT OF CASH FLOW

Statement of cash flow (Euro/000)	Fiscal Year 2015	of which related parties (note 8.1)	Fiscal Year 2014	of which related parties (note 8.1)
Cash flow from operating activities				
Net result of the period	76,902,100		64,175,546	
Depreciation and amortization	970,056		529,650	
Impairment of investments	0		346,307	
Net financial (income)/expenses	1,643,937		(7,904,004)	
Other non cash (income)/expenses	2,307,903		1,811,470	
Income tax expenses	24,279,628		23,580,320	
Changes in trade receivables - (Increase)/Decrease	(48,208,453)	(48,209,673)	2,286,705	2,343,872
Changes in trade payables - Increase/(Decrease)	(414,971)	(1,023,050)	6,940,939	623,679
Changes in other current assets/liabilities	(230,333)	458,828	(4,496,621)	1,047,367
Cash flow generated/(absorbed) from operating activities	57,249,867		87,270,312	
Interest paid	(1,573,441)		(6,538,455)	
Interest received	10,740		11,902	
Income tax paid	(26,958,214)		(2,635,561)	
Changes in other non-current assets/liabilities	59,454		111,082	
Net cash flow from operating activities (a)	28,788,406		78,219,280	
Cash flow from investing activities				
Purchase of tangible and intangible fixed assets	(2,330,868)		(708,099)	
Investments	2,578,449		(510,000)	
Dividends received	0		15,000,000	
Net cash flow from investing activities (b)	247,581		13,781,901	
Cash flow from financing activities				
Repayment of borrowings	(12,000,000)		(120,000,000)	
Proceeds from borrowings	0		59,830,000	
Changes in intercompany short term borrowings	11,964,424	11,964,423	(10,554,914)	(10,554,914)
Dividends paid to shareholders	(30,013,645)		(25,000,000)	
Share Capital and reserves increase	1,269,472		0	
Net cash flow from financing activities (c)	(28,779,749)		(95,724,914)	
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	256,238		(3,723,733)	
Cash and cash equivalents at the beginning of the period	532,003		4,255,736	
Net increase/(decrease) in cash and cash equivalents	256,238		(3,723,733)	
Cash and cash equivalents at the end of the period	788,241		532,003	

On behalf of the Board of Directors of Moncler S.p.A.

The Chairman
Remo Ruffini



EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS





1. GENERAL INFORMATION

1.1 MONCLER S.P.A.

Moncler S.p.A. (the “Company” or “Moncler”) is a company established and domiciled in Italy, with its registered office located at Via Stendhal 47 Milan, Italy, and registration number of 04642290961. It is the parent company for the Moncler Group (hereinafter referred to as the “Group”) comprising Industries S.p.A., the Italian subsidiary, and 30 other subsidiaries.

The Company’s principal activities are the study, design, production and distribution of clothing for men, women and children and related accessories under the Moncler brand name.

The Moncler Group companies run their businesses in accordance with the guidelines and the strategies set up by Moncler’s Board of Directors.

The Company also prepares the consolidated financial statements and the Management Report in a single document as permitted by. 40/2 *bis*, letter. B Legislative Decree 127/91.

1.2 BASIS FOR THE PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

1.2.1. RELEVANT ACCOUNTING PRINCIPLES

The 2015 separate financial statements (“financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union. IFRS also includes all International Accounting Standards (“IAS”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), previously known as the Standing Interpretations Committee (“SIC”).

The financial statements include the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the explanatory notes to the financial statements.

1.2.2. FINANCIAL STATEMENTS

The Company presents its income statement by destination, the method that is considered most representative for the business at hand. This method is in fact consistent with the internal reporting and management of the business.

With reference to the statement of financial position, a basis of presentation has been chosen which makes a distinction between current and non-current assets and liabilities, in accordance with the provisions of paragraph 60 and thereafter of IAS 1.

The statement of cash flows is prepared under the indirect method.

1.2.3. BASIS FOR MEASUREMENT

The financial statements have been prepared on the historical cost basis except for the measurement of certain financial instruments (i.e. derivative measured at fair value in accordance with IAS 39) and on a going concern basis.

The financial statements are presented in Euro thousand, which is the functional currency of the markets where the Company mainly operates.

The explanatory notes have been prepared in thousands of Euros unless stated otherwise.

1.2.4. USE OF ESTIMATES

The preparation of the financial statements and the related explanatory notes in conformity with IFRS requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. The actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed periodically and any variations are reflected in the income statement in the period in which the estimate is revised if the revision affects only that period or even in subsequent periods if the revision affects both current and future periods. In the event that management's estimate and judgment had a significant impact on the amounts recognized in the financial statements or in case that there is a risk of future adjustments on the amounts recognized for assets and liabilities in the period immediately after the reporting date, the following notes will include the relevant information.

The estimates pertain mainly to the impairment of non-current assets (brand and investments) and the recoverability of deferred tax assets. Following is a brief description of these captions.

RECOVERABLE AMOUNT OF NON-CURRENT ASSETS WITH INDEFINITE USEFUL LIVES AND INVESTMENTS ("IMPAIRMENT")

Management periodically reviews non-current assets, assets held for sale and investments in subsidiaries for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is estimated based on the present value of future cash flows expected to derive from the asset or from the sale of the asset itself, at a suitable discount rate.

When the recoverable amount of a non-current asset is less than its carrying amount, an impairment loss is recognized immediately in the income statement and the carrying amount is reduced to its recoverable amount determined based on value-in-use calculation or its sale's value in an arm's length transaction, with reference to the most recent Group business plan.

RECOVERABILITY OF DEFERRED TAX ASSETS

The Company is subject to income taxes in numerous jurisdictions. Judgment is required in determining the provision for income taxes in each territory. The Company recognizes deferred tax assets when it is expected that they will be realised within a period that is consistent with management estimate and business plans.

2. SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting principles set out below have been applied consistently for fiscal year 2015 and the prior year.

2.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition or manufacturing cost, not revalued net of accumulated depreciation and impairment losses (“impairment”). Cost includes original purchase price and all costs directly attributable to bringing the asset to its working condition for its intended use.

DEPRECIATION

Depreciation of property, plant and equipment is calculated and recognized in the income statement on a straight-line basis over the estimated useful lives as reported in the following table:

Category	Depreciation period
Land	No depreciation
Buildings	From 25 to 33 years
Plant and equipment	From 8 to 12 years
Fixtures and fittings	From 5 to 10 years
Electronic machinery and equipment	From 3 to 5 years
Leasehold improvements	Lower between lease period and useful life of improvements
Other fixed assets	Depending on market conditions generally within the expected utility to the entity

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will take ownership of the asset by the end of the lease term. Depreciation methods, useful lives and residual value are reviewed at each reporting period and adjusted if appropriate.

GAIN/LOSSES ON THE DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Gains and losses on the disposal of property, plant and equipment represent the difference between the net proceeds and net book value at the date of sale. Disposals are accounted for when the relevant transaction becomes unconditional.

2.2 INTANGIBLE ASSETS

BRANDS

Separately acquired brands are shown at historical cost. Brands acquired in a business combination are recognized at fair value at the acquisition date.

Brands have an indefinite useful life and are carried at cost less accumulated impairment. Brands are not amortized but subject to impairment test performed annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

For further details please refer to section 2.3 “Impairment of non-financial assets.”

INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE

Software (including licenses and separately identifiable external development costs) is capitalized as intangible asset at purchase price, plus any directly attributable cost of preparing that asset for its intended use. Software and other intangible assets that are acquired by the Group and have definite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

AMMORTIZATION OF INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE

Intangible assets with a definite useful life are amortized on a straight line basis over their estimated useful lives as described in the following table:

Category	Depreciation period
License rights	Based on market conditions within the licence period or legal limits to use the assets
Software	From 3 to 5 years
Other intangible assets	Based on market conditions generally within the period of control over the asset

2.3 NON CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets available for sale and discontinued operations are classified as available for sale when their values are recoverable mainly through a probable sale transaction. In such conditions, they are valued at the lower of their carrying value or fair value, net of cost to sell if their value is mainly recoverable through a sale transaction instead of continued use.

Discontinued operations are operations that:

- include a separate line of business or a different geographical area;
- are part of a single coordinated plan for the disposal of a separate major line of business or geographical area of activity;
- consist of subsidiaries acquired exclusively for the purpose of being sold.

In the income statement, non-current assets held for sale and disposal groups that meet the requirements of IFRS 5 to be defined as “discontinued operations”, are presented in a single caption that includes both gains and losses, as well as losses or gains on disposal and the related tax effect. The comparative period is subsequently restated in accordance with IFRS 5.

As far as the financial position is concerned, non-current assets held for sale and disposal groups that meet the requirements of IFRS 5 are reclassified as current assets and liabilities in the period in which such requirements arise. The comparative financial statements are not restated nor reclassified.

2.4 INVESTMENTS

Investments in subsidiaries, associates and others are accounted for as follows:

- at cost; or
- in accordance with IAS 39.

The Company recognizes dividends from subsidiaries, associates and others in its income statement when the right to receive such dividends has materialized.

2.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

On an annual basis, the Company tests for impairment property, plant and equipment and intangible assets with a definite useful life. Whenever events or changes in circumstance indicate that the carrying amount may not be recoverable, an impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

Assets with an indefinite useful life are not subject to amortization and are tested annually or more frequently for impairment, whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

When the recoverable amount for individual asset cannot be reliably estimated, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The Group determines the value in use as the present value of future cash flows expected to be derived from the asset or from the cash-generating unit, gross of tax effects, by applying an appropriate discount rate that reflects market time value of money and the risks inherent to the asset. An impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

With the exception of impairment losses recognized on goodwill, when the circumstances that led to the loss no longer exist, the carrying amount of the asset is increased to its recoverable amount and cannot exceed the carrying amount that would have been determined had there been no loss in value. The reversal of an impairment loss is recognized immediately in the income statement.

2.6 FINANCIAL INSTRUMENTS

Financial instruments are initially recognized at fair value when the entity becomes a party to a contractual obligation of the financial instrument. A financial instrument is no longer recognized when the contractual rights to the cash flows has expired or when the Company is no longer exposed to that risk. A financial liability is no longer recognized when the obligation specified in the contract is canceled, expired or voided.

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, other current and non-current assets and liabilities, investments, borrowings and derivative financial instruments.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short-term deposits held with banks and most liquid assets that are readily convertible into cash and that have insignificant risk of change in value. Bank overdrafts are recorded under current liabilities on the Company's statement of financial position.

TRADE RECEIVABLES AND OTHER CURRENT AND NON-CURRENT RECEIVABLES

Trade and other receivables generated when the Company provides money, goods or services directly to a third party are classified as current assets, except for items with maturity dates greater than twelve months after the reporting date.

Receivables are measured at amortized cost using the effective interest method less the allowance for doubtful accounts. A provision for doubtful account is recorded when there is objective evidence that the value of the claim will not be recovered. The amount of the provision is recognized in the income statement.

TRADE PAYABLES AND OTHER CURRENT AND NON-CURRENT PAYABLES

Trade and other payables arise when the Company acquires money, goods or services directly from a supplier. They are included in current liabilities, except for items with maturity dates greater than twelve months after the reporting date.

Payables are stated, at initial recognition, at fair value, which usually comprises the cost of the transaction, inclusive of transaction costs. Subsequently, they are stated at amortized cost using the effective interest method.

FINANCIAL LIABILITIES

Financial liabilities, excluding derivatives, are recognized initially at fair value which represents the amount at which the asset was bought in a current transaction between willing parties, and subsequently measured at amortized cost using the effective interest method. Financial liabilities are classified as non-current if the Company has an unconditional right to defer payments of at least twelve months from the reporting date.

DERIVATIVE INSTRUMENTS

The Company uses derivative instruments to hedge against exchange rate and interest rate risks.

In order to reduce interest rate risk, the Company hedges part of the fixed-rate financial liabilities through an Interest Rate Swap (IRS). In accordance with IAS 39, derivative instruments qualify for hedge accounting only if at the inception there is a formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective and the effectiveness of the hedge can be reliably measured throughout the financial reporting periods for which the hedge was designated. The company documents the hedging relationship between the derivative and the financial instrument. Derivative financial instruments are initially recognized at fair value at acquisition date and are subsequently remeasured at their fair value. The subsequent gain or loss recognition depends on whether the instrument itself is defined as a hedges and the nature of the hedged item.

FAIR VALUE HEDGE

A derivative instrument is designated as fair value hedge when it hedges the exposure to changes in fair value of a recognized asset or liability, that is attributable to a particular risk and could affect profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, adjusts the carrying amount of the hedged item and is recognized in the income statement.

CASH FLOW HEDGE

A derivative instrument is designated as cash flow hedge when it hedges the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss. The portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in equity within other comprehensive income. The cumulative gain or loss is reclassified from equity to profit or loss in the same period in which the asset acquired or liability assumed affects profit or loss. Any gain or loss on the hedging instrument that is not an effective hedge is recognized immediately in the income statement. In the event that the hedge expires or is terminated or no longer meets the criteria for hedge accounting but the forecast transaction has not yet occurred, the cumulative gain or loss recognized in other comprehensive income from the period when the hedge was effective remains separately in equity and is recognized in the income statement in the same period during which the hedged forecast transaction affects profit or loss.

When the forecast transaction is no longer expected to occur, the cumulative gain or loss recognised in other comprehensive income from the period when the hedge was effective is reclassified immediately in the income statement.

2.7 EMPLOYEE BENEFITS

Short-term employee benefits, such as wages, salaries, social security contributions, paid leave and annual leave due within twelve months of the statement of financial position date and all other fringe benefits are recognised in the year in which the service is rendered by the employee.

Benefits granted to employees which are payable on or after the termination of employment through defined benefit and contribution plans are recognised over the vesting period.

DEFINED BENEFIT SCHEMES

Defined benefit schemes are retirement plans determined based on employees' remuneration and years of service.

The Company's obligation to contribute to employees' benefit plans and the related current service cost is determined by using an actuarial valuation defined as the projected unit credit method. The cumulative net amount of all actuarial gains and losses are recognised in equity within other comprehensive income.

With reference to defined benefit plans, the increase in present value of the defined benefit obligation for employee service in prior periods (past service cost) is accounted as an expense on a straight-line basis over the average period until the benefits become vested.

The amount recognised as a liability under the defined benefit plans is the present value of the related obligation, taking into consideration expenses to be recognised in future periods for employee service in prior periods.

DEFINED CONTRIBUTION SCHEMES

Contribution made to a defined contribution plan is recognised as an expense in the income statement in the period in which the employees render the related service.

Up to December 31, 2006 Italian employees were eligible to defined benefit schemes referred as post-employment benefit ("TFR"). With the act n. 296 as of December 27, 2006 and subsequent decrees ("Pension Reform") issued in early 2007, the rules and the treatment of TFR scheme were changed. Starting from contribution vested on or after January 1, 2007 and not yet paid at the reporting date, referring to entities with more than 50 employees, Italian post-employment benefits is recognised as a defined contribution plan. The contribution vested up to December 31, 2006 is still recognised as a defined benefit plan and accounted for using actuarial assumptions.

2.8 SHARE- BASED PAYMENTS

The fair value at grant date of the incentives granted to employees in the form of share-based payments that are equity settled is usually included in expenses, with a matching increase in equity, over the period during which the employees obtain the incentives rights. The amount recognized as an expense is adjusted to reflect the actual number of incentives for which the continued service conditions are met and the achievement of non-market conditions, so that the final amount recognized as an expense is based on the number of incentives that fulfill these conditions at the vesting date. In case the incentives granted as share-based payments whose conditions are not to be considered to maturity, the fair value at the grant date of the share-based payment is measured to reflect such conditions. With reference to the non-vesting conditions, any differences between amounts at the grant date and the actual amounts will not have any impact on the financial statements.

The fair value of the amount payable to employees related to share appreciation rights, settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period during which the employees unconditionally become entitled to receive the payment. The liability is valued at each balance sheet date and the settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognized in profit or loss for the year.

2.9 PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and where the amount of the obligation can be reliably estimated. Changes in estimates are recognised in the income statement in the period in which they occur.

2.10 REVENUE RECOGNITION

Revenues are recognised when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount can be measured reliably. Revenue, which is stated excluding value added tax and other sales related taxes, is the amount receivable for goods supplied less returns, trade discounts and allowances. Royalties received from licensee are accrued as earned on the basis of the terms of the relevant royalty agreement which is typically based on sales volumes.

2.11 BORROWING COSTS

Borrowing costs are recognized on an accrual basis taking into consideration interest accrued on the net carrying amount of financial assets and liabilities using the effective interest rate method.

2.12 TAXATION

Tax expense recognised in the consolidated income statement represents the aggregate amount related to current tax and deferred tax.

Current tax are determined in accordance with enforced rules established by local tax authorities. Current taxes are recognised in the consolidated income statement for the period, except to the extent that the tax arises from transactions or events which are recognised directly either in equity or in other comprehensive income.

Deferred tax liabilities and assets are determined based on temporary taxable or deductible differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. Current and deferred tax assets and liabilities are offset when income taxes are levied by the same tax authority and when there is a legally enforceable right to offset the amounts.

Deferred tax liabilities and assets are determined using tax rates that have been enacted by the reporting date and are expected to be enforced when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are not discounted.

Deferred tax assets recognised on tax losses and on deductible differences are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.13 FOREIGN CURRENCY

The amounts included in the financial statements of each Group company are prepared using the currency of the country in which the company conducts its business.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the exchange rate in effect at the transaction date. The assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rate prevailing at that date. Exchange differences arising from the conversion or settlement of these items due to different rates used from the time of initial recognition are recorded in the income statement.

2.14 FAIR VALUE

IFRS 13 is the only point of reference for the fair value measurement and related disclosures when such an assessment is required or permitted by other standards. Specifically, the principle defines fair value as the consideration received for the sale of an asset or the amount paid to settle a liability in a regular transaction between market participants at the measurement date. In addition, the new standard replaces and provides for additional disclosures required in relation to fair value measurements by other accounting standards, including IFRS 7.

IFRS 13 establishes a hierarchy that classifies within different levels the inputs used in the valuation techniques necessary to measure fair value. The levels, presented in a hierarchical order, are as follows:

- level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3: Fair values measured using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

2.15 ACCOUNTING STANDARDS AND RECENTLY PUBLISHED INTERPRETATIONS

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE FROM JANUARY 1, 2015

IFRIC INTERPRETATION 21 - LEVIES

On May 20, 2013, the IASB issued the IFRIC Interpretation 21, an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. The interpretation sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. IFRIC 21 is effective for annual periods beginning on or after June 17, 2014 (after the endorsement of the EU).

IMPROVEMENTS TO IFRS (2011-2013 CYCLE)

This document introduces amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards (specifications regarding the early application by first-time adopters of documents issued by the IASB), IFRS 3 – Business Combinations (clarifications that joint operations are outside the scope of this standard), IFRS 13 – Fair Value Measurement (introduction of the extension of the exception in IFRS 13 for the measurement at fair value on a net basis of a portfolio of assets and liabilities), IAS 16 – Property, Plant and Equipment and IAS 40 – Investment Property (clarifications on the interrelationship between IAS 40 and IFRS 3 regarding the acquisition of an investment property). The adoption of the interpretations and standards did not have significant impact on the separate financial statements of the Company.

NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE AND NOT EARLY-ADOPTED BY THE COMPANY

IMPROVEMENTS TO IFRS (2010-2012 CYCLE)

This document introduces amendments to IFRS 2 – Share-based Payment (new definitions of a vesting condition and a market condition and additional definitions of a performance condition and a service condition), IFRS 3 – Business Combinations (clarifications of certain aspects regarding the classification and measurement of contingent consideration, with the resulting amendments to IAS 39 and IAS 37), IFRS 8 – Operating Segments (new disclosure requirements are introduced for segment aggregation and clarifications are provided on the reconciliation of total segment assets), IFRS 13 – Fair Value Measurement (clarifications on short-term receivables and payables with no stated interest rates), IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets (a clarification that if the revaluation model is used, adjustments to accumulated depreciation or amortisation are not always proportional to the adjustment of the gross carrying amount) and IAS 24 – Related Party Disclosures (clarifications on management entities and the relevant disclosures required).

These amendments are effective for annual periods beginning on or after February 1, 2015 (after the endorsement of the EU).

DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS (AMENDMENTS TO IAS 19)

The aim of this amendment to IAS 19 is to enable entities to simplify their accounting for defined benefit plans if the contributions made by employees or third parties satisfy specific requirements.

This amendment is effective for annual periods beginning on or after February 1, 2015 (after the endorsement of the EU).

ACCOUNTING FOR ACQUISITIONS OF INTERESTS IN JOINT OPERATIONS (AMENDMENTS TO IFRS 11)

In May 2014, the IASB issued amendments to IFRS 11 - Joint arrangements: Accounting for acquisitions of interests in joint operations which clarifies the accounting for acquisitions of an interest in a joint operation that constitutes a business.

The amendments are effective, retrospectively, for annual periods beginning on or after January 1, 2016 with earlier application permitted.

AGRICULTURE: BEARER PLANTS (AMENDMENTS TO IAS 16 AND IAS 41)

This amendment introduces the possibility of accounting for bearer plants under IAS 16 rather than under IAS 41. The amendment is applicable for annual periods beginning January 1, 2016 with earlier application permitted.

CLARIFICATION ON ACCEPTABLE METHODS OF DEPRECIATION (AMENDMENTS TO IFRS 16 AND TO IAS 38)

In May 2014, the IASB issued an amendment to IAS 16 - Property, Plant and Equipment and to IAS 38 - Intangible Assets. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. These amendments are effective for annual periods beginning on or after January 1, 2016, with early application permitted.

IMPROVEMENTS TO IFRS (2012-2014 CYCLE)

In September 2014 the IASB issued the Annual Improvements to IFRSs 2012-2014 cycle, a series of amendments to IFRSs in response to issues raised mainly on IFRS 5 - Non-current assets held for sale and discontinued operations, on the changes of method of disposal, on IFRS 7 - Financial Instruments: Disclosures on the servicing contracts, on the IAS 19 - Employee Benefits, on the discount rate determination. The effective date of the amendments is January 1, 2016, with early application permitted.

DISCLOSURE INITIATIVE (AMENDMENTS TO IAS 1)

In December 2014 the IASB issued amendments to IAS 1- Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016 with early application permitted.

EQUITY METHOD IN THE SEPARATE FINANCIAL STATEMENTS (AMENDMENTS TO IAS 27 (2011))

This document introduces the option of using the equity method even in the separate financial statements. The amendment is applicable for annual periods beginning January 1, 2016 with early application permitted.

In addition, at the date of these financial statements the competent bodies of the European Union had not yet completed their adoption process for the following accounting standards and amendments:

Document title	Issue date by IASB	Effective from
Standards		
IFRS 9 Financial Instruments	July 2014	1 st January 2018
IFRS 14 Regulatory Deferral Accounts	January 2014	1 st January 2016
IFRS 15 Revenue from Contracts with Customers (including amendments to effective date issued in September 2015)	May 2014	1 st January 2018
IFRS 16 Leases	January 2016	1 st January 2019
Amendments		
Amendments to IFRS 10 and IAS 28 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (including amendment to effective date issued in December 2015)	September 2014	Not defined
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	December 2014	1 st January 2016
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	January 2016	1 st January 2017
Amendments to IAS 7: Disclosure Initiative	January 2016	1 st January 2017

The Company will comply with these new standards and amendments based on their relevant effective dates when endorsed by the European Union and it will evaluate their potential impacts on the financial statements.

3. COMMENTS ON THE STATEMENT OF INCOME

3.1 REVENUE

The company's revenues mainly include royalty income from the use of trademarks, management fees and contributions for the provision of marketing services performed on behalf of Group companies. The increase of Euro 30,456 thousand when compared to the prior year is due to greater business volume.

3.2 GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses primarily include designing and product development expenses in the amount of Euro 2,239 thousand (Euro 1,240 thousand in 2014), the personnel expenses of other functions in the amount of Euro 3,156 thousand (Euro 2,670 thousand in 2014), legal, financial and administrative expenses in the amount of Euro 1,367 thousand (Euro 1,468 thousand in 2014), directors' fees in the amount of Euro 3,656 thousand (Euro 3,202 thousand in 2014), auditing and attestation service, statutory auditors expenses, costs for Supervisory Body and internal audit in the amount of Euro 474 thousand (Euro 419 thousand in 2014).

3.3 ADVERTISING EXPENSES

Advertising expenses amount to Euro 27,440 thousand (Euro 23,497 thousand in 2014) and are mostly made up of expenses related to media-plan and trade shows.

3.4 NON-RECURRING INCOME/(EXPENSES)

The caption non-recurring income and expenses for 2015 (Euro 2,490 thousand) mainly includes the costs incurred for the stock option plans approved by the Shareholder's Meeting of Moncler on February 28, 2014 and on April 29, 2015 (Euro 2,023 thousand in 2014).

The description of the incentive loyalty schemes and the related costs are included in note 8.2.

3.5 PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

At December 31, 2015, the Company has 38 employees (36 at December 31, 2014).

The total personnel expenses, included under general and administrative expenses, amounted to Euro 4,026 thousand (Euro 3,010 thousand in 2014) including social security contribution of Euro 819 thousand (Euro 660 thousand in 2014) and leaving indemnity expenses of Euro 272 thousand (Euro 143 thousand in 2014).

In 2015 the depreciation and amortization amount to Euro 970 thousand (Euro 530 thousand in 2014).

3.6 FINANCIAL INCOME AND EXPENSES

The caption is broken down as follows:

(Euro/000)	Fiscal Year 2015	Fiscal Year 2014
Interest income and other financial income	11	12
Dividends	0	15,000
Foreign currency differences - positive	0	0
Total financial income	11	15,012
Interests expenses and bank charges	(1,655)	(7,025)
Foreign currency differences - negative	(236)	(83)
Impairment of investments	0	(346)
Total financial expenses	(1,891)	(7,454)
Total net	(1,880)	7,558

The caption interest expenses and bank charges decreased compared to the previous year by Euro 5,370 thousand. The decrease was mainly due to the lower costs incurred during the year for the outstanding loan, following the repayment of the syndicated loan on December 31, 2014 and the taking out of a new unsecured loan for a lower amount and with better financial terms.

In 2015 the company has not received dividends from the subsidiary Industries SpA (Euro 15,000 thousand in 2014).

Please see note 4.12 for additional information.

The impairment of investments in 2014 included the adjustment made related to the impairment of the subsidiary Moncler Lunettes S.r.l. and ISC S.p.A.

3.7 INCOME TAX

The tax impact on the income statement is detailed as follows:

(Euro/000)	Fiscal Year 2015	Fiscal Year 2014
Current income taxes	(31,215)	(23,679)
Deferred tax (income) expenses	6,935	99
Income statement	(24,280)	(23,580)

The increase in deferred tax was mainly due to the reduction of the tax rate expected at the time of potential reversal following the change introduced by the Stability Law of December 28, 2015.

The reconciliation between the theoretical tax burden by applying the theoretical rate of the parent company, and the effective tax burden is shown in the following table:

Reconciliation theoretic-effective tax rate (Euro/000)	Taxable Amount 2015	Tax Amount 2015	Tax rate 2015	Taxable Amount 2014	Tax Amount 2014	Tax rate 2014
Profit before tax	101,182			87,756		
Income tax using the Company's theoretic tax rate		(27,825)	27.5%		(24,133)	27.5%
Temporary differences		(68)	(0.1)%		38	(0.0)%
Permanent differences		(7)	(0.0)%		3,912	(4.5)%
Other differences		3,620	3.6%		(3,397)	3.9%
Income tax at effective tax rate		(24,280)	24.0%		(23,580)	26.9%

The caption other differences mainly include the IRAP current and deferred.

4. COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

4.1 BRANDS AND OTHER INTANGIBLE ASSETS

Brands and other intangible assets (Euro/000)	December 31, 2015			December 31, 2014
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Brands	223,900	0	223,900	223,900
Software	496	(403)	93	117
Other intangible assets	4,091	(1,539)	2,552	1,027
Assets in progress	0	0	0	37
Total	228,487	(1,942)	226,545	225,081

Intangible assets roll-forward is included in the following tables:

As at December 31, 2015

Gross value Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Assets in progress and advances	Total
January 1, 2015	223,900	444	1,775	37	226,156
Acquisitions	0	52	2,279	0	2,331
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0
Other movements, including transfers	0	0	37	(37)	0
December 31, 2015	223,900	496	4,091	0	228,487

Accumulated amortization Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Assets in progress and advances	Total
January 1, 2015	0	(327)	(748)	0	(1,075)
Depreciation	0	(76)	(791)	0	(867)
Disposals	0	0	0	0	0
Other movements, including transfers	0	0	0	0	0
December 31, 2015	0	(403)	(1,539)	0	(1,942)

As at December 31, 2014

Gross value Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Assets in progress and advances	Total
January 1, 2014	223,900	444	885	219	225,448
Acquisitions	0	0	671	37	708
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0
Other movements, including transfers	0	0	219	(219)	0
December 31, 2014	223,900	444	1,775	37	226,156

Accumulated amortization Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Assets in progress and advances	Total
January 1, 2014	0	(255)	(397)	0	(652)
Depreciation	0	(72)	(351)	0	(423)
Disposals	0	0	0	0	0
Other movements, including transfers	0	0	0	0	0
December 31, 2014	0	(327)	(748)	0	(1,075)

The increase in the caption other intangible assets mainly refer to the brand registration expenses.

4.2 IMPAIRMENT OF INTANGIBLE FIXED ASSETS WITH AN INDEFINITE USEFUL LIFE

The Moncler brand, which has an indefinite useful life, has not been amortized, but has been tested for impairment by management.

The impairment test on the brand was performed by comparing its carrying value with that derived from the discounted cash flow method applying the Royalty Relief Method, based on which the cash flows are linked to the recognition of a royalty percentage applied to the revenues that the brand is able to generate.

For the 2015 valuation, the expected cash flows and revenues were derived from the Business Plan 2016-2018 approved by the Board of Directors on 16 December 2015.

The “g” rate used was 2%.

The discount rate was calculated using the weighted average cost of capital (“WACC”), by weighting the expected rate of return on invested capital, net of hedging costs from a sample of companies within the same industry. The calculation took into account fluctuation in the market as compared to the previous year and the resulting impact on interest rates. The cost of capital (WACC) was calculated at 8.40%.

The results of the sensitivity analysis indicate that the carrying amount of the Moncler brand is in line with the benchmark with a “g” rate = 0% and WACC = 16.34%.

4.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (Euro/000)	December 31, 2015		December 31, 2014	
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Land and buildings	3,358	(2,528)	830	925
Plant and Equipment	175	(175)	0	0
Fixtures and fittings	1,142	(1,142)	0	3
Leasehold improvements	7	(7)	0	0
Other fixed assets	145	(144)	1	6
Total	4,827	(3,996)	831	934

The roll forward of property, plant and equipment from for 2015 and 2014 is included in the following tables:

As at December 31, 2015

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Total
January 1, 2015	3,358	175	1,142	7	145	4,827
Discontinued operations	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Other movements, including transfers	0	0	0	0	0	0
December 31, 2015	3,358	175	1,142	7	145	4,827

Accumulated depreciation (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Total
January 1, 2015	(2,433)	(175)	(1,139)	(7)	(139)	(3,893)
Discontinued operations	0	0	0	0	0	0
Depreciation	(95)	0	(3)	0	(5)	(103)
Disposals	0	0	0	0	0	0
Other movements, including transfers	0	0	0	0	0	0
December 31, 2015	(2,528)	(175)	(1,142)	(7)	(144)	(3,996)

As at December 31, 2014

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Total
January 1, 2014	3,358	175	1,142	7	145	4,827
Discontinued operations	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Other movements, including transfers	0	0	0	0	0	0
December 31, 2014	3,358	175	1,142	7	145	4,827

Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Total
January 1, 2014	(2,337)	(175)	(1,136)	(7)	(132)	(3,787)
Discontinued operations	0	0	0	0	0	0
Depreciation	(96)	0	(3)	0	(7)	(106)
Disposals	0	0	0	0	0	0
Other movements, including transfers	0	0	0	0	0	0
December 31, 2014	(2,433)	(175)	(1,139)	(7)	(139)	(3,893)

4.4 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are detailed in the following table:

Investments in subsidiaries (Euro/000)	Country	% ownership		Carrying amount	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Industries S.p.A.	Italy	100%	100%	222,231	217,933
Moncler Lunettes	Italy	51%	51%	303	303
ISC S.p.A.	Italy	0%	9.037%	0	2,578
Total				222,534	220,814

Financial information related to the subsidiaries are detailed in the following table:

Summary of subsidiary's financial information (Euro/000)	December 31, 2015				
	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)
Industries S.p.A.	479,060	250,442	228,618	584,419	75,848
Moncler Lunettes	1,064	387	677	2,244	84
ISC S.p.A.	0	0	0	0	0
Total	480,124	250,829	229,295	586,663	75,932

Summary of subsidiary's financial information (Euro/000)	December 31, 2014				
	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)
Industries S.p.A.	445,507	297,174	148,333	484,071	62,769
Moncler Lunettes	3,893	3,300	593	3,119	(619)
ISC S.p.A.	29,301	768	28,533	0	(204)
Total	478,701	301,242	177,459	487,190	61,946

As far as Industries S.p.A. is concerned, it should be noted that the investment carrying value includes also the goodwill recognized during its acquisition and entirely attributable to the Moncler business. As at the date of the financial statements, management believed that the value of goodwill, however lower than the net equity of the subsidiary, is fully recoverable given the positive performance of Moncler business and the current outlook; these assumptions are also supported by the impairment test performed on the consolidated cash generating unit of the Moncler business described in the consolidated financial statements of the Moncler Group. Consequently, there were no modifications made to the carrying value of the subsidiary due to impairment. The increase of the carrying value of the investment arises from the accounting treatment of the stock option plans adopted by the Company and described in paragraph 8.2.

Furthermore, the market capitalization of the Company, based on the average price of Moncler share in 2015, shows a positive difference with respect to the net equity, indirectly confirming the value of the goodwill attributable to the Moncler business.

The investment in the company ISC S.p.A. was sold at its carrying amount in June 2015 to the subsidiary Industries S.p.A., which absorbed it through a merger in the same month.

Please refer to the consolidated financial statements for a complete list of the Group companies directly and indirectly controlled by the Company.

4.5 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities are offset only when there is a law within a given tax jurisdiction which provides for such right to offset. The balances were as follows as at December 31, 2015 and December 31, 2014:

Deferred taxation (Euro/000)	December 31, 2015	December 31, 2014
Deferred tax assets	1,968	2,572
Deferred tax liabilities	(63,638)	(71,152)
Net amount	(61,670)	(68,580)

Changes in deferred tax assets and deferred tax liabilities are detailed in the following table:

Deferred tax assets (liabilities) (Euro/000)	Opening balance - January 1, 2015	Discontinued operations	Taxes charged to the income statement	Other movements	Closing balance - December 31, 2015
Intangible assets	12	(12)	0	0	0
Derivatives	2	0	(2)	0	0
Employee benefits	28	0	(24)	0	4
Provisions	4	(3)	0	(1)	0
Other temporary items	2,526	(563)	0	1	1,964
Tax assets	2,572	(578)	(26)	0	1,968
Intangible assets	(68,386)	7,161	0	1	(61,224)
Financial assets	(2,766)	352	0	0	(2,414)
Tax liabilities	(71,152)	7,513	0	1	(63,638)
Net deferred tax assets (liabilities)	(68,580)	6,935	(26)	1	(61,670)

Deferred tax assets (liabilities) (Euro/000)	Opening balance - January 1, 2014	Discontinued operations	Taxes charged to the income statement	Other movements	Closing balance - December 31, 2014
Intangible assets	13	(1)	0	0	12
Derivatives	0	0	2	0	2
Employee benefits	6	0	22	0	28
Provisions	1	2	0	1	4
Other temporary items	1,948	578	0	0	2,526
Tax assets	1,968	579	24	1	2,572
Intangible assets	(67,906)	(480)	0	0	(68,386)
Financial assets	(2,766)	0	0	0	(2,766)
Derivatives	(64)	0	64	0	0
Tax liabilities	(70,736)	(480)	64	0	(71,152)
Net deferred tax assets (liabilities)	(68,768)	99	88	1	(68,580)

The decrease in deferred tax liabilities in 2015 compared to 2014 was mainly due to the reduction of the tax rate expected at the time of potential reversal following the change introduced by the Stability Law of December 28, 2015.

The taxable amount on which deferred tax have been calculated is detailed in the following table:

Deferred tax assets (liabilities) (Euro/000)	Taxable Amount 2015	Closing balance - December 31, 2015
Employee benefits	15	4
Other temporary items	7,541	1,964
Tax assets	7,556	1,968
Intangible assets	(219,438)	(61,224)
Financial assets	(10,064)	(2,414)
Tax liabilities	(229,502)	(63,638)
Net deferred tax assets (liabilities)	(221,946)	(61,670)

The caption other temporary items mainly refers to the costs incurred for the listing process and to the Directors' remunerations.

4.6 TRADE RECEIVABLES

Trade receivables (Euro/000)	December 31, 2015	December 31, 2014
Trade receivables, third parties	74	75
Trade receivables, intra-group	48,533	324
Provision for impairment	(7)	(7)
Total, net value	48,600	392

Trade receivables are originated from the marketing and communication operations of the Company related to the brand development and Group operations and are mostly considered intercompany transactions.

There are no trade receivables with a due date greater than five years. There is no difference between the book value and the fair value of trade receivables.

Trade receivables from Group companies mainly related to the receivable from the subsidiary Industries S.p.A. resulting from the royalties for the use of the Moncler trademark, management fees and fees for marketing services.

4.7 CASH AND CASH EQUIVALENTS

As at December 31, 2015, the caption cash on hand and in bank amounts to Euro 788 thousand (Euro 532 thousand as at December 31, 2014) and includes funds available in banks. Please refer to the statement of cash flows for further information related to cash fluctuation.

Cash and cash equivalents included in the Statement of cash flow (Euro/000)	December 31, 2015	December 31, 2014
Cash in hand and at the bank	788	532
Other current financial assets	0	0
Total	788	532

4.8 OTHER CURRENT ASSETS

Other current assets (Euro/000)	December 31, 2015	December 31, 2014
Advances on account to vendors	117	20
Prepaid expenses	752	609
Tax receivables excluding income taxes	1,180	1,250
Other current assets	40	4
Other current assets, intra-group	40	21,393
Total other current assets	2,129	23,276

As at December 31, 2015, prepaid expenses amount to Euro 752 thousand (Euro 609 thousand as at December 31, 2014) and mainly pertain to style expenses.

The caption other current taxes consists mainly of the receivable due from the tax authority related to IRES receivable for personnel expenses not deducted for IRAP purposes as well as the VAT receivable. The caption other current assets, intra-group includes amounts related to the fiscal consolidation. For additional information please see note 8.1.

There are no other receivable with a maturity date greater than twelve months. There are no differences between the amounts included in the consolidated financial statements and their fair values.

4.9 TRADE PAYABLES

As at December 31, 2015, the caption trade payables pertains mostly to marketing and communication services.

Trade payables (Euro/000)	December 31, 2015	December 31, 2014
Trade payables, third parties	14,718	14,304
Trade payables, intra-group	411	1,434
Total	15,129	15,738

Details of the transactions with subsidiaries are provided in the section on related parties.

4.10 OTHER CURRENT PAYABLES

As at December 31, 2015, the caption other current payables included the following:

Other current liabilities (Euro/000)	December 31, 2015	December 31, 2014
Directors and audit related payables	1,907	1,448
Amounts payable to employees and consultants	664	428
Employees taxation payables	563	416
Other current liabilities	230	246
Other current liabilities, intra-group	11,701	18,017
Total	15,065	20,555

As at December 31, 2015, similar to the prior year, the caption other current liabilities, intra-group includes mainly amounts related to the fiscal consolidation. For additional information please see note 8.1.

4.11 PENSION FUND (TFR)

As at December 31, 2015, the caption includes the employee pension fund as detailed in the following table:

Employees pension funds - movements (Euro/000)	December 31, 2015	December 31, 2014
Net recognized liability - opening	469	265
Interest costs	7	8
Service costs	156	119
Payments	(101)	(16)
Actuarial (Gains)/Losses	(89)	93
Net recognized liability - closing	442	469

4.12 DUE TO BANKS AND FINANCIAL DEBT

Borrowings (Euro/000)	December 31, 2015	December 31, 2014
Short-term portion of long-term bank loans	23,939	12,589
Intra-group short-term borrowings	22,802	10,838
Short-term borrowings	46,741	23,427
Long-term borrowings	23,972	47,911
Totale	70,713	71,338

On December 31, 2014, Moncler SpA paid off the outstanding amount of Euro 120 million related to the syndicated loan, which was set up in 2013 for the same amount, and the same date entered into a new syndicated loan in the amount of Euro 60 million, received in a lump sum, payable on a half-year basis and expiring on December 31, 2017. As at December 31, 2015 the short-term portion of this loan

amounts to Euro 24 million (Euro 12 million as at December 31, 2014), the long-term portion amounts to Euro 24 million (Euro 48 million as at December 31, 2014).

As at December 31, 2015, the IRS contract hedging the exposure to interest rate risk on the outstanding unsecured loan was terminated upon expiry.

As at December 31, 2014, the current amount of the long-term bank loan also included the negative fair value of the IRS of Euro 0.7 million.

Intra-group short-term borrowings pertain to financing issued on arm length basis by the subsidiary Industries S.p.A.. For further information, please refer to note 8.1.

The following tables show the break-down of the borrowing in accordance with their maturity date:

Ageing financial liabilities (Euro/000)	December 31, 2015	December 31, 2014
Within 2 years	23,972	23,939
From 2 to 5 years	0	23,972
Total	23,972	47,911

The loans do not include covenants.

4.13 TAX ASSETS AND LIABILITIES

Tax liabilities amounted to Euro 14,895 thousand as at December 31, 2015, net of current tax assets (Euro 25,672 as at December 31, 2014). The balance pertains to IRES and IRAP payable.

4.14 SHAREHOLDERS' EQUITY

As at December 31, 2015, the subscribed share capital was fully paid and amounted to Euro 50,024,892. The increase of the share capital and the share premium reserve arises from the exercise of n. 124,458 vested options (for the same number of shares) in relation to the stock option plan approved by the shareholders meeting of Moncler S.p.A. dated February 28, 2014 at the exercise price of Euro 10.20 per share.

Please refer to the statement of changes in shareholders' equity for detail of changes in shareholders' equity for 2015 and 2014.

In 2015 the Company distributed dividends to the shareholders for an amount of Euro 30,014 thousand (Euro 25,000 thousand in 2014).

The following table includes details about how the shareholders reserve should be used:

Information on reserves (Euro)	Amount	Possible use	Available amount	Non- available amount	Amounts used in the previous 3 years to hedge losses	Amounts used in the previous 3 years for other reason
Share capital	50,024,892	-	-	50,024,892	-	-
<i>Reserves:</i>						
Legal reserve	10,000,000	B	-	10,000,000	-	-
Share premium	108,284,263	A, B, C	108,284,263 (*)	-	-	-
OCI Reserve	(47,650)	-	-	(47,650)	-	-
IFRS 2 Reserve	11,129,481	A, B, C	11,129,481	-	-	-
Retained earnings	67,218,694	A, B, C	67,171,044	47,650	-	25,000,000
Total share capital and reserves	246,609,680		186,584,788	60,024,892	-	25,000,000
Non distributable amount			0			
Distributable remaining amount			186,584,788			

Explanation: A share capital increase - B hedge of losses - C distribution to the shareholders
 (*) Share premium reserve entirely available after allocating to legal reserve up to 20% of the share capital

The caption OCI (“Other Comprehensive Income”) reserve includes hedging instruments against interest rate and actuarial risks related to the employee pension fund. The hedging reserve includes the effective portion of net accumulated differences in fair value of hedging instruments.

Changes in that reserve is as follows:

Other comprehensive income (Euro,/000)	Employees pension fund - actuarial valuation			Fair value IRS		
	Value before tax effect	Tax effect	Value after tax effect	Value before tax effect	Tax effect	Value after tax effect
Reserve as at January 1, 2014	(51)	7	(44)	232	(64)	168
Reclassification to Other reserves	0	0	0	0	0	0
Changes in the period	(93)	24	(69)	(240)	66	(174)
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
Reserve as at December 31, 2014	(144)	31	(113)	(8)	2	(6)
Reserve as at January 1, 2015	(144)	31	(113)	(8)	2	(6)
Reclassification to Other reserves	0	0	0	0	0	0
Changes in the period	89	(24)	65	8	(2)	6
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
Reserve as at December 31, 2015	(55)	7	(48)	0	0	0

5. COMMITMENTS AND GUARANTEES GIVEN

5.1 COMMITMENTS

The Company does not have any significant operating lease commitments.

5.2 GUARANTEES GIVEN

As of the date of the financial statements, the Company had no guarantees toward the Group companies nor third parties.

6. CONTINGENT LIABILITY

The Company is subject to risks which may arise during the performance of its ordinary activities. Based on information available to date, management believes that there currently are no contingent liability that need to be accrued in the financial statements.

7. INFORMATION ABOUT FINANCIAL RISKS

The Company's financial instruments include cash and cash equivalents, loans, receivables and trade payables and other current receivables and payables and non-current assets as well as derivatives.

The Company is mostly exposed to interest rate risk, liquidity risk and capital risk.

7.1 MARKET RISK

EXCHANGE RATE RISK

The Company operated mostly with companies in Euro and, as such, the exposure to exchange rate risk was limited. As at December 31, 2015, a small portion of the Company's assets and liabilities (i.e. trade receivables and payables) denominated in a currency different from its functional currency.

INTEREST RATE RISK

The Company's exposure to interest rate risk is connected mostly to changes in interest rates relate to outstanding loans.

On December 31, 2014, the Company paid off the outstanding amount of Euro 120 million related to the syndicated loan, which was set up in 2013 for the same amount, and the same date entered into a new unsecured loan in the amount of Euro 60 million, received in a lump sum, payable on a half-year basis and expiring on December 31, 2017. The applicable interest rate is Euribor plus a market spread. As at December 31, 2015 the residual loan amounts to Euro 48 million.

In order to hedge its exposure to interest rate risk, the Company, in January 2012, entered into an interest rate swap (IRS) to hedge the exposure against the banking system with the following conditions: notional amount of Euro 90 million, maturity date December 2015, fixed rate of 1.6050% adjusted every six months. As at December 31, 2015, the hedge has expired and following the analysis of expected interest rates for the period of the loan (two years), the management considered the hedge no longer suitable.

As far as financial debts are concerned, a fluctuation of +/- 0.25% in the interest rate would have led on the net results for the year ended December 31, 2015 to a worsening of Euro 36 thousand in financial charges and an improvement of Euro 99 thousand, consideration the effect of the IRS hedging. As at December 31, 2015 the derivative contract was completely closed.

With reference to the provisions of IFRS 13, it should be pointed out that the category of financial instruments measured at fair value is mainly attributable to the hedging of interest rate risk. The valuation of these instruments is based on the discounting of future cash flows considering the interest rates at the reporting date (level 2 as explained in the section related to principles).

The Company is not exposed to changes in currency interest rates.

7.2 CREDIT RISK

The Company has no significant concentrations of credit risk with companies that are not part of the Group. The maximum exposure to credit risk is represented by the amount reported in the financial statements.

As far as the credit risk arising from other financial assets other than trade receivables (including cash and short-term bank deposits) is concerned, the credit risk for the Company arises from default of the counterparty with a maximum exposure equal to the carrying amount of financial assets recorded in the financial statements.

7.3 LIQUIDITY RISK

Liquidity risk arises from the ability to obtain financial resources at a sustainable cost in order for the Group to conduct its daily business operations. The factors that influence this risk are related to the resources generated/absorbed by operating activities, by investing and financing activities and by availability of funds in the financial market.

Management believes that the financial resources available today, along with those that are generated by the current operations will enable the Company to achieve its objectives and to meet its investment needs and the repayment of its debt at the agreed upon maturity date.

It is reported in the following table an analysis of the contractual maturities (including interests), for financial liabilities.

Non derivative financial liabilities (Euro/000)	Contractual cash flows								
	Total book value	Total	6 months or less	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	more than 5 years
Bank overdrafts	0	0	0	0	0	0	0	0	0
Self-liquidating loans	0	0	0	0	0	0	0	0	0
Financial debt to third parties	0	0	0	0	0	0	0	0	0
Unsecured loans	47,911	48,662	7,443	17,011	24,209	0	0	0	0

Derivative financial liabilities (Euro/000)	Contractual cash flows								
	Total book value	Total	6 months or less	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	more than 5 years
Interest rate swap hedging	0	0	0	0	0	0	0	0	0
Forward contracts on exchange rate hedging	0	0	0	0	0	0	0	0	0
- Outflows	0	0	0	0	0	0	0	0	0
- Inflows	0	0	0	0	0	0	0	0	0

7.4 OPERATING AND CAPITAL MANAGEMENT RISKS

In the management of operating risk, the Company's main objective is to manage the risks associated with the development of business in foreign markets that are subject to specific laws and regulations.

The Group has implemented guidelines in the following areas:

- appropriate level of segregation of duties;
- reconciliation and constant monitoring of significant transactions;
- documentation of controls and procedures;
- technical and professional training of employees;
- periodic assessment of corporate risks and identification of corrective actions.

As far as the capital management risk is concerned, the Company's objectives are aimed at the going concern issue in order to ensure a fair economic return to shareholders and other stakeholders while maintaining a good rating in the capital debt market. The Company manages its capital structure and makes adjustments in line with changes in general economic conditions and with the strategic objectives.

8. OTHER INFORMATION

8.1 RELATED PARTY TRANSACTIONS

Set out below are the transactions with related parties deemed relevant for the purposes of the “Procedure with related party” adopted by the Group.

The “Procedure with related party” is available on the Company’s website (www.monclergroup.com, under “Governance/Corporate documents”).

Transactions with subsidiaries are of a commercial nature and are conducted at market conditions similar to those conducted with third parties and are detailed as follows:

Intercompany balances (Euro/000)	December 31, 2015		
	Receivables	Payables	Net value
Industries S.p.A.	48,530	(34,705)	13,825
Moncler Enfant S.r.l.	0	(26)	(26)
Moncler Lunettes S.r.l.	40	0	40
Moncler USA Inc.	3	(43)	(40)
Moncler Shinsegae Inc.	0	(134)	(134)
Moncler Japan Corporation	0	(7)	(7)
Total	48,573	(34,915)	13,658

Intercompany transactions (Euro/000)	December 31, 2015		
	Revenues	Expenses	Net value
Industries S.p.A.	146,816	(894)	145,922
Moncler Lunettes S.r.l.	151	(16)	135
Moncler USA Inc.	3	(44)	(41)
Moncler Shinsegae Inc.	0	(134)	(134)
Moncler Japan Corporation	4	(7)	(3)
Total	146,974	(1,095)	145,879

Moncler S.p.A. granted to the subsidiary Industries S.p.A. a license to use the Moncler brand. Based on the license agreement, the Company is remunerated through payments of royalties and advertising contributions. In addition, the Company has entered into a legal, fiscal and administrative consulting agreement with Industries S.p.A. The total amount of royalties, advertising contributions and consulting fees for fiscal year 2015 amounted to Euro 145.9 million (Euro 115.3 million in 2014).

In 2015, Moncler S.p.A. granted a license to the Moncler brand glasses line to Moncler Lunettes S.r.l. for an amount of 0.2 million (Euro 0.3 million in 2014).

Please note that Moncler S.p.A. is part of the Group’s fiscal consolidation and is responsible for taxes payable and the related interests associated with taxable income of Industries S.p.A., ISC S.p.A., Moncler Lunettes S.r.l. and Moncler Enfant S.r.l.

Compensation paid of the members of the Board of Directors in 2015 are Euro 3.656 thousand (Euro 3.202 thousand in 2014).

Compensation paid of the members of the Board of Auditors in 2015 are Euro 142 thousand (Euro 157 thousand in 2014).

In 2015 the costs relating to Stock Option Plans (described in section 8.2) referring to members of the Board of Directors amount to Euro 1,837 thousand (Euro 1,540 thousand in 2014).

There are no other related party transaction.

The following tables summarize the afore-mentioned related party transactions that took place during 2015 and the prior year:

(Euro thousand)	Type of relationship	Note	December 31, 2015	%	December 31, 2014	%
Industries S.p.A.	Trade transactions	c	146,816	99.8%	116,070	99.5%
Industries S.p.A.	Trade transactions	b	54	0.0%	14	(0.0)%
Industries S.p.A.	Trade transactions	b	(102)	0.2%	(117)	0.3%
Industries S.p.A.	Interest expense on financing agreement	a	(846)	44.7%	(670)	9.0%
Moncler Enfant S.r.l.	Trade transactions	c	0	0.0%	21	0.0%
Moncler Enfant S.r.l.	Trade transactions	b	0	0.0%	(2)	0.0%
Moncler Lunettes S.r.l.	Trade transactions	c	151	0.1%	303	0.3%
Moncler Lunettes S.r.l.	Trade transactions	b	(16)	0.0%	(37)	0.1%
Moncler USA Inc.	Trade transactions	c	3	0.0%	0	0.0%
Moncler USA Inc.	Trade transactions	b	(44)	0.1%	(10)	0.0%
Moncler Shinsegae Inc.	Trade transactions	b	(134)	0.3%	0	0.0%
Moncler Japan Corporation	Trade transactions	c	4	0.0%	0	0.0%
Moncler Japan Corporation	Trade transactions	b	(7)	0.0%	0	0.0%
Directors and board of statutory auditors	Labour services	b	(3,798)	8.6%	(3,359)	9.2%
Directors and board of statutory auditors	Labour services	b	(1,837)	4.2%	(1,540)	n.a.
Total			140,244		110,673	

a- % calculated based on total financial costs
b- % calculated on operating costs
c- % calculated on revenues

(Euro thousand)	Type of relationship	Note	December 31, 2015	%	December 31, 2014	%
Industries S.p.A.	Trade payables	b	(227)	1.5%	(1,432)	9.1%
Industries S.p.A.	Financial debt	a	(22,802)	32.2%	(10,838)	15.2%
Industries S.p.A.	Debt from fiscal consolidation	d	(11,676)	77.5%	0	0.0%
Industries S.p.A.	Trade receivables	c	48,530	99.9%	0	0.0%
Industries S.p.A.	Credit from fiscal consolidation	e	0	0.0%	21,393	91.9%
Moncler Enfant S.r.l.	Trade receivables	c	0	0.0%	21	5.4%
Moncler Enfant S.r.l.	Debt from fiscal consolidation	d	(26)	0.2%	(382)	1.9%
Moncler Lunettes S.r.l.	Trade receivables	c	0	0.0%	303	77.3%
Moncler Lunettes S.r.l.	Credit from fiscal consolidation	e	40	1.9%	0	0.0%
Moncler Lunettes S.r.l.	Trade payables	b	0	0.0%	(2)	0.0%
Moncler Lunettes S.r.l.	Debt from fiscal consolidation	d	0	0.0%	(413)	2.0%
Moncler USA Inc.	Trade receivables	c	3	0.0%	0	0.0%
Moncler USA Inc.	Trade payables	b	(43)	0.3%	0	0.0%
ISC S.p.A.	Debt from fiscal consolidation	d	0	0.0%	(17,222)	83.8%
Moncler Shinsegae Inc.	Trade payables	b	(134)	0.9%	0	0.0%
Moncler Japan Corporation	Trade payables	b	(7)	0.0%	0	0.0%
Amministratori e sindaci	Other current liabilities	d	(1,907)	12.7%	(1,448)	7.0%
Total			11,751		(10,020)	

a effect in % based on total financial debt
b effect in % based on trade payables
c effect in % based on trade receivables
d effect in % based on other current liabilities
e effect in % based on other current assets

The following tables summarize the weight of related party transactions on the financial statements as at and for the years ended December 31, 2015 and 2014:

December 31, 2015								
(Euro/000)	Revenues	Operating expenses	Total interest expenses	Trade receivables	Other current assets	Trade payables	Other payables, current	Total financial debt
Total related parties	146,974	(5,884)	(846)	48,533	40	(411)	(13,609)	(22,802)
Total financial statement	147,114	(44,052)	(1,891)	48,600	2,129	(15,129)	(15,065)	(70,713)
weight %	99.9%	13.4%	44.7%	99.9%	1.9%	2.7%	90.3%	32.2%

December 31, 2014								
(Euro/000)	Revenues	Operating expenses	Total interest expenses	Trade receivables	Other current assets	Trade payables	Other payables, current	Total financial debt
Total related parties	116,394	(5,051)	(670)	324	21,393	(1,434)	(19,465)	(10,838)
Total financial statement	116,658	(36,460)	(7,454)	392	23,276	(15,738)	(20,555)	(71,338)
weight %	99.8%	13.9%	9.0%	82.7%	91.9%	9.1%	94.7%	15.2%

8.2 STOCK OPTION PLANS

The Financial Statements as at December 31, 2015 reflect the values of the Stock Option Plans approved in 2014 and 2015.

With regard to Stock Option Plans approved in 2014, please note that:

- The Stock Option Plan 2014-2018 “Top Management and Key People” provides for a vesting period ending with the approval of the Consolidated Financial Statements as at December 31, 2016. Each beneficiary may exercise the options granted on condition that the specific performance goals related to Group’s consolidated EBITDA are achieved. The exercise price of the options is equal to Euro 10.20 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The Stock Option Plan 2014-2018 “Italian Corporate Structures” provides for three separate tranches with a vesting period starting from the grant date of the plan until the approval date by the Board of Directors of the Consolidated Financial Statements respectively as at December 31, 2014, 2015 and 2016. Each beneficiary may exercise the options granted on condition that the specific performance goals related to Group’s consolidated EBITDA are achieved. The exercise price of the options is equal to Euro 10.20 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The fair value of stock options was estimated at the grant date using the Black-Scholes method, based on the following assumptions:
 - share price at the grant date of the options Euro 13.27;
 - estimated life of options equal to the period from the grant date to the following estimated exercise dates:
 - “Top Management and Key People” Plan: March 1, 2018;
 - “Italian Corporate Structures” Plan: I tranche March 1, 2017, II tranche August 31, 2017, III tranche March, 1 2018;
 - dividend yield 1%;
 - fair value per tranches from Euro 3.8819 to Euro 4.1597.
- The effect of the two plans on the 2015 income statement amounted to Euro 2.5 million, while the effect on net equity of the exercise of the first tranche of the “Italian Corporate Structures” Plan amounts to Euro 1.2 million.
- As at December 31, 2015 the following options are still in circulation: 4,495,000 options for the “Top Management and Key People” Plan and 261,451 options for the “Italian Corporate Structures” Plan. With reference to Moncler S.p.A., as at December 31, 2015 the following options are still in circulation: 1,760,000 options for the “Top Management and Key People” Plan and 14,000 options for the “Italian Corporate Structures” Plan.

On April 29, 2015, the shareholders meeting of Moncler approved the adoption of the equity-based incentive plan (“2015 Plan”) with the characteristics as described below:

- The 2015 Plan is intended for executive directors and/or Key-managers with strategic responsibilities employees and external consultants and other collaborators of Moncler S.p.A. and its subsidiaries which are considered as having a strategic importance or are otherwise able to make a significant contribution to achieving Group’s strategic objectives;
- The 2015 Plan provides for the assignment of maximum 2,548,225 options through 3 cycles of allocation, free of charge. The options allow, under the conditions established, to subscribe ordinary shares of Moncler S.p.A. The first grant cycle was completed on May 12, 2015, with the allocation of 1,385,000 options. As at December 31, 2015 the following options are still in circulation: 1,375,000 options. With reference to Moncler S.p.A., as at December 31, 2015 the following options are still in circulation: 160,000 options.
- The exercise price of the options is equal to Euro 16.34 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The 2015 Plan provides for a vesting period of three years between the allocation date and the initial exercise date. The option can be exercised within June 30, 2020 maximum, for the first attribution cycle and June 30, 2021 or June 30, 2022, respectively, for the second and third attribution cycle;
- Each beneficiary may exercise the options granted on condition that the specific performance goals related to Group’s consolidated EBITDA are achieved;
- The effect on the income statement of the stock option plans amounts to Euro 25 thousand, which mainly includes the costs accrued during the period, which calculation is based on the fair value of the plans, which takes into account the value of the share at the grant date, the volatility, the flow of the expected dividends, the option term and the risk-free rate.
- The fair value of 2015 Plan was estimated at the grant date using the Black-Scholes method, based on the following assumptions:
 - share price at the grant date of the options Euro 16.34;
 - estimated life of options equal to the period from the grant date to the following estimated exercise: May 31, 2019;
 - dividend yield 1%;
 - fair value per tranches Euro 3.2877.

As stated by IFRS 2, these plans are defined as Equity Settled.

For information regarding the plan, please see the company’s website, www.monclergroup.com, in the “Governance” section.

8.3 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

On April, 29 2015, the Moncler Ordinary Shareholders' Meeting approved an incentive loyalty plan, known as "Performance Stock Option 2015".

The description of the incentive loyalty plans and the related costs are included in note 8.2.

8.4 ATYPICAL AND/OR UNUSUAL TRANSACTIONS

It should be noted that during 2015 the Company did not enter into any atypical and/or unusual transactions.

8.5 FEES PAID TO INDEPENDENT AUDITORS

Fees paid to independent auditors are summarized below:

Audit and attestation services (Euro)	Entity that has provided the service	Fees 2015
Audit	KPMG S.p.A.	102,611
	Network KPMG S.p.A.	-
Attestation services	KPMG S.p.A.	30,250
	Network KPMG S.p.A.	2,500
Other services	KPMG S.p.A.	-
	Network KPMG S.p.A.	98,490
Total		233,851

9. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

SHARE PURCHASES PLAN

On February 2, 2016, Moncler launched a share purchases plan in implementation of the shareholders' meeting resolution of April 23, 2015, pursuant to arts. 2357 and 2357-ter of the Italian Civil Code. The treasury shares acquired in implementation of this resolution shall be used to establish a "stock of shares" that may be used to meet obligations deriving from possible programs for the distribution, against payment or free of charge, of the Company's stock options or shares to directors, employees and associates of the Company or its subsidiaries.

Under the aforementioned share purchases plan completed on February 12, 2016 Moncler bought 1,000,000 Company shares, equal to 0.4% of the current share capital, for a total amount of 12.8 million euros.

The Financial Statements, comprised of the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and explanatory notes to the financial statements give a true and fair view of the financial position and the results of operations and cash flows and corresponds to the Company's accounting records.

On behalf of the Board of Directors

The Chairman
Remo Ruffini

ATTACHMENTS

ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 154 *BIS* OF LEGISLATIVE DECREE NO. 58/98

1. The undersigned, Remo Ruffini, in his capacity as the Chief Executive Officer of the Company, and Luciano Santel, as the executive officer responsible for the preparation of Moncler S.p.A.'s Financial Statements, pursuant to the provisions of Article 154-*bis*, clauses 3 and 4, of Legislative Decree no. 58 of 1998, hereby attest:

- the adequacy with respect to the Company structure
- and the effective application

of the administrative and accounting procedures applied in the preparation of the Company's consolidated financial statements at 31 December 2015.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2015 was based on a process defined by Moncler S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

3. The undersigned moreover attest that:

3.1 the Consolidated Financial Statements:

- a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated 19 July 2002
- b) correspond to the amounts shown in the Company's accounts, books and records; and;
- c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries as of 31 December 2015 and for the year then ended.

3.2 the Director's Report includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

March 3, 2016

CHAIRMAN OF THE BOARD OF
DIRECTORS AND CHIEF EXECUTIVE
OFFICER
Remo Ruffini

EXECUTIVE OFFICER RESPONSIBLE FOR
FOR THE PREPARATION OF THE
COMPANY'S FINANCIAL STATEMENTS
Luciano Santel



KPMG S.p.A.
Revisione e organizzazione contabile
Via Rosa Zallivari, 2
31100 TREVISO TV

Telefono +39 0422 576711
Telefax +39 0422 410891
e-mail it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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
Moncler S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Moncler Group (the "group"), which comprise the income statement and the statements of comprehensive income, financial position, changes in equity and cash flows as at and for the year ended 31 December 2015, a summary of significant accounting policies and other explanatory information.

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.



Moncler Group
Independent auditors' report
31 December 2015

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.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and shareholding structure 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 report on corporate governance and shareholding structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the parent's directors, with the consolidated financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and shareholding structure referred to above are consistent with the consolidated financial statements of the Moncler Group as at and for the year ended 31 December 2015.

Treviso, 29 March 2016

KPMG S.p.A.

(signed on the original)

Francesco Masetto
Director of Audit

ATTESTATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS OF LEGISLATIVE DECREE NO. 58/98

1. The undersigned, Remo Ruffini, in his capacity as the Chief Executive Officer of the Company, and Luciano Santel, as the executive officer responsible for the preparation of Moncler S.p.A.'s financial statements, pursuant to the provisions of Article 154-*bis*, clauses 3 and 4, of Legislative Decree no. 58 of 1998, hereby attest:
 - the adequacy with respect to the Company structure
 - and the effective application of the administrative and accounting procedures applied in the preparation of the Company's consolidated financial statements at 31 December 2015.
2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the Separate Financial Statements at 31 December 2015 was based on a process defined by Moncler S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.
3. The undersigned moreover attest that:
 - 3.1 the Separate Financial Statements:
 - a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated 19 July 2002
 - b) correspond to the amounts shown in the Company's accounts, books and records; and;
 - c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of 31 December 2015 and for the year then ended.
 - 3.2 the Director's Report includes a reliable operating and financial review of the Company, as well as a description of the main risks and uncertainties to which they are exposed.

March 3, 2016

CHAIRMAN OF THE BOARD OF
DIRECTORS AND CHIEF EXECUTIVE
OFFICER

Remo Ruffini

EXECUTIVE OFFICER RESPONSIBLE FOR
FOR THE PREPARATION OF THE
COMPANY'S FINANCIAL STATEMENTS

Luciano Santel



KPMG S.p.A.
 Revisione e organizzazione contabile
 Via Rosa Zalvani, 2
 31100 TREVISO TV

Telefono +39 0422 576711
 Teletax +39 0422 410891
 e-mail it-fmauditaly@kpmg.it
 PEC kpmgspe@pec.kpmg.it

(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
 Moncler S.p.A.

Report on the separate financial statements

We have audited the accompanying separate financial statements of Moncler S.p.A. (the "company"), which comprise the income statement and the statements of comprehensive income, financial position, changes in equity and cash flows as at and for the year ended 31 December 2015, a summary of significant accounting policies and other explanatory information.

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 judgement, 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.



Moncler S.p.A.
Independent auditors' report
31 December 2015

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.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and shareholding structure 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 report on corporate governance and shareholding structure 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 report on corporate governance and shareholding structure referred to above are consistent with the separate financial statements of Moncler S.p.A. as at and for the year ended 31 December 2015.

Treviso, 29 March 2016

KPMG S.p.A.

(signed on the original)

Francesco Masetto
Director of Audit

MONCLER S.p.A.**Share Capital Euro 50,024,891.60 wholly paid****Registered office: via Stendhal, 47, Milan****Milan Register of Companies and Tax Number 04642290961****REA/Business Register: 1763158**

* * *

**REPORT OF THE BOARD OF STATUTORY AUDITORS
TO THE SHAREHOLDERS' GENERAL MEETING***In terms of Article 153 of Legislative Decree no.58 of 24 February, 1998*

Dear Shareholders,

this report, prepared in accordance with Article 153 of Legislative Decree no 58/1998 (hereinafter, also "T.U.F." – the Consolidated Finance Act), refers to the work performed by the Board of Statutory Auditors of Moncler S.p.A. (hereinafter "Moncler" or the "Company ") in the year ended 31 December 2015. During the year, the Board of Statutory Auditors met twelve times, attended six meetings of the Risk Control and Sustainability Committee and three meetings of the Appointments and Remuneration Committee and took part in six meetings of the Board of Directors. During its meetings, it met with the statutory auditors of the subsidiary companies and the Supervisory Board pursuant to Legislative Decree 231/2001.

1. Supervision of compliance with the law and the articles of association

Also by attending Board of Directors' meetings, the Board of Statutory Auditors regularly obtained from the Directors information on the Company's activities and on operations of major economic, financial an impacting the Company's capital as approved and carried out during the year by the Company and the Group companies, also in terms of Article

150 of the T.U.F. , paragraph 1. On the basis of available information, the Board of Statutory Auditors can provide reasonable assurance that these operations were compliant with the law and the articles of association and were not clearly imprudent, risky, in breach of General Meeting resolutions or such as to compromise the Company's assets. Furthermore, operations involving a potential conflict of interests took place in accordance with the law, regulatory requirements and the Articles of Association.

We highlight some of the main events during the year as follows:

- 51% owned company Moncler Shinsegae acquired twelve Moncler stores in Korea;
- The company adopted a share incentive scheme for the Executive Directors, key managers and employees and collaborators in roles of strategic importance;
- The controlled company Industries Yeld S.r.l. acquired a factory in Romania which produces items of clothing.

2. Supervision of compliance with principles of proper business management and presence of an appropriate organisational structure

The Board of Statutory Auditors obtained information about the organisational structure, compliance with principles of proper business management and the adequacy of the instructions given by the Company to its subsidiaries in terms of Article 114, paragraph 2, of the T.U.F.. This information was obtained from the persons in charge of the relevant business divisions and through meetings with the Independent Auditors based on the reciprocal sharing of significant information.

We did not note any issues based on a review of the annual reports issued by the respective Boards of Statutory Auditors on the financial statements of the subsidiaries. Likewise, no issues were brought to our

attention during meetings with the members of the Boards of Statutory Auditors.

The Board of Statutory Auditors has also confirmed that there were no atypical and unusual transactions with Group companies, third parties or related parties.

3. Supervision of risk management and internal control system

The Board of Statutory Auditors has supervised the adequacy of the risk management and internal control system through the following activities:

- Meetings with Company management to review the risk management and internal control system;
- Regular meetings with the Group Internal Audit Department and with the Risk Control and Sustainability Committee in order to evaluate how to plan work, based on identification and assessment of the main risks regarding business processes and organisational units;
- Review of periodic Reports of control Functions and information bulletins on results of monitoring and implementation of corrective action identified;
- Obtaining information from heads of Company divisions;
- Discussion of results of work by Independent Auditors;
- Attendance of meetings of Risk Control and Sustainability Committee; as necessary, deal with certain issues together with the Committee.

During its supervisory activities, the Board of Statutory Auditors maintained a constant dialogue with the Company's Control Functions.

The Board of Statutory Auditors notes that the annual reports of the Control Functions express a positive opinion on the overall internal control structure in terms of completeness, adequacy and reliability.

The Supervisory Board has reported on its work during the year ended 31 December 2015 without highlighting any issues worthy of mention. It noted that the situation was satisfactory, on the whole, and broadly in line with the requirements of the Organisation, Management and Control Model.

Based on the work done, the information obtained, the corrective action taken and the contents of the Reports of the Control Functions, the Board of Statutory Auditors does not believe there are any issues that could impact the effectiveness of the risk management and internal control system.

4. Supervision of accounting system and financial reporting process

The Board of Statutory Auditors met periodically with the Manager in charge of preparing accounting and corporate reports (hereinafter the “Manager in charge”) in order to discuss the accounting system and its reliability in providing a proper representation of the Company’s operating activities; it also reviewed the Report by the Manager in charge containing the results of control testing and the main issues identified in relation to application of Law 262/2005. The Board of Statutory Auditors also reviewed the declarations by the Chief Executive Officer and the Manager in charge in accordance with the requirements of Article 154 bis of the T.U.F.. No weaknesses that could affect the adequacy of the administrative and accounting procedures were identified by the Board of Statutory Auditors.

During their meetings with the Board of Statutory Auditors, senior personnel from the Independent Auditors did not highlight any issues regarding the internal control system in relation to administrative and accounting procedures.

The Board of Statutory Auditors confirmed that the flow of information

provided by material, non-EU subsidiaries was adequate for the purposes of checks on annual and interim accounts as required by article 36 of Market Regulations.

In light of the information acquired and the meetings held, the Board of Statutory Auditors has concluded that the administrative accounting system and the Company's financial reporting processes are adequate.

5. Supervision of related party transactions

The Board of Statutory Auditors has reviewed the compliance of Related Party Procedures with applicable laws and regulations and confirmed that the procedures are duly applied. As far as the Board of Statutory Auditors is aware, there have been no intercompany transactions or related party transactions that may be considered not in the best interests of the Company.

Related party transactions are described in the notes to the financial statements.

The Board of Statutory Auditors has checked that, in the Management Report and in the Notes to the Financial Statements, the Board of Directors has provided adequate disclosure of Related Party Transactions, taking account of applicable reporting requirements.

6. Implementation of rules of corporate governance

The Board of Statutory Auditors has assessed the methods of implementation of the Self-regulatory Code issued by the Italian Stock Exchange and adopted by Moncler on the basis described in the "Report on Corporate Governance and Ownership Structures".

The Board of Statutory Auditors has also verified proper application of the criteria and procedures adopted by the Board of Directors to evaluate and confirm the independence of its members.

7. Supervision of compulsory audit of financial statements

Pursuant to Article 19 of Legislative Decree no 39/2010, the Board of Statutory Auditors, identified in this article as the “Internal Control and Audit Committee”, has performed supervisory activities on the work of the Independent Auditors.

The Board of Statutory Auditors met on several occasions with Independent Auditor KPMG S.p.A., also in terms of Article 150 of the T.U.F., in order to exchange information regarding the Independent Auditor’s work. During these meetings, the Independent Auditor never raised any matters deemed necessary to report in terms of Article 155, paragraph 2, of the T.U.F..

On 29 March 2016, pursuant to Articles 14 and 16 of Legislative Decree no 39/210, the Independent Auditor issued its reports confirming that the financial statements and the consolidated financial statements as at 31 December 2015 were prepared clearly and presented a true and fair view of the financial position, result of operations and cash flows of Moncler and the Group for the year then ended. Furthermore, in the opinion of the Independent Auditors, the Management Report which accompanies the financial Statements and the consolidated financial statements at 31 December 2015, and the information referred to in paragraph 1, letter c), d), f), l), m) and paragraph 2, letter b), of Article 123-bis of the TUF, as presented in the “Report on Corporate Governance and Ownership Structures”, are consistent with the financial statements and the consolidated financial statements at 31 December 2015.

On 29 March 2016, the Independent Auditors also presented the Board of Statutory Auditors with their report in terms of Article 19 of the Legislative Decree no 39/2010, which did not raise any significant weaknesses of the internal control system in relation to the financial reporting process and requiring to be brought to the attention of those in

charge of corporate governance activities.

The Independent Auditors have submitted to the Board of Statutory Auditors a Report on auditor independence, as required by Article 17 of Legislative Decree no 39/2010. Said report does not highlight any matters that could compromise auditor independence or constitute a compatibility issue in terms of said decree.

The Independent Auditor, together with other firms belonging to its network, has received the following additional engagements, in addition to that under audit regulations for listed companies. The fees for such additional services have been recorded in the consolidated income statement:

Type of services	KPMG S.p.A.	KPMG network
Audit/certification services	33,740	6,933
Other services	22,000	177,790
Total	55,740	184,723

The services rendered by KPMG S.p.A. have included:

- Moncler S.p.A.: opinion, in accordance with legal requirements, on the fair value of the issue price of ordinary shares under a share capital increase, excluding option rights, in terms of Article 2441, paragraph 4 and 2, of the Italian Civil Code: Euro 20,000;
- Moncler S.p.A: certification of sustainability report: Euro 9,000;
- Moncler S.p.A., Industries S.p.A., Moncler Infant S.r.l. and Moncler Lunettes S.r.l.: verification work on signature of Tax Returns *Modello Unico* 2015 and *Modello 770*: Euro 4,740;
- Industries S.p.A.: assistance with implementation of accounting manual: Euro 22,000.

Services rendered by other KPMG network firms:

- Moncler S.p.A.: assistance with integrated approach to business risk management: Euro 75,000;
- Moncler S.p.A.: support services and updating of tax due diligence regarding filing of information on Stock Option Plan with the Japanese regulator: Euro 2,500;
- Moncler S.p.A.: translation into Japanese (and related services) of Consolidated financial statements at 31 December 2014 for the Japanese regulator: Euro 23,490;
- Industries S.p.A.: assistance with integrated approach to business risk management: Euro 68,500;
- Industries S.p.A.: assistance with implementation of DIST project: Euro 10,800;
- Moncler France S.à.r.l.: certification of turnover for local regulatory requirements: Euro 1,500;
- Moncler Asia Pacific Ltd.: certification of turnover of several stores: Euro 2,933.

Taking account of the engagements given by Moncler and other Group companies to the Independent Auditors and other firms in their network, the Board of Statutory Auditors does not believe there are any issues in relation to the independence of KPMG S.p.A..

8. Omissions or censurable matters, opinions given and initiatives undertaken

During the year, we did not receive any report in terms of Article 2408 of the Italian Civil Code.

During the year, the Board of Statutory Auditors did not issue any opinions or make specific observations under legal requirements.

During the work done and based on the information obtained, we did not identify any omissions, censurable matters, irregularities or other

significant issues in need of reporting to the Regulatory Authority or mention in this Report.

9. Remuneration policies

The Board of Statutory Auditors has reviewed the business processes that lead to the establishment of the Company's remuneration policies with particular reference to the remuneration and incentives of persons in charge of Control functions and the Manager in charge of preparing the Company's financial reports.

10. Conclusion

Taking account of the specific duties of the Independent Auditors in terms of accounting control and testing the reliability of the financial statements, the Board of Statutory Auditors has no comments to make to the Shareholders' General Meeting in terms of Article 153 of the T.U.F., in relation to approval of the financial statements for the year ended 31 December 2015 as accompanied by the Management Report as presented by the Board of Directors and the Board of Directors' proposal for the allocation of net profit for the year and for the distribution of dividends.

Milan, 29 March 2016

THE BOARD OF STATUTORY AUDITORS

Mario Valenti

Antonella Suffriti

Raoul F. Vitulo

GLOSSARY

Americas: Antigua and Barbuda, Argentina, Bahamas, Barbados, Bermuda, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, Greenland, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, San Salvador, Santa Lucia, Suriname, Trinidad and Tobago, United States, Uruguay, Venezuela.

Asia and Rest of World:

Afghanistan, Australia, Bangladesh, Bhutan, Brunei, Cambodia, China, East Timor, Hong Kong, India, Indonesia, Iran, Iraq, Japan, Jordan, Kyrgyzstan, Laos, Macau, Maldives, Malaysia, Mongolia, Nepal, North Korea, Oman, Pakistan, Philippines, Qatar, Singapore, South Korea, Sri Lanka, Syria, Tajikistan, Taiwan, Thailand, Turkmenistan, Vietnam, Yemen.

Concession: directly managed mono-brand *retail* space located on the premises of a department store.

Corporate offices: central organisational units tasked with setting strategy and guidelines for the coordination and control of all operations on behalf of Group subsidiaries and branches.

Department store: general store of large or medium size, divided internally into specialist departments.

DOS: Directly Operated Store, including Free Standing Stores, Travel Retail Stores, Concessions and Outlets.

Doors: multi-brand and mono-brand *wholesale* stores.

E-commerce: electronic commerce.

EBIT: Earning Before Interest and Taxes.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation.

EMEA: Europe and Middle East countries: Andorra, Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium, Bulgaria, Canary Islands, Ceuta and Melilla, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Iceland, Israel, Kazakhstan, Kuwait, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Malta, Montenegro, Morocco, Netherlands, Norway, Poland, Portugal, Principality of Monaco, Romania, Russian Federation, Saudi Arabia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Arab Emirates, United Kingdom, Uzbekistan.

Façon manufactures: independent garment manufacturers engaged exclusively for the manufacture of garments and clothing, according to the so-called industrialised method.

Flagship store: a mono-brand *retail* store which by its size or location conveys the philosophy and image of the brand.

Full Time Equivalent (FTE): Average annual number of employees equivalent to full-time workers.

Holiday resort: exclusive vacation establishment.

Know-how: practical knowledge of how to do something, information in the form of unpatented inventions, formulae, models, designs, methods and procedures, along with accumulated skills and experience held by qualified company personnel.

Mono-brand store: a shop that exclusively sells clothing, accessories and products of a specific brand.

Multi-brand store: a shop that sells different brands of clothing, accessories and products.

Net debt: the sum of payables to banks and short-term and long-term loans, less net cash flow.

Net working capital: the sum of trade receivables and inventories, less trade payables.

Outlet: a shop that sells products and collections from previous years and seasons at discount prices.

Retail: distribution channel for the sale of products or goods managed directly by the Group through Directly Operated Stores (DOS) or its own e-commerce website (www.moncler.com).

Shop-in-shop: mono-brand wholesale space located on the premises of a department store.

Supply chain: distribution processes that begin with the supply of materials or components and end with the consumer, encompassing all phases of production, wholesale and retail.

Travel retail store: point of sale located in places where there is a high flow of potential customers, such as airports and train stations.

Wholesale: distribution channel for the sale of products or goods to distributors (industrial, commercial and institutional entities or other professional firms) through which the Group sells its products to consumers. The channel consists of both mono-brand and multi-brand stores.

MONCLER S.p.A.
Registered Office
Via Enrico Stendhal, 47 - 20144 Milan (Italy)
Tel. +39 +02 422041

ADMINISTRATIVE OFFICE
Via Venezia, 1
35010 Trebaseleghe (Padua) - Italy
Tel. +39 049 93 23 111
Fax. +39 049 93 23 339

LEGAL INFORMATION
Authorized and issued share capital Euro 50,024,891.60
VAT, Tax Code and Chamber of Commerce enrollment No.: 04642290961
Iscr. R.E.A. Milan No. 1763158

OFFICE AND SHOWROOM
Milan, Via Solari, 33
Milan, Via Stendhal, 47
Paris, Rue du Faubourg St. Honoré, 7
New York, 568 Broadway suite 306
Tokyo, 5-4-46 Minami-Aoyama Omotesando Minato-Ku

www.monclergroup.com
www.moncler.com

INVESTOR RELATIONS
investor.relations@moncler.com

SUSTAINABILITY
sustainability@moncler.com

PRESS OFFICE
corporate.press@moncler.com



ECF (Elemental Chlorine Free)
Heavy Metal Absence
Acid Free