

000818/20 ~~00518/20~~
OS AA01

Statement of details of parent law and other
information for an overseas company



A6M83CCR

A06 28/12/2017 #162
COMPANIES HOUSE

A09 13/10/2017 #68
COMPANIES HOUSE

A12 28/09/2017 #417
COMPANIES HOUSE

✓ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

✗ **What this form is NOT for**
You cannot use this form to
accompany an alteration of memorandum
with accounting requirements.

Part 1 Corporate company name

Corporate name of overseas company ① COCCINELLE S.P.A.

UK establishment number B R 0 1 7 0 7 3

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

**Part 2 Statement of details of parent law and other
information for an overseas company**

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ② 2423 ff of the Italian Civil Code

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ No. Go to Section A3.

☒ Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.

③ Please insert the name of the
appropriate accounting organisation
or body.

Name of organisation or body ③ Italian GAAP

A3 Accounts

Accounts Have the accounts been audited? Please tick the appropriate box.

☐ No. Go to Section A5.

☒ Yes. Go to Section A4.

OS AA01

Statement of details of parent law and other information for an overseas company

A4

Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☐ No. Go to Part 3 'Signature'.

☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'

● Please insert the name of the appropriate accounting organisation or body.

Name of organisation or body ●

Italian GAAP by OIC

A5

Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box.

☐ No.

☐ Yes.

Part 3

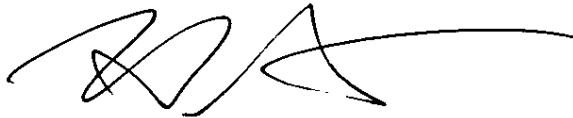
Signature

Signature

I am signing this form on behalf of the overseas company.

Signature

X



X

This form may be signed by:
Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **MANDY SHERIDAN**

Company name **HALLIDAYS**

Address **RIVERSIDE HOUSE**

KINGS REACH BUSINESS PARK

YEW STREET

Post town **STOCKPORT**

County/Region **CHESHIRE**

Postcode

S	K	4		2	H	D	
---	---	---	--	---	---	---	--

Country **UK**

DX

Telephone **0161 476 8276**



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



INDEPENDENT AUDITORS' REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

**To the sole Shareholder of
Coccinelle S.p.A.**

Report on the Financial Statements

We have audited the accompanying financial statements of Coccinelle S.p.A., which comprise the balance sheet as at December 31, 2016, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with the Italian law governing financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Coccinelle S.p.A. as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with the Italian law governing financial statements.

Arizona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Palermo Perugia Roma Torino Treviso Verona

Sede Legale: Via Tortona, 75 - 20131 Milano | Capitale Sociale: Euro 10.528.729.000 i.v.

Codice Fiscale/Registre delle Imprese: Milano n. 03049560166 - R.E.A. Milano n. 122039 | Partita IVA IT 03049560166

Il nome "Deloitte" si riferisce a uno o più delle seguenti entità: Deloitte Touche Tohmatsu Limited (una società inglese a responsabilità limitata), "DTTL", le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informazione completa relativa alla struttura della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

© Deloitte & Touche S.p.A.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations with the financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations, which is the responsibility of the Directors of Coccinelle S.p.A., with the financial statements of Coccinelle S.p.A as at December 31, 2016. In our opinion the report on operations is consistent with the financial statements of Coccinelle S.p.A. as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Parma, Italy
April 27, 2017

This report has been translated into the English language solely for the convenience of international readers.

Companies Registry registration no. 00478330343
Chamber of Commerce (REA) reg. no. 133743

COCCINELLE S.P.A.

Società soggetta a direzione e coordinamento di E-LAND ITALY S.R.L.

Registered Office VIA LEGA DEI CARRETTIERI 6/A - 43038 SALA BAGANZA (PR) Share Capital
4.000.000,00 I.V.

Financial statements at 31/12/2016**Balance Sheet**

Assets	31/12/2016	31/12/2015
A) Accounts receivable from shareholders in respect of unpaid share capital (of which called up)		
B) Fixed assets		
<i>I Intangible assets</i>		
1) Start-up and expansion costs	2.466.433	2.335.280
2) Development costs		
3) Industrial patent and intellectual property rights	1.047.478	150.517
4) Concessions, licenses, trademarks and similar right	287.144	298.970
5) Goodwill	3.535.909	3.941.860
6) Work-in-progress and advances	211.248	625.481
7) Other intangible assets	1.751.671	1.739.327
	9.299.883	9.091.435
<i>II Tangible assets</i>		
1) Land and buildings	936.000	1.008.000
2) Plant and machinery	177.781	129.758
3) Industrial and commercial equipment	8.057	16.357
4) Other assets	1.972.597	1.610.559
5) Work-in-progress and advances	7.361	
	3.101.796	2.764.674
<i>III Financial assets</i>		
1) Shareholdings in:		
a) controlled undertakings		
b) affiliated undertakings		
c) controlling companies		
d) undertakings under control by the controlling companies		
d-bis) other companies	68	68
		68
2) Accounts Receivables		
a) from controlled undertakings		
- falling due within one year		
- falling due after more than one year		
b) from affiliated undertakings		
- falling due within one year		
- falling due after more than one year		
c) from controlling companies		

- falling due within one year			
- falling due after more than one year			
d) from undertakings under control by the controlling companies			
- falling due within one year			
- falling due after more than one year			
d-bis) Other accounts receivable			
- falling due within one year			
- falling due after more than one year	324.885		312.987
		324.885	312.987
		324.885	312.987
3) Other securities			
4) Derivative financial instruments			
		324.953	313.055
Total fixed assets		12.726.632	12.169.164
C) Current assets			
I Stock			
1) Raw materials, subsidiary materials and consumables		6.019.435	5.635.641
2) Work in process and semi-finished products			11.982
3) Work in progress on order			
4) Finished products and goods		16.523.961	9.707.677
5) Advances		25.902	23.322
		22.569.298	15.378.622
II Accounts receivable			
1) From customers			
- falling due within one year	18.872.643		16.801.034
- falling due after more than one year			
		18.872.643	16.801.034
2) From controlled undertakings			
- falling due within one year			
- falling due after more than one year			
3) From affiliated undertakings			
- falling due within one year			
- falling due after more than one year			
4) From controlling companies			
- falling due within one year	662.031		
- falling due after more than one year	3.000.000		
		3.662.031	
5) From undertakings under control by the controlling companies			
- falling due within one year	224.424		130.439
- falling due after more than one year			
		224.424	130.439
5-bis) Tax credits			
- falling due within one year	909.238		424.426
- falling due after more than one year	38.481		38.481
		947.719	462.907
5-ter) Tax assets			
- falling due within one year	1.216.440		832.791
- falling due after more than one year			338.731
		1.216.440	1.171.522

5-quater) Other accounts receivable		
- falling due within one year	856 803	681 999
- falling due after more than one year		
	<u>856 803</u>	<u>681 999</u>
	25.780 060	19.247 901
III. Financial assets other than fixed assets		
1) Shareholdings in controlled undertakings		
2) Shareholdings in affiliated undertakings		
3) Shareholdings in controlling companies		
3-bis) Shareholdings in undertakings under control by the controlling companies		
4) Other shareholdings		
5) Derivative financial instruments	1 042 815	1.382.840
6) Other securities	9.149 614	10 000
7) Financial assets for centralised cash management		
	<u>10.192.429</u>	<u>1 392 840</u>
IV. Cash-in-hand, cash-at-bank and cash equivalents		
1) Bank and postal accounts	7 195 324	24 473 838
2) Cheques	1 437	5 200
3) Cash and cash equivalents	<u>363 209</u>	<u>155 402</u>
	7 559 970	24.634 440
Total current assets	66.101.757	60.653.803
D) Accrued income and Prepayments		
	<u>1.615.243</u>	<u>2 005 049</u>
Total assets	80.443.632	74.828.016
Liabilities	31/12/2016	31/12/2015
A) Shareholders' equity		
I Share capital	4.000 000	4 000 000
II. Share premium reserve		
III. Revaluation surplus	1 475 912	1 475 912
IV Legal reserve	800 000	800 000
V Reserves provided for by the articles of association		
VI. Other reserves		
Extraordinary reserve	24 703.730	24.677 267
Reserve from derogations pursuant to article 2423 of the civil code		
Reserve from shares (non-share interests) in the controlling company		
Reserve from write-up of shareholdings		
Contributions for share capital increases		
Contributions for future share capital increases		
Capital contributions		
Contributions for loss coverage		
Reserve from share capital reduction		
Merger surplus	167 784	167.784
Reserve from unrealised exchange gains		
Reserve from translation differences		
Various other reserves		
Reserves from capital contributions (pursuant to article 55 of the Italian income tax code)		
Reserves under suspended taxation		
Reserves from contributions qualifying for		

beneficial treatment (law no. 576/1975)		
Reserves from capital gains set aside pursuant to article 2 of law no. 168/1992		
Reserve for supplementary pension funds pursuant to legislative decree no. 124/1993		
Non-distributable reserve pursuant to article 2426		
Reserve from conversion into EURO		
Reserve from tax amnesty		
Conto personalizzabile		
Conto personalizzabile		
Reserve from rounding-offs to whole Euros	(6)	(2)
Others		
	24.871.508	24.845.049
VII. Cash flow hedge reserve		
VIII. Retained earnings (loss carryovers)		
IX Profit for the year	3.315.541	3.026.964
IX Loss for the year	()	()
Interim dividends	()	()
Loss covered during the year		
X. Negative reserve for Treasury Shares	3.315.541	3.026.964
Total shareholders' equity	34.462.961	34.147.925
B) Provisions for contingent liabilities and charges		
1) Provision for pensions and similar benefits	775.421	701.826
2) Provision for taxes, including deferred taxes	250.276	380.281
3) Derivative financial instruments		
4) Other provisions	400.000	400.000
Total provisions for contingent liabilities and charges	1.425.697	1.482.107
C) Employees' leaving indemnity	1.134.037	1.205.925
D) Accounts Payables		
1) Bonds		
- falling due within one year		
- falling due after more than one year		
2) Convertible bonds		
- falling due within one year		
- falling due after more than one year		
3) Shareholders' loans		
- falling due within one year		
- falling due after more than one year		
4) Accounts payable to banks		
- falling due within one year	18.500.000	20.500.000
- falling due after more than one year	750.000	1.250.000
	19.250.000	21.750.000
5) Accounts payable to third party lenders		
- falling due within one year	32.220	44.485
- falling due after more than one year		
	32.220	44.485
6) Advances		
- falling due within one year	554.760	426.878
- falling due after more than one year		
	554.760	426.878

7) Accounts payable to suppliers			
- falling due within one year	20 209 914		13.484 794
- falling due after more than one year			
		20 209 914	13 484 794
8) Accounts payable represented by debt instruments			
- falling due within one year			
- falling due after more than one year			
9) Accounts payable to controlled undertakings			
- falling due within one year			
- falling due after more than one year			
10) Accounts payable to affiliated undertakings			
- falling due within one year			
- falling due after more than one year			
11) Accounts payable to controlling companies			
- falling due within one year	484 151		
- falling due after more than one year			
		484.151	
11-bis) Accounts payable to undertakings under control by the controlling companies			
- falling due within one year			
- falling due after more than one year			
12) Tax liabilities			
- falling due within one year	532 370		563.018
- falling due after more than one year			
		532 370	563 018
13) Accounts payable to social security institutions			
- falling due within one year	671 892		593.911
- falling due after more than one year			
		671 892	593 911
14) Other accounts payable			
- falling due within one year	1.593 723		1 124 178
- falling due after more than one year			
		1 593 723	1 124 178
Total accounts payable		43.329.030	37.987.264
E) Accrued liabilities and deferred income		91.907	4.795
Total shareholders' equity and liabilities		80.443.632	74.828.016
Profit and loss account		31/12/2016	31/12/2015
A) Revenues			
1) From sales and services		76.016.856	68.352.781
2) Changes in stocks of work in process, semi-finished and finished products		6.804 302	(769 874)
3) Changes in work in progress on order			
4) Capitalised internal work in progress			
5) Other revenues and proceeds:			
- others	1.677 521		1 924.857
- contributions toward operating expenses			
		1.677.521	1.924 857
Total revenues		84.498.679	69.507.764

B) Expenses

6) Raw materials, subsidiary materials, consumables and goods		19 208 643	15.092.381
7) Services		37.618.177	30.314 859
8) Rent/lease		5 642.042	4.875 248
9) Personnel costs			
a) salaries and wages	8.299.832		7 389 887
b) social contributions	2.288 141		2 058 268
c) employees' leaving indemnity	601 884		565 775
d) accruals for pension and similar benefits			
e) other costs	197 246		193.887
		11 387.103	10 207 817
10) Amortisation, depreciation and value adjustments			
a) amortisation of intangible assets	2.240.614		1 854 002
b) depreciation of tangible assets	549 323		485 384
c) other value adjustments			15.400
d) write-down of accounts receivable recorded among current assets and liquid assets	447 353		498.219
		3.237.290	2.853.005
11) Changes in raw materials, subsidiary materials, consumables and goods		(383.793)	190 171
12) Accruals to provisions for contingent liabilities and charges			
13) Other accruals			
14) Miscellaneous running costs		640 127	757 556
Total expenses		77 349 589	64.291 037
Difference between revenues and expenses(A-B)		7 149.090	5.216 727

C) Financial income and costs

15) Income from shareholdings:			
- in controlled undertakings			
- in affiliated undertakings			
- in controlling companies			
- in undertakings under control by controlling companies			
- other income			
16) Other financial income:			
a) from accounts receivable recorded among fixed assets			
- from controlled undertakings			
- from affiliated undertakings			
- from controlling companies			
- from undertakings under control by controlling companies			
- other financial income			
b) from securities recorded among fixed assets			
c) from securities recorded among current assets			
d) other income			
- from controlled undertakings			
- from affiliated undertakings			
- from controlling companies	6 616		28.932
- from undertakings under control by controlling companies			
- other income	155.923		42.026

	162.539	70.958
	162.539	70.958
17) Interest and other financial costs:		
- to controlled undertakings		
- to affiliated undertakings		
- to controlling companies		
- to undertakings under control by controlling companies		
- other financial costs	298.819	185.550
	298.819	185.550
17-bis) Exchange gains and losses	(1.332.450)	308.851
Total financial income and costs	(1.468.730)	194.259
D) Value adjustments of financial assets		
18) Write-ups:		
a) of shareholdings		
b) of financial fixed assets which do not constitute shareholdings		
c) of securities recorded among current assets which do not constitute shareholdings		
d) of derivative financial instruments		
19) Write downs:		
a) of shareholdings		
b) of financial fixed assets which do not constitute shareholdings		
c) of securities recorded among current assets which do not constitute shareholdings		
d) of derivative financial instruments	340.024	605.191
	340.024	605.191
Total value adjustments of financial assets	(340.024)	(605.191)
Result before taxes (A-B±C±D±E)	5.340.336	4.805.795
20) Taxes on the income for the year, current taxes and deferred tax assets and liabilities		
a) Current taxes	2.185.000	1.700.000
b) Taxes of prior years		49.974
c) Deferred tax assets and liabilities	(160.205)	28.857
d) Income (expense) arising from the adoption of the tax consolidation /fiscal transparency regime		
	2.024.795	1.778.831
21) Profit (loss) for the year	3.315.541	3.026.964

Amministratore Unico

Counterigned by



UK Consultant with Power of Attorney.

Entry number in the Business Register 00478330343
Economic and Administrative Index No. 133743

COCCINELLE S.P.A.

Headquarters in VIA LEGA DEI CARRETTIERI 6 - 43038 SALA BAGANZA (PR), ITALY Share
Capital Euro 4,000,000
fully paid-in

Management Report to the Financial Statements as at 31 December 2016

The reported amounts are expressed in Euro.

Dear Shareholders,

For the period closed as at 31 December 2016, the Company made a profit of Euro 3,315,541.

General Situation

In 2016 revenues in the Italian leather goods sector decreased by 2%, with a slowdown also in exports that, in previous years, had driven the sector posting significant rates of growth. In the first ten months of 2016, exports were in line with the previous year and showed increasing trends only as regards medium-low range products: in the reporting period, the luxury goods segment continued to experience the difficulties arose in the first part of the year and, at least for the time being, the phase of strong growth in demand for top-of-the-range products, as seen in recent years, seems to have come to an end: forecast for the medium term indicate modest increases, between 2 and 3%.

Political and economic tensions, also due to terrorist attacks, the slump in oil prices and monetary fluctuations impacted on the performance of consumption and tourism in Europe, making 2016 a difficult year for the enterprises in this sector.

All production segments posted decreases in export revenues, except for bags, which, however, posted a low rate of growth (+0.2%).

The average price of purchased products, slightly decreasing vs. the previous year (-0.8%) has confirmed a lesser presence of high-range/luxury products in the demand mix, also in the domestic market.

In international markets, giving evidence of the difficulties experienced by the luxury goods segment, a frequent situation was an increase in volumes with a concomitant decrease in their value: specifically, this was the case in the USA (+4.4% in sale volumes and -7% in value), in the United Arab Emirates (+18% in volume and -9% in value) and in France (higher quantities but - 5% in value).

In European markets, good performances were achieved in Germany (revenue increasing by 1.2% but sale volumes slightly decreasing) and especially in Poland, where economic growth and the population's increased affluence are generating interesting opportunities for "Made-in-Italy" products. In Poland, in 2016, revenue in this sector increased by 10.8% and volumes by 20%.

The Brexit effect penalized exports to the United Kingdom (revenue down by -4.5% and volumes down by -26% vs. the previous year).

Outside Europe, excellent performances were achieved in Japan (revenue up by +15.4% and volumes up by + 5.7%), Hong Kong (revenue up by +8.2% and volumes up by +6%) and South Korea (+3.6%).

However, the most significant figure refers to Russia, with evidence of significant recovery after a long crisis, with increasing revenue (+15%) and with purchase volumes of Italian leather goods increasing by 17.5%.

Exports of Italian leather goods to Ukraine also performed well (revenue up by +15% and volumes up by + 32%), as well as to Canada and Australia, with revenue increasing by 28% and 9%, respectively, vs. the previous year.

Imports were essentially in line with the previous year (-0.6%), the main vendor was once again China, whose sales to Italy increased by 4% in terms of volumes but decreased by 10% in value, with an average price down by 0.9%, giving evidence of a tendency to reduce the quality of the products supplied to Italy.

The Company's situation

Pursuant to Article 2428 of the Italian Civil Code, it is reported that the Company operations are carried out at its Headquarters, in Sala Baganza (PR), Italy, at Via Lega dei Carrettieri No. 6 and that the Company has no secondary headquarters.

However, in order to pursue the set targets for business development in foreign markets and for brand awareness purposes, a permanent establishment (a Branch) was set up in Germany for the management of an owned point of sale in that Country, located at the Frankfurt airport, and of the other points of sale to be opened in that market. Therefore, the German Branch has joined the two existing branches in the UK and France, the former managing three points of sale (two in London and an outlet at Bicester Village) and the latter managing a point of sale (in Paris).

The business and financial performance of the Company can be reported as follows:

- The Company's business volume came to Euro 76,016,856, up by 11.2% vs. the previous year and referred totally to the "Coccinelle" brand;
- The Company increased its investments to pursue its communication and promotion strategy, which started being implemented in the previous year, with the relevant costs increasing by 14%. At the same time, the Company continued to implement its strategy for the opening of single-brand stores, both directly managed ones and stores franchised out, in order to further develop its business and to achieve ever increasing Brand awareness, especially in foreign markets.
- The difference between value and costs of production increased by 37% thanks to better performances achieved by some stores, to the opening of new stores, to the increase in the wholesale business and to effective cost control; because of the strong appreciation of the US Dollar, which caused losses on exchange rates amounting to approximately €1,300,000, profit before taxes did not perform in line with the previous year and slightly decreased (-1%), coming, in 2016, to approximately €5,340,000;
- The Company's financial structure is sound and balanced between short- and medium-term sources and uses;
- Its net financial position decreased vs. the previous year subsequent to the investments made and to the distribution of reserves to the Shareholder, but it remained decidedly positive and in line with expectations, ensuring financial management with no particular problems.

Performance

Also in 2016, the Company undertook various initiatives aimed at consolidating its brand, at increasing its business and at optimizing corporate management, in a difficult economic situation, featuring an ongoing severe crisis in the Country.

Specifically, the analysis of sales data in comparison with the previous year reported a significant increase regarding collections as well as markets and channels:

- The sales for the spring/summer collection increased by 4.8% and the sales for the fall/winter collection increased by 5.6%;
- As regards market performance, the domestic market increased by 5.2% and foreign markets by 18.2%;
- The breakdown of revenue by channel shows a significant increase of 25.9% in the retail channel consisting of owned single-brand stores, a 2.3% increase in the retail channel consisting of single-brand franchised stores and a 4% increase in the multi-brand channel.

The significant performance of the single-brand stores is to be specifically reported, both franchised and owned ones, including the Outlets, which was due to the decision to aim at improving the organizational and management structure of the points of sale.

Business through the Company's website also performed well, with sales of products increasing vs. the previous year.

In terms of distribution, also in 2016 significant development actions were carried out, with the opening of 12 single-brand franchised stores, all of which are located abroad (Europe, Middle East and Asia) and of 2 single-brand stores managed directly by the Company (Rome and Frankfurt); moreover, the Company started to manage directly two points of sale, which were previously managed by third parties (Palermo and Bicester).

In the reporting year, the single-brand store in Riccione and 7 franchised stores (3 in Italy and 4 abroad) were closed; the business arrangement with the Distributor in Japan was terminated.

The Travel Retail channel further developed and other corners were opened abroad, 6 in total in as many Countries (Philippines, Morocco, Portugal, Myanmar, Romania and China).

The newly-opened points of sale in high-end locations and airports and the actions that were implemented to improve distribution, also in the multi-brand channel, are expected to generate significant contributions to the Coccinelle brand awareness at an international level.

As reported above, the Company continued with the strategy that had started to be implemented in the previous year and that provides for significant investments in communication, through traditional media, billposting, the WEB (using social networks and bloggers) and through CRM actions; moreover, several events were organized in Italy and abroad.

Manufacturing and logistic activities were further increased and, also for 2016, the model for the management of Outlets was confirmed, with specific products dedicated to this channel.

Overall, manufacturing of bags and handbags, of small leather products and cases was mainly carried out in China (70%), Eastern Europe (15%) and Italy (15%); the remaining product types were manufactured or bought in Italy.

The Administration and Financial Division carried out its many activities: financial reporting operations, supporting the measurement of the corporate business segments, also potential ones, reporting of performance and financial data to the Controlling Companies, the direct one and the indirect ones, and provision of the data required for the consolidated financial statements prepared by Eland Italy srl (the direct Controlling Company), Euro E-Land Company Ltd and E.Land World Ltd (the indirect Controlling Companies).

Moreover, since the beginning of the year, the new corporate information system has been implemented and running.

Performance in the Company's sectors of operation

The performance of your Company in the reporting year is to be considered essentially good, given the difficulties experienced by the relevant sector in the Italian market and in some foreign markets, since, in 2016, both the value of production and the gross operating profit increased, whereas profit before taxes, because of the appreciation of the US Dollar, was essentially unchanged. In 2016 the value of production increased vs. the previous year by approximately Euro 15 million, due partly to the increase in revenues from sales and services, of about Euro 7.7 million, and partly to the €7.6 million increase in inventories of finished products vs. the previous year. The significant increase in stock inventories was based on the Company's forecast sales for 2017. The table below reports these three values for the last three financial years.

	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014
Value of production	84,498,679	69,507,764	67,422,797
Gross Operating Profit	8,261,506	5,646,656	4,220,317
Profit (loss) before taxes	5,340,336	4,805,795	4,097,586

Income statement highlights

The Company's reclassified income statement compared to the same statement for the previous

year is reported below (the adopted layout for the income statement reports the following interim highlights, which are not defined as to accounting measurement by the Italian National Accounting Principles and, therefore, the criteria for the measurement of such interim data might be different from those used by other companies):

	31 Dec. 2016	31 Dec. 2015	Change
Net Revenues	76,016,856	68,352,781	7,664,075
External costs	56,368,247	52,498,308	3,869,939
Added value	19,648,609	15,854,473	3,794,136
Labour cost	11,387,103	10,207,817	1,179,286
Gross Operating Profit	8,261,506	5,646,656	2,614,850
Depreciation, amortization, write-downs and other provisions	2,789,937	2,354,786	435,151
Operating Income	5,471,569	3,291,870	2,179,699
Other income	1,677,521	1,924,857	(247,336)
Financial Income and Expenses	(1,468,730)	194,259	(1,662,989)
Net Income	5,680,360	5,410,986	269,374
Value adjustments of financial assets and liabilities	(340,024)	(605,191)	265,167
Profit (loss) before taxes	5,340,336	4,805,795	534,541
Income taxes	2,024,795	1,778,831	245,964
Net income (loss)	3,315,541	3,026,964	288,577

As mentioned above, the worsening in the net income (loss) of the "Financial income and expenses" item vs. the previous year resulted from realized losses on exchange rates amounting to approximately Euro 1.3 million and caused by the significant appreciation of the US Dollar. To better report the Company's profitability, the table below reports some profitability ratios, with the same ratio for the two previous periods for comparison purposes.

	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014
Net ROE	0.11	0.10	0.08
Gross ROE	0.17	0.15	0.13
ROI	0.09	0.07	0.07
ROS	0.09	0.08	0.06

Balance Sheet Highlights

The Company's reclassified balance sheet compared with that for the previous period is given below (in Euro):

	31 Dec. 2016	31 Dec. 2015	Change
Net intangible fixed assets	9,299,883	9,091,435	208,448
Net tangible fixed assets	3,101,796	2,764,674	337,122
Equity investments and other non-current financial assets	68	68	0
Tied-up Capital	12,401,747	11,856,177	545,570

Stock inventories	22,569,298	15,378,622	7,190,676
Receivables from Customers	18,872,643	16,801,034	2,071,609
Other receivables	4,300,232	3,829,707	470,525
Accrued income and deferred expenses	1,615,243	2,005,049	(389,806)
Short-term operating assets	47,357,416	38,014,412	9,343,004

Trade payables	20,209,914	13,484,794	6,725,120
----------------	------------	------------	-----------

Down-payments	554,760	426,878	127,882
Tax and social security due	1,204,262	1,156,929	47,333
Other due and payables	2,077,874	1,124,178	953,696
Accrued expenses and deferred income	91,907	4,795	87,112
Short-term operating liabilities	24,138,717	16,197,574	7,941,143
			0
Net operating capital	23,218,699	21,816,838	1,401,861
Employees' severance benefits	1,134,037	1,205,925	-71,888
Tax and social security due (beyond 12 months)	250,276	380,281	-130,005
Other medium- and long-term liabilities	1,175,421	1,101,826	73,595
Medium- and long-term liabilities	2,559,734	2,688,032	-128,298
Invested capital	33,060,712	30,984,983	2,075,729
Equity	-34,462,961	-34,147,925	-315,036
Medium- and long-term net financial position	2,574,885	-937,013	3,511,898
Short-term net financial position	-1,172,636	4,099,955	-5,272,591
Own funds and net financial debt	-33,060,712	-30,984,983	-2,075,729

The reclassified balance sheet gives evidence of the Company's capital soundness (that is to say, its ability to maintain financial equilibrium in the medium-/long-term). Moreover, the reclassified balance sheet shows the close correlation, within the working capital, between the increase in stock inventories, which came to about Euro 7.2 million and mainly referred to finished products, and the increase in trade payables subsequent to their purchase, amounting to Euro 6.7 million.

To better report the Company's equity soundness, the table below reports some financial ratios relating to medium-/long-term loans and to both (i) the modalities for the funding of medium-/long-term uses and (ii) the composition of funding sources, compared to the same figures for the previous years.

	31 Dec. 2016	31 Dec. 2015
Equity minus non-current assets	22,061,214	22,291,748
Non-current assets to net worth ratio	2.78	2.88
Equity plus (non-current liabilities minus non-current assets)	19,486,329	23,228,761
Ratio of own funds + consolidated liabilities to non-current assets	2.57	2.96

Cash flow Statement highlights

The short, medium and long-term net financial position as at 31 December 2016 is reported below. It is pointed out that the "Net financial position" is not defined as an accounting measurement by the Italian National Accounting Principles (therefore the measurement criteria used for this aggregate item might be different from those adopted by other companies):

	31 Dec. 2016	31 Dec. 2015	Change
Bank deposits	7,195,324	24,473,838	-17,278,514
Cash and other valuables on hand	364,646	160,602	204,044
Treasury Shares			
Cash equivalents and treasury shares	7,559,970	24,634,440	-17,074,470

Current financial assets	9,149,614	10,000	9,139,614
Bonds and convertible bonds (within 12 months)			0
Due to shareholders for loan (within 12 months)			0
Due to banks (within 12 months)			0
Due to other lenders (within 12 months)	32,220	44,485	-12,265
Advances for international payments			0
Short-term loan portion	18,500,000	20,500,000	-2,000,000
Financial receivables	-650,000		-650,000
Short-term financial due and payables	17,882,220	20,544,485	-2,662,265

Short-term net financial position	-1,172,636	4,099,955	-5,272,591
--	-------------------	------------------	-------------------

Bonds and convertible bonds (beyond 12 months)			0
Due to shareholders for loan (beyond 12 months)			0
Due to banks (beyond 12 months)			0
Due to other lenders (beyond 12 months)			0
Advances for international payments			0
Long-term loan portion	750,000	1,250,000	-500,000
Financial receivables	-3,324,885	-312,987	-3,011,898
Medium- and long-term net financial position	2,574,885	-937,013	-3,511,898

Net financial position	1,402,249	3,162,942	-1,760,693
-------------------------------	------------------	------------------	-------------------

It is pointed out that the net financial position includes medium-/long-term financial receivables.

To better report the cash flow situation, the table below reports some financial ratios, with the same ratio for the two previous periods for comparison purposes.

	31 Dec. 2016	31 Dec. 2015	31 Dec. 2014
Primary liquidity	0.99	1.24	1.70
Secondary liquidity	1.52	1.66	2.84
Debt	1.29	1.18	0.50
Equity to non-current assets ratio	2.31	2.84	3.97

The primary liquidity ratio came to 0.99, decreasing vs. the previous financial years, but still at a good level.

The secondary liquidity ratio came to 1.52. The value of the net working capital can certainly be considered good having regard to current due and payables, even though lower than in the previous periods.

The leverage ratio came to 1.29. The debt amount is to be considered fairly material based on existing own funds. However, this ratio is to be interpreted considering the significant amount of "Current financial assets" recognized as at 31 December 2016, amounting to Euro 9,149 thousand, with the leverage ratio not considered in the calculation. These assets are short-term investments that are immediately collectible; for more exhaustive reporting on these assets, please, refer to the Note to the financial statements.

The coverage ratio of non-current assets, coming to 2.31, gives evidence that the amount of own funds and medium-/long-term debt is to be considered appropriate based on the amount of non-current assets. Own funds, along with medium-/long-term debt, are to be considered appropriate based on the amount of non-current assets.

Information on the environment and staff

Considering the Company's social role, as stated also in the document on the Management Report issued by the Italian National Board of Chartered Accountants, Tax Advisors and Auditors, providing the following information on the environment and staff has been deemed appropriate.

Staff

Nothing significant to report.

Environment.

Nothing significant to report.

Investments

In the year, investments were made in the following areas:

Non-current Intangible Assets	Acquisitions in the period
Costs for the start-up and expansion of stores	1,036,108
Patent rights	
Concessions, licences and trademarks/brands	56,924
Goodwill	143,795
Fixed assets under construction and down-payments	0
Others	1,689,250
TOTAL	2,926,077

Tangible Fixed Assets	Acquisitions in the period
Plants and machinery	98,976
Industrial and commercial equipment	3,183
Others	784,004
TOTAL	886,163

It is specified that the above investments mainly referred to:

- The granting of multiyear contributions to customers to start-up or renew single-brand points of sale or corners;
- The costs borne to purchase the licences relating to the implementation of the new accounting and enterprise software, which has been operating since the first day of the year;
- The acquisition of the business unit referring to the store in Varese;
- Multiyear expenses and costs borne for the renovation of owned points of sale;
- The purchase of furniture for points of sale and offices;

Income taxes, taking account of deferred tax liabilities/assets, came to Euro 2,024,795.

Research and Development

Pursuant to Article 2428, paragraph 2 item No. 1, the following information is reported:

In 2016, the Company designed and manufactured innovative sets of samples, in both design and quality terms, improving the quality of the products to enhance the collection creativity, consistently with the above projects and based on the development plans concerning some important foreign markets.

No expenses for such activities were capitalized.

Transactions with subsidiaries, associates, controlling/holding companies and subsidiaries of controlling/holding companies

Coccinelle S.p.A. does not hold controlling equity investments in other companies.

In the reporting year, the following transactions were carried out with subsidiaries, associated, controlling/holding companies and subsidiaries of controlling/holding companies, all belonging to the E.Land World Limited Group:

Business transactions

COMPANY	PAYABLES	RECEIVABLES	PURCHASES	SALES	ADVANCES
Mandarina Duck SpA		64,825			
Eland International Fashion (Shanghai)		118,150		932,250	

Financial transactions

COMPANY	PAYABLES	RECEIVABLES	COSTS	REVENUES
E.Land Italy srl		3,659,862		11,055
Lario 1898 Calzaturificio SpA		41,449		

As regards the transactions carried out, for better reporting it is pointed out as follows:

- With Mandarin Duck SpA, no transactions were carried out in the period, the account receivable accrued in previous periods;
- A business transaction was carried out with the E.Land International Fashion Ltd Company concerning the sale of finished products to be distributed in the Chinese market; the transaction was at market prices;

- Two lending transactions with E-Land Italy srl were finalized in the reporting year through which Coccinelle provided E.Land Italy with two interest-bearing loans, one of Euro 650,000, with one-year duration effective from 13 October 2016 and another of Euro 3,000,000, with two-year duration effective from 22.12.2016; for these loans, the Controlling Company E-Land Italy undertook to resolve the distribution of income reserves for an amount equal to principal and interest, in case, at the maturity of the loans, it opts not to repay the loan but to offset it with the above amounts. The revenues from E-Land Italy srl referred to interest accrued in 2016 on these two loans
- With Lario 1898 Calzaturificio SpA, no transactions were carried out in the period, the account receivable accrued in previous periods;

The above transactions did not include any atypical and/or unusual transactions, and were carried out at normal market conditions.

Information on risks and uncertainties pursuant to Article 2428, paragraph 2, point 6-bis, of the Italian Civil Code

Disclosures intended to report on the size of the Company's exposure to risk are given below. As regards quantitative disclosures, reference is made to the Note to the financial statements.

Credit Risk

The Company wrote down, for prudential reasons, the assets that were deemed of poor quality and it believes that all the other assets have good credit quality.

Liquidity risk

It is reported that:

- The Company holds financial assets for which there is a liquid market and which can be sold quickly to meet any liquidity requirements;
- Debt instruments or other credit lines are available to meet liquidity requirements;
- Different financing sources are used;
- There is no significant concentration of liquidity risk both as regards financial assets and as regards financing sources.

Market risk

Interest Rate risk

The Company is exposed to the risk of fluctuations in interest rates, since it has taken out significant loans. However, the situation of capital markets is not expected to generate material impacts on the Company's income statement.

Exchange rate risk (or currency risk)

The Company is exposed to exchange rate risk, especially for purchases of finished products, materials and manufacturing services, in US Dollars. In order to hedge the above exchange rate risk, in the reporting year the Company systematically implemented a prudential hedging policy through forward contracts to buy foreign currency. The existing hedges extend to the whole 2017 and to part of 2018. Specifically, for the relevant amounts, reference is made to the Note to the financial statements.

Price risk

Given the seasonality of its products and, consequently, the continuous update of its buying and selling price lists, any significant changes in prices of raw materials and ancillary materials used in the manufacturing cycle can be transferred to the prices of the relevant finished products.

Other risks

With specific reference to the risks typically associated to the fashion industry where the Company operates, it is reported that, on a systematic basis:

- In the reporting period, obsolete raw materials and finished products were written down, consistently increasing the existing provisions;
- Receivables from Customers were prudentially written down, following exhaustive analyses of accounts receivable subject to disputes and/or whose collection is doubtful.

Significant events occurred after the reporting date

The most significant events that occurred in the first part of 2017 can be reported as follows:

- the orders that have been placed to date by Customers for the 2017 Fall/Winter collection show a fairly good growth vs. the previous period, both in foreign markets and in Italy;
- The performances of owned points of sale, both full-price ones and outlets, further improved year-on-year;
- Negotiations are currently under way to purchase other points of sale in important European cities, to open other points of sale in Airports and to start-up distribution projects with potential Partners in some foreign Countries;
- A branch was opened in Holland, to manage a store currently being opened at Roermond Village and any other stores that may be opened in this Country.

Outlook

In 2017, operations will be focused on brand enhancement, on the internationalization process, on further growth of the retail development plan and on other investments to develop the travel retail channel.

Investments for business development will be financed with available resources and, where needed and deemed appropriate.

Investments in communication and marketing will be further increased vs. 2016 in order to support the above-reported development projects.

The significant difficulties being experienced by some European Countries, including Italy, make any forecast on the evolution of this situation quite difficult and, consequently, it is also difficult to forecast the development of the Company's business volume; however, the progressive success of the brand, the growth trend that has been continuing for some years now, in terms of both revenue and profit, as well as the new important strategic plan that was finalized in the previous year, all allow cautious optimism also for 2017.


Allocation of the profit (loss) for the period

We invite you to approve the Annual Report and Financial Statements as at 31 December 2016, and we propose to allocate the profit for the period amounting to Euro 3,315,541 as follows:

- Euro 3,315,541 to extraordinary reserve.

We thank you for the trust you have placed in us and invite you to approve the Annual Report and Financial Statements as submitted.

The Chief Executive Officer
Andrea Baldo

Consented by

UK Consultant with Power of Attorney

COCCINELLE S.P.A.**Annual Report and Financial Statements
as at 31 December 2016****Company data**

Headquarters in	43038 SALA BAGANZA (PR), ITALY, VIA LEGA DEI CARRETTIERI 6/A
Tax ID	00478330343
Economic and Administrative Index No.	PR 133743
VAT registration number:	00478330343
Share Capital Euro	4,000,000 fully paid-in
Legal form	<i>SOCIETA' PER AZIONI</i> (SP - ITALIAN JOINT-STOCK COMPANY)
Company in liquidation	No
Company with Sole Shareholder	Yes
Company subject to the management and coordination of others	Yes
Name of the company or entity exercising management and coordination	E-LAND ITALY S R L
Belonging to a group	Yes
Name of the Parent Company	E-LAND WORLD
Country of the Parent Company	REPUBLIC OF KOREA (ROK)

The reported amounts are expressed in Euro



COCCINELLE
COMPANIES HOUSE

Balance Sheet

31 Dec. 2016 31 Dec. 2015

Balance Sheet

Assets

B) Fixed Assets

I - Intangible Fixed Assets

1) Start-up and expansion costs	2,466,433	2,335,280
3) Rights relating to industrial patents and to use of intellectual property	1,047,478	150,517
4) Concessions, licenses, trademarks and similar rights	287,144	298,970
5) Goodwill	3,535,909	3,941,860
6) Fixed Assets under construction and down-payments	211,248	625,481
7) other	1,751,671	1,739,327
Total Intangible Fixed Assets	9,299,883	9,091,435

II - Tangible Fixed Assets

1) Land and buildings	936,000	1,008,000
2) Plants and machinery	177,781	129,758
3) Industrial and commercial equipment	8,057	16,357
4) Other assets	1,972,597	1,610,559
5) Fixed Assets under construction and down-payments	7,361	-
Total Tangible Fixed Assets	3,101,796	2,764,674

III - Fixed Financial Assets

1) Equity investments in		
d-bis) other companies	68	68
Total equity investments	68	68
2) Receivables		
d-bis) from others		
collectible beyond the next FY	324,885	312,987
Total receivables from others	324,885	312,987
Total receivables	324,885	312,987
Total fixed financial assets	324,953	313,055
Total Fixed Assets (B)	12,726,632	12,169,164

C) Current assets

I - Inventories

1) Raw, ancillary and consumable materials	6,019,435	5,635,641
2) Products in the course of manufacture and semi-finished goods	-	11,982
4) Finished products and goods	16,523,961	9,707,677
5) Down-payments	25,902	23,322
Total inventories	22,569,298	15,378,622

II - Receivables

1) from Customers		
collectible within the next FY	18,872,643	16,801,034
Total Receivables from customers	18,872,643	16,801,034
4) from Controlling/Holding companies		
collectible within the next FY	662,031	-
collectible beyond the next FY	3,000,000	-
Total receivables from controlling/holding companies	3,662,031	-
5) from subsidiaries of controlling/holding companies		
collectible within the next FY	224,424	130,439
Total receivables from subsidiaries of controlling/holding companies	224,424	130,439

5-bis) Tax receivables		
collectible within the next FY	909,238	424,426
collectible beyond the next FY	38,481	38,481
Total tax receivables	947,719	462,907
5-ter) Deferred tax assets	1,216,440	1,171,522
5-quater) from others		
collectible within the next FY	856,803	681,999
Total receivables from others	856,803	681,999
Total receivables	25,780,060	19,247,901
III - Current financial assets		
5) assets for derivative financial instruments	1,042,815	1,382,840
6) Other securities	9,149,614	10,000
Total current financial assets	10,192,429	1,392,840
IV – Cash and cash equivalents		
1) Bank and post office deposits	7,195,324	24,473,838
2) Cheques	1,437	5,200
3) Cash and valuables on hand	363,209	155,402
Total cash and cash equivalents	7,559,970	24,634,440
Total current assets (C)	66,101,757	60,653,803
D) Accruals and deferrals	1,615,243	2,005,049
Total assets	80,443,632	74,828,016
Liabilities		
A) Equity		
I - Capital	4,000,000	4,000,000
III - Revaluation reserves	1,475,912	1,475,912
IV - Legal Reserve	800,000	800,000
VI - Other reserves, separately reported		
Extraordinary Reserve	24,703,730	24,677,267
Merger surplus reserve	167,784	167,784
Other sundry reserves	(6)	(2)
Total other reserves	24,871,508	24,845,049
IX - Profit (loss) for the FY	3,315,541	3,026,964
Total Equity	34,462,961	34,147,925
B) Provisions for risks and charges		
1) for post-employment and similar obligations	775,421	701,826
2) for taxes, including deferred tax liabilities	250,276	380,281
4) other	400,000	400,000
Total provisions for risks and charges	1,425,697	1,482,107
C) Employees' severance benefits	1,134,037	1,205,925
D) Due and Payables		
4) Due to banks		
collectible within the next FY	18,500,000	20,500,000
collectible beyond the next FY	750,000	1,250,000
Total Due to Banks	19,250,000	21,750,000
5) Due to other lenders		
collectible within the next FY	32,220	44,485
Total due to other lenders	32,220	44,485
6) Down-payments		
collectible within the FY	554,760	426,878
Total down-payments	554,760	426,878
7) Trade payables		

collectible within the next FY	20,209,914	13,484,794
Total trade payables	20,209,914	13,484,794
11) Due and payables to controlling/holding companies		
collectible within the next FY	484,151	-
Total due and payables to controlling/holding companies	484,151	-
12) Tax payables		
collectible within the next FY	532,370	563,018
Total Tax Payables	532,370	563,018
13) Due to pension and social security agencies		
collectible within the next FY	671,892	593,911
Total due to pension and social security agencies	671,892	593,911
14) Other due and payables		
collectible within the next FY	1,593,723	1,124,178
Total Other Due and Payables	1,593,723	1,124,178
Total Due and Payables	43,329,030	37,987,264
E) Accruals and deferrals	91,907	4,795
Total Liabilities	80,443,632	74,828,016

(1)

Other sundry reserves	31 Dec. 2016	31 Dec. 2015
Difference from rounding off to Euro units	(6)	(1)

Income Statement

31 Dec. 2016 31 Dec. 2015

Income Statement

A) Value of production

1) Revenues from sales and services	76,016,856	68,352,781
2) Changes in inventories of products in the course of manufacture, semi-finished and	6,804,302	(769,874)
5) Other revenues and income		
other	1,677,521	1,924,857
Total other revenues and income	1,677,521	1,924,857
Total value of production	84,498,679	69,507,764

B) Costs of production

6) for raw, ancillary, consumable materials and goods	19,208,643	15,092,381
7) for services	37,618,177	30,314,859
8) for leases and rentals	5,642,042	4,875,248
9) for staff		
a) wages and salaries	8,299,832	7,389,887
b) social security contributions	2,288,141	2,058,268
c) Employees' severance benefits	601,884	565,775
e) other costs	197,246	193,887
Total costs for staff	11,387,103	10,207,817
10) Depreciation/amortization and write-downs		
a) amortization of intangible fixed assets	2,240,614	1,854,002
b) depreciation of tangible fixed assets	549,323	485,384
c) Other write-downs of fixed assets	-	15,400
d) Write-downs of receivables recognized as current assets and of cash and cash equivalents	447,353	498,219
Total depreciation/amortization and writedowns	3,237,290	2,853,005
11) Changes in inventories of raw, ancillary and consumable materials and goods	(383,793)	190,171
14) Other operating expenses	640,127	757,556
Total costs of production	77,349,589	64,291,037

Difference between Value and Costs of Production (A-B)

7,149,090 5,216,727

C) Financial income and expenses

16) Other financial income

d) Income other than the foregoing		
from controlling/holding companies	6,616	28,932
other	155,923	42,026
Total income other than the foregoing	162,539	70,958
Total other financial income	162,539	70,958

17) Interest and other financial expenses

other	298,819	185,550
Total interest and other financial expenses	298,819	185,550

17 -bis) gains and losses on exchange rates

(1,332,450) 308,851

Total financial income and expenses (15 + 16 - 17 + - 17-bis)

(1,468,730) 194,259

D) Adjustments of financial assets and liabilities

19) Write-downs

d) of derivative financial instruments	340,024	605,191
Total writedowns	340,024	605,191

Total value adjustments of financial assets and liabilities (18 - 19)

(340,024) (605,191)

Profit (loss) before taxes (A - B + - C + - D)

5,340,336 4,805,795

20) Current income taxes and income tax liabilities and assets for the year

Current taxes	2,185,000	1,700,000
Taxes relating to previous FYs	-	49,974
Deferred tax liabilities and assets	(160,205)	28,857
Total current income taxes and total deferred income tax assets and liabilities for the	2,024,795	1,778,831
21) Profit (loss) for the period	3,315,541	3,026,964

Statement of Cash Flows - Indirect Method

31 Dec. 2016 31 Dec. 2015

Statement of Cash Flows - Indirect Method

A) Cash flows from operations (indirect method)

Profit (loss) for the FY	3,315,541	3,026,964
Income taxes	2,024,795	1,778,831
Interest expenses/(interest income)	142,997	114,592
(Gains)/losses from disposal of assets	445,382	127
1) Earnings (loss) for the period before income taxes, interest, dividends and gains /losses from disposals	5,928,715	4,920,514
Adjustments for non-monetary elements that had no balancing item in the net working capital		
Allocations to provisions	73,595	564,200
Depreciation/amortization of fixed assets	2,789,937	2,339,386
Write-downs for impairment	62,782	73,143
Value adjustments of financial assets and liabilities of derivative financial instruments not entailing monetary changes	340,024	605,191
Other increasing/(decreasing) adjustments for non-monetary elements	115,287	(15,812)
Adjustments for non-monetary elements that had no balancing items in the net working capital	3,381,625	3,566,108
2) Cash flow before the changes in the Net Working Capital	9,310,340	8,486,622
Changes in the Net Working Capital		
Decrease/(Increase) in inventories	(7,190,676)	975,540
Decrease/(Increase) in receivables from customers	(2,071,609)	312,562
Increase/(Decrease) in trade payables	6,725,120	2,030,141
Decrease/(Increase) in accrued income and deferred expenses	389,806	(377,179)
Increase/(Decrease) in accrued expenses and deferred income	87,112	2,146
Other decreases/(Other Increases) in the net working capital	(3,322,391)	(28,952)
Total changes in the Net Working Capital	(5,382,638)	2,914,258
3) Cash flow after the changes in the Net Working Capital	3,927,702	11,400,880
Other adjustments		
Interest collected/(paid)	(136,280)	(114,592)
(Income taxes paid)	(2,149,330)	(1,677,753)
(Uses of Provisions)	(201,893)	(80,255)
Total other adjustments	(2,487,503)	(1,872,600)
Cash flow from operating activities (A)	1,440,199	9,528,280

B) Cash flows from investments activities

Tangible fixed assets		
(Investments)	(886,163)	(422,140)
Disinvestments	(452,381)	7,550
Intangible fixed assets		
(Investments)	(2,926,077)	(5,031,320)
Disinvestments	414,233	(1)
Fixed financial assets		
(Investments)	(57,808)	-
Disinvestments	45,910	14,939
Current financial assets		
(Investments)	(9,139,614)	(10,000)
Disinvestments	1	-
Cash flow from investment activities (B)	(13,001,899)	(5,440,972)

C) Cash flows from financing activities

Third party funds		
Increase/(Decrease) in short-term due to banks	(2,000,000)	20,500,000
Loans taken out	-	1,274,633
(Loans repaid)	(512,265)	-
Own funds		
Share capital increase for a consideration	(505)	-
(Dividends and down-payments on dividends paid)	(3,000,000)	(4,200,000)
Cash flow from financing activities (C)	(5,512,770)	17,574,633
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(17,074,470)	21,661,941
Opening cash and cash equivalents		
Bank and Post Office deposits	24,473,838	2,799,999
Cheques	5,200	1,589
Cash and valuables on hand	155,402	170,911
Total opening cash and cash equivalents	24,634,440	2,972,499
Closing cash and cash equivalents		
Bank and Post Office deposits	7,195,324	24,473,838
Cheques	1,437	5,200
Cash and valuables on hand	363,209	155,402
Total closing cash and cash equivalents	7,559,970	24,634,440

Explanatory Note to the Financial Statements as at 31 December 2016

Explanatory Note to the Financial Statements - First part

Business operations

Coccinelle S.p.A. operates in the manufacturing and trade of leather goods and accessories, specifically handbags and other products, which are characterized by high design content and marketed with proprietary brands in the women's fashion market.

Significant events occurred in the reporting period

No significant events that occurred in the period are to be reported, with the exception of those described in the Management Report prepared by the Board of Directors, to which reference is made for further information.

Significant events occurred after the reporting date

Part of the insurance policies that had been underwritten for temporary investment of liquidity, amounting to Euro 6,000,000, was sold.

Reserves were distributed to the Controlling Company E-LAND ITALY Srl for a total amount of Euro 6,900,000.

No significant events occurred after the reporting date other than those described in the Management Report prepared by the Board of Directors, to which reference is made for further information.

Bases of preparation

The bases of preparation and measurement used for the financial statements as at 31 December 2016 integrate the new developments in the Italian applicable legislation implemented with Italian Legislative Decree No. 139/2015, in its turn implementing Directive 2013/34/EU. Pursuant to Italian Legislative Decree No. 139/2015, the OIC Italian generally accepted accounting principles were changed.

In general, the new Italian generally accepted accounting principles allow recognition on a forward-looking basis of any effects generated by the amendments to the previous version of the accounting principles. Therefore, the components of items reporting transactions that have not yet generated all their effects on the financial statements may continue to be recognized in compliance with the previous version of the principle, unless otherwise set down in the provisions for first adoption of the new Italian generally accepted accounting principles.

As regards the application of the new principle OIC 32, the effects generated by the change in the accounting principle were generated retrospectively and were recognized on the equity opening balance of this reporting year in the Extraordinary Reserve item.

For comparison purposes only, in compliance with OIC 29, the effects that would have occurred on the financial statements for the previous period were recalculated as if the new accounting principle had always been applied, adjusting the equity opening balance and the income statement.

In order to report the effects of the transition to the new Italian generally accepted accounting principles on the Company's financial statements, the following statements were prepared:

- The statement of reconciliation between equity as at 31 December 2015 in accordance with the previous version of the Italian generally accepted accounting principles and equity reported in accordance with the new Italian generally accepted accounting principles as at 1 January 2016;
- For comparison purposes only, the statement of reconciliation of profit or loss as reported in accordance with the previous accounting principles (2015 FY) to the same figure in accordance with the new Italian accounting principles for the same FY;
- The notes to the reconciliation statements.

These financial statements are compliant with Article 2423 *et seq.* of the Italian Civil Code, as reported in this Note to the financial statements, which has been prepared pursuant to Article 2427 of the Italian Civil Code and which is an integral part of the Annual Report and Financial Statements, pursuant to Article 2423 of the Italian Civil Code.

The Financial Statement items are reported in Euro units by rounding off the relevant amounts.

Any rounding differences have been reported in the item "Euro rounding Reserve", which is recognized in Equity. Pursuant to Article 2423, paragraph 5, of the Italian Civil Code, the Note to the Financial Statements has been prepared using Euro units as the reporting currency.

The Note to the financial statements reports information on the balance sheet and income statement items in the order in which such items are reported in the financial statements layouts.

Bases of measurement

(Ref. Article 2427, paragraph 1, item No 1, of the Italian Civil Code and the Italian Accounting Principle OIC 12)

The Italian Accounting Principles listed below have been applied as amended, supplemented and developed within the project for the updating of the Italian Accounting Principles in 2016, and as endorsed and published in their final form by the OIC, the Italian Standard Setter, in December 2016.

The financial statements have been prepared in accordance with the above principles starting from those for the financial year closed on 31 December 2016.

The Financial Statement items have been measured based on general prudent criteria and on an accrual basis, in a going-concern perspective.

Applying the prudence principle has entailed individual measurement of each element making up the single items of assets and liabilities, to prevent offsetting between losses that were to be recognized and profits that were not to be recognized since not realized.

In accordance with the accrual basis approach adopted, the effect of transactions and other events has been recognized and attributed to the relevant period and not to the one in which the relating cash flows (collections and payments) have occurred.

In accordance with the principle of materiality, the obligations in terms of recognition, measurement, presentation and reporting have not been complied with whenever compliance with them would have had immaterial effects in order to provide true and correct representation.

Continuity in application of measurement bases over time represents an essential element to compare the Company's Financial Statements referring to different financial periods. Except for what is reported above and - more exhaustively - in this Note to the financial statements, subsequent to the new provisions implemented by Italian Legislative Decree No. 139/2015, the bases of measurement are the same used for the previous year.

Recognition and presentation of the financial statement items have been made taking account of the substance of the transaction or contract concerned.

Derogations

No exceptional events occurred, requiring derogations pursuant to Article 2423, paragraph 5 of the Italian Civil Code.

In order to provide more effective reporting, in this Note to the financial statements, summary pro-forma balance sheet and income statement are given below showing the effects of the change in the accounting principles used.

Effects generated by the application of Italian Legislative Decree 139/2015 on equity opening balances

	Amount recognized as at 31 Dec	Reclassification Italian Legislative Decree 139	Adjustments Italian Legislative Decree 139	Amount recognized for comparison purposes
	2015	2015	2015	
Balance Sheet				
Assets				
C) Current assets				
II - Receivables				
1) from customers	16,890,025	-88,991		16,801,034
5) from subsidiaries of controlling/holding companies		130,439		130,439
5-quater) from others	723,448	-41,449		681,999
III - Current financial assets				
5) assets for derivative financial instruments			1,382,840	1,382,840
Liabilities				
A) Equity				
VI - Other reserves, separately reported Extraordinary Reserve	23,235,944		1,441,323	24,677,267
IX - Profit (loss) for the FY	3,465,727		-438,763	3,026,964
B) Provisions for risks and charges				
2) for taxes, including deferred tax liabilities			380,281	380,281
Income Statement				
A) Value of production				
5) Other revenues and income	1,620,855	304,002		1,924,857
B) Costs of production				
9) for staff				
14) Other operating expenses	639,160	118,396		757,556
C) Financial income and expenses				
16) Other financial income				
d) income other than the foregoing from		28,932		28,932
other	70,958	-28,932		42,026
D) Adjustments of financial assets and liabilities				
19) Write-downs				
d) of derivative financial instruments			605,191	605,191
E) Non-recurring income and expenses				
20) Income	304,002	-304,002		
21) Expenses	168,370	-168,370		
20) Current income taxes and income tax liabilities and assets for the FY and taxes referring to previous FYs		49,974		49,974
Deferred tax liabilities and assets	195,285		-166,428	28,857

The items and amounts as reported in the above statement of reconciliation between the equity value as at 31 December 2015, recognized in accordance with the previous national accounting principles, and the same figure as at 1 January 2016, measured in accordance with the new national accounting principles, are commented below.

The Company is now required to recognize the fair value of derivatives in the balance sheet. As at 1 January 2016, an amount of Euro 1,383 thousand was recognized.

This generated a decrease in Equity as at 1 January 2016 of Euro 1,002 thousand, net of tax effects.

The effect on the Income Statement for the 2015 FY was a loss of Euro 439 thousand, net of tax effect (whereas the effect on Equity as at 1 January 2015 amounted to Euro 1,441 thousand).

To supplement the statements of reconciliation of equity as at 1 January 2016 and the restated profit/loss for the 2015 FY, accompanied by the comments on the adjustments made to the balances measured in accordance with the new Italian accounting principles, the effects of the reclassifications on the balance sheet and on the income statement reported in the column "Reclassifications under Italian Legislative Decree No. 139/2015" in the table above are commented as follows.

Restatement of receivables from subsidiaries of controlling/holding companies: the Company has restated "Receivables from Customers" for Euro 89 thousand and "Receivables from others" for Euro 41 thousand (therefore for a total of Euro 130 thousand) under the "Receivables from subsidiaries of controlling/holding companies" item.

Restatement of interest income from controlling/holding companies: the Company has restated the "Other financial income – other" item for Euro 29 thousand under the "Other financial income - from controlling/holding companies" item.

Elimination of non-recurring components: subsequent to the elimination of the section reporting non-recurring components of profit or loss, the Company has restated:

- "Non-recurring income" under item A5 "Other revenues and income" for Euro 304 thousand
- "Non-recurring expenses" under item B14) "Other operating expenses" for Euro 118 thousand
- "Non-recurring expenses" under item 20) "Taxes for previous FYs" for Euro 50 thousand

Note to the financial statements, assets

Fixed assets

Intangible fixed assets

I. Intangible Fixed Assets

Balance as at 31 Dec 2016	Balance as at 31 Dec	Changes
9,299,883	9,091,435	208,448

Fixed assets

Intangible fixed assets

Start-up and expansion costs with multiyear useful life were recognized as assets with the approval of the Board of Auditors and are amortized over a 5-year period; the costs borne for contributions to third parties, granted for the opening or renovation of franchised stores or corners, are amortized based on the residual duration of the supply contracts.

The item "Goodwill", acquired for a consideration, which was recognized under Assets with the approval of the Board of Auditors, includes the amounts paid for the purchase of business units (stores) that are directly managed or leased out to associate third parties to be managed based on a franchising agreement.

To calculate the useful life of goodwill, the Company has used the available information to estimate the period within which the economic benefits relating to goodwill are expected to arise. Under these circumstances, it has been calculated based on the duration of the agreement for the lease of the property.

Industrial patent rights and intellectual property rights are amortized based on an annual amortization rate of 33%.

The costs for intellectual property rights which were borne for the construction of the new e-commerce website are amortized based on the residual duration of the provision agreement.

Trademarks are amortized based on an annual rate of 10%.

Leasehold improvements (included in the item "Other") are amortized based on an annual rate of 20%. Leasehold improvements relating to stores are amortized based on the lease agreement duration.

The expenses borne with regard to the acquisition of the right to sign lease agreements for stores are amortized based on the residual duration of the same lease agreements.

In the event, irrespective of the already-recognized amortization, impairment is found, the intangible asset is proportionally written down, if, in following years, the conditions for the write-down cease to apply, the asset is written back to its original value, adjusted for amortization only.

Changes in Intangible Fixed Assets

	Start-up and expansion costs	Industrial patent rights and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Intangible fixed assets under construction and down-	Other Intangible Fixed Assets	Total intangible fixed assets
Opening value							
Cost	2,335,280	150,517	298,970	3,941,860	625,481	1,739,327	9,091,435
Book value	2,335,280	150,517	298,970	3,941,860	625,481	1,739,327	9,091,435
Changes for the period							
Increases for purchases	1,036,108	1,234,680	56,924	143,795	-	454,570	2,926,077
Decreases for disposal and divestments (in the book value)	-	-	-	-	414,233	-	414,233
Amortization for the period	842,173	337,719	68,750	549,746	-	442,226	2,240,614
Write-downs for the period	62,782	-	-	-	-	-	62,782

	Start-up and expansion costs	Industrial patent rights and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Intangible fixed assets under construction and down-	Other Intangible Fixed Assets	Total intangible fixed assets
Total changes	131,153	896,961	(11,826)	(405,951)	(414,233)	12,344	208,448
Closing value							
Cost	2,466,433	1,047,478	287,144	3,535,909	211,248	1,751,671	9,299,883
Book value	2,466,433	1,047,478	287,144	3,535,909	211,248	1,751,671	9,299,883

Composition of the "Set-up and expansion costs", "Development costs" items

(Reference to Article 2427, paragraph 1, item No. 3, of the Italian Civil Code)

The composition of the "Set-up and expansion costs" and "Development costs" items, as recognized with the approval of the Board of Auditors is given below, as well as the reasons for their recognition

Start-up and expansion costs

Cost descript	Value 31 Dec.	Increase for the	Decrease for the	Amortization for the	Value 31 Dec.
Establishment	95,749	137,162		49,740	183,171
Expenses for start-up and expansion of	2,239,531	898,946	62,782	792,433	2,283,262
	2,335,280	1,036,108	62,782	842,173	2,466,433

The increase in the "Expenses for start-up and expansion of stores" item mainly reports multi-year contributions granted to customers for the opening or renovation of franchised stores or corners.

The increase in the "Industrial patent rights and intellectual property rights" item was mainly due to the costs borne for the implementation of the new SAP and Microsoft AX enterprise software solutions used by Company since 2016, partly recognized as at 31 December 2016 under "Fixed assets under construction" for approximately Euro 414 thousand.

The increase in the "Other tangible fixed assets" was mainly due to expenses for the renovation of directly-owned points of sale, new stores opened in 2016 or restyling of points of sale already operating as at 31 December 2015.

The increase in the "Goodwill" item referred to the amount paid as goodwill for the Varese point of sale.

Tangible Fixed Assets

II. Tangible Fixed Assets

Balance as at 31 Dec 2016	Balance as at 31 Dec	Changes
3,101,796	2,764,674	337,122

Changes in Tangible Fixed Assets

Tangible fixed assets

They are measured at purchase cost and adjusted by the relevant accumulated depreciation.

The book value considers any ancillary expenses, as well as the expenses borne to use the asset, reducing the cost by trade discounts and cash discounts having relevant amounts.

Accumulated depreciation, which has been taken to the Income Statement, has been calculated based on use, intended use and technical useful life of the assets.

The relevant rates, which have not been changed vs. the previous year and decreased by one half in the year when the asset starts being used, are the following:

- 1) Land and buildings
 - Buildings 4%
- 2) Plants and machinery
 - Machinery and plants
 - 17.5% Phone systems 20%
 - Alarm systems 15%
- 3) Industrial and commercial equipment 25%
- 4) Other assets
 - Electronic and electromechanical machines 20%
 - Office furniture 12%
 - Cars 25%
 - Motor-vehicles 20%

In the event, irrespective of the already-recognized depreciation, impairment is found, the asset is proportionally written down; if, in following periods, the conditions for the write-down cease to apply, the asset is written back to its original value, adjusted for depreciation only.

Land and buildings

(Reference to Article 2427, paragraph 1, item No. 2, of the Italian Civil Code)

Description	Amount
Historical cost	1,600,000
Depreciation for the previous FYs	(792,000)
Balance as at 31 Dec. 2015	1,008,000
Depreciation for the period	(72,000)
Balance as at 31 Dec. 2016	936,000

Plants and Machinery

(Reference to Article 2427, paragraph 1, item No. 2, of the Italian Civil Code)

Description	Amount
Historical cost	1,279,007
Depreciation for the previous FYs	(1,149,249)
Balance as at 31 Dec. 2015	129,758
Purchases in the period	98,976
Depreciation for the period	(50,953)
Balance as at 31 Dec. 2016	177,781

Industrial and commercial equipment

(Reference to Article 2427, paragraph 1, item No. 2, of the Italian Civil Code)

Description	Amount
Historical cost	320,061
Depreciation for the previous FYs	(303,704)
Balance as at 31 Dec. 2015	16,357
Purchases in the period	3,183
Depreciation for the period	(11,483)
Balance as at 31 Dec. 2016	8,057

Other assets

(Reference to Article 2427, paragraph 1, item No. 2, of the Italian Civil Code)

Description	Amount
Historical cost	6,233,245
Depreciation for the previous FYs	(4,622,686)
Balance as at 31 Dec. 2015	1,610,559
Purchases in the period	776,643
Disposals in the period	6,999
Credit bank giro transfers (reclassification)	(6,717)
Depreciation/amortization for the period	(414,887)
Balance as at 31 Dec. 2016	1,972,597

Fixed assets under construction and down-payments

(Reference to Article 2427, paragraph 1, item No. 2, of the Italian Civil Code)

Description	Amount
Balance as at 31 Dec. 2015	
Purchases for the period	7,361
Balance as at 31 Dec. 2016	7,361

	Land and buildings	Plants and Machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets under construction and down-payments	Total Tangible Fixed Assets
Opening value						
Cost	1,800,000	1,279,007	320,061	6,233,245	-	9,632,313
Depreciation (Accumulated)	792,000	1,149,249	303,704	4,622,686	-	6,867,639
Book value	1,008,000	129,758	16,357	1,610,559	-	2,764,674
Changes for the period						
Increases for purchases	-	98,976	3,183	776,643	7,361	886,163
Reclassifications (of book values)	-	-	-	(6,717)	-	(6,717)
Decreases for disposals and divestments (in the book value)	-	-	-	(6,999)	-	(6,999)
Depreciation for the period	72,000	50,953	11,483	414,887	-	549,323
Total changes	(72,000)	48,023	(8,300)	362,038	7,361	337,122
Closing value						
Cost	1,800,000	1,378,065	323,244	6,995,699	7,361	10,504,369
Depreciation (Accumulated)	864,000	1,200,284	315,187	5,023,102	-	7,402,573
Book value	936,000	177,781	8,057	1,972,597	7,361	3,101,796

The increase in the "Other assets" item mainly referred to the purchases of furniture and furnishings made in the period for the fitting out of owned stores.

Breakdown of the revaluations of tangible fixed assets as at the reporting date

(Reference to Article 2427, paragraph 1, item No. 2, of the Italian Civil Code)

Pursuant to Article 10 of Italian Law No. 72/1983, the following tangible fixed assets are listed below, which have been recognized as at 31 December 2016 and subject to monetary revaluations and to departures from the measurement standards set down by the Italian Civil Law.

As already stated in the foreword to this Note to the Financial Statements, Tangible fixed assets have been revalued based on applicable laws (special, general or sector-specific) and no discretionary or voluntary revaluations have been made; the revaluations were made with a maximum limit equal to the value in use, which was objectively calculated, of the same asset.

Description	Revaluation pursuant to the law	Revaluation	Total revaluations
Lands and buildings		1,677,173	1,677,173
		1,677,173	1,677,173

The Company opted to exercise the right, which is provided for by Italian Law No. 266/2005 (Italian 2006 Finance Act), to revalue fixed assets held as at 1 January 2005 and 31 December 2005, applying a substitute tax on the revaluation balance. Applying this provision, the Company has revalued the operating property used for its business operations, which was recognized at the historical cost of Euro 130,667, and depreciated for Euro 7,840. Subsequent to this transaction, the property has been recognized at a total value of Euro 1,800,000, writing off the above accumulated depreciation, and increasing the historical cost by Euro 1,669,333, for a total revaluation of Euro 1,677,173. A revaluation reserve equal to the above value, net of the relevant substitute tax for Euro 201,261, was recognized in equity for a total of Euro 1,475,912.

Fixed financial assets

III. Fixed financial assets

Balance as at 31 Dec 2016	Balance as at 31 Dec	Changes
324,953	313,055	11,898

Changes in equity investments, other securities and derivative financial instruments recognized as non-current assets

	Equity investments in other companies	Total equity investments
Opening value		
Cost	68	68
Book value	68	68
Closing value		
Cost	68	68
Book value	68	68

The Company's equity investment in the mandatory Italian national packaging consortium (CONAI) has been recognized as a fixed financial asset in the "Equity investments in other companies" item. The value as recognized is equal to the subscription value.

Changes in and maturity of receivables recognized as non-current assets

Receivables

Description	31 Dec. 2016	Over 12 months	Over 5 years or	Total	Of which relating to Transactions with repurchase agreements	Fair
Security deposits		324,885		324,885		
		324,885		324,885		

The "Security Deposits" item reports an amount of Euro 322,164 worth of receivables for security deposits paid upon the signing of lease/rental contracts; the remaining part, amounting to Euro 2,721, referred to security deposits within utility contacts.

	Opening value	Changes for the period	Closing value	Portion maturing beyond the
Non-current receivables from others	312,987	11,898	324,885	324,885
Total non-current receivables	312,987	11,898	324,885	324,885

Breakdown of non-current receivables by geographical area

The breakdown of loans and receivables as at 31/12/2016 by geographical area is given in the table below (Article 2427, paragraph 1, item No. 6, of the Italian Civil Code)

Geographical area	Non-current receivables from others	Total non-current receivables
Italy	200,260	200,260
France	12,500	12,500
United Kingdom	112,125	112,125
Total	324,885	324,885

Value of fixed financial assets

	Book value
Equity investments in other companies	68
Receivables from others	324,885

Current assets

Inventories

Stock Inventories

Raw materials have been measured using the weighted average cost method; the value is net of the relevant "provision for stock writedowns" that has been recognized to account for obsolescence and slow-moving.

Semi-finished products have been measured at the lower between the average cost of production, including any directly attributable costs, and the market value.

Finished products have been measured at the lower between the average cost of production, including any costs that can be directly and indirectly attributed to the product, and the market value, by recognizing the relevant "provision for stock writedowns" for those products for which the expected realizable value is lower than their cost.

I. Inventories

Balance as at 31 Dec. 2016	Balance as at 31 Dec. 2015	Changes	
22,569,298	15,378,622	7,190,676	
	Opening value	Change for the FY	Closing value
Raw, ancillary and consumable materials	5,635,641	383,794	6,019,435
Products in the course of manufacture and semi-finished products	11,982	(11,982)	-
Finished products and goods	9,707,677	6,816,284	16,523,961
Down-payments	23,322	2,580	25,902
	Opening value	Change for the FY	Closing value
Total inventories	15,378,622	7,190,676	22,569,298

As already reported, the values have been reported net of the provision for stock write-downs amounting to Euro 858,366, which can be broken down as follows:

- Raw materials Euro 503,000
- Finished products 355,366

It is specified that, in the period, the stock obsolescence provision, which came to Euro 858,366, underwent the following changes:

Description	Amount
Stock obsolescence provision as at 31 Dec 2015	1,114,844
Use for the period of the stock obsolescence provision	(363,000)
Allocations for the period to the stock obsolescence provision	106,522
Balance of the stock obsolescence provision as at 31 Dec	858,366

The use of the stock obsolescence provision as at 31 December 2016 mainly referred to stock sales of raw materials made in the 2016 financial year.

As mentioned in the Management Report, the significant increase in stock inventories, which mainly referred to the "Finished products" item, was due to the Company's forecast sales for 2017 in the retail and wholesale channels.

Receivables recognized as current assets

Receivables

The accounting policies implemented by the Company are reported below:

- Non-application of the amortized cost principle for receivables maturing within 12 months; non-application
- of the amortized cost principle where transaction costs, fees and commissions and any other difference between opening value and value at maturity are immaterial.

Therefore, receivables have been measured at their expected realization value.

The nominal value of receivables is adjusted to their expected realizable value through a specific provision for receivables writedowns, considering the general and sector-specific economic situation; the amount of the provision and the relevant allocation are deemed consistent with the situation of the Company's receivables that have been recognized taking account of the time factor and of their expected realizable value.

Receivables are derecognized when contractual rights on the cash flows from the account receivable terminate or when all risks associated with the account receivable being derecognized are transferred.

II. Receivables

Balance as at 31 Dec. 2016	Balance as at 31 Dec. 2015	Changes
25,780,060	19,247,901	6,532,159

Changes in and maturity of receivables recognized as current assets

	Opening value	Change for the FY	Closing value	Portion maturing within the FY	Portion maturing beyond the FY
Receivables from customers recognized as current assets	16,801,034	2,071,609	18,872,643	18,872,643	-
Receivables from controlling/holding companies recognized as current assets	-	3,662,031	3,662,031	662,031	3,000,000
Receivables from subsidiaries of controlling/holding companies recognized as current assets	130,439	93,985	224,424	224,424	-
Tax receivables recognized as current assets	462,907	484,812	947,719	909,238	38,481
	Opening value	Change for the FY	Closing value	Portion maturing within the FY	Portion maturing beyond the FY
Deferred tax assets recognized as current assets	1,171,522	44,918	1,216,440		
Receivables from others recognized as current assets	681,999	174,804	856,803	856,803	-
Total receivables recognized as current assets	19,247,901	6,532,159	25,780,060	21,525,139	3,038,481

For the composition of deferred tax assets as at 31 December 2016, reference is made to the exhaustive reporting on this matter in this Note.

As at 31 December 2016, receivables from others came to Euro 856,803 and can be broken down as follows:

Description	Amount
Advanced costs	670,675
Advances to suppliers	86,850
Other	99,278
	856,803

Advanced costs referred to invoices whose cost will fully accrue in future years, such as rents, phone rates, fees for motor vehicle hires.

Breakdown of receivables recognized as current assets by geographical area

The breakdown of loans and receivables as at 31/12/2016 by geographical area is given in the table below (Article 2427, paragraph 1, item No. 6, of the Italian Civil Code).

Geographical area	Italy	EEC	Extra-EEC	Total
Receivables from Customers recognized as current assets	13,023,426	4,214,169	1,635,048	18,872,643
Receivables from controlling/holding companies recognized as current assets	3,662,031	-	-	3,662,031
Receivables from subsidiaries of controlling/holding companies recognized as current assets	106,274	-	118,150	224,424
Tax receivables recognized as current assets	947,719	-	-	947,719

Deferred tax assets recognized as current assets	1,216,440	-	-	1,216,440
Receivables from others recognized as current assets	856,803	-	-	856,803
Total receivables recognized as current assets	19,812,693	4,214,169	1,753,198	25,780,060

The nominal value of receivables was adjusted through a specific provision for receivables write-downs, which, in the period, had the following changes:

Description	Provision for writedowns pursuant to Art. 2426 of	Provision for writedowns pursuant to Article 106 of Italian Presidential Decree 917/1986	Total
Balance as at 31 Dec 2015	728,202	88,219	816,421
Amount used in the period	63,874	88,219	152,093
Provision for the period	350,000	97,353	447,353
Balance as at 31 Dec. 2016	1,014,328	97,353	1,111,681

The increase in receivables from Customers as at 31 December 2016 vs. the previous financial year resulted from higher volumes of sales made by the Company in 2016 vs. the previous year.

The "Receivables from holding/controlling companies" item reports loans to E-Land Italy srl. These receivables refer to increases occurred in 2016; specifically, two lending transactions were finalized through which Coccinelle provided E.Land Italy with two interest-bearing loans, one of Euro 650,000, with one-year duration effective from 13 October 2016 and another of Euro 3,000,000, with two-year duration effective from 22.12.2016; for these loans, the Controlling Company E-Land Italy undertook to resolve the distribution of income reserves for an amount equal to principal and interest, in case, at the maturity of the loans, it opts not to repay them, but rather to offset it with those amounts. The revenues from E-Land Italy srl referred to interest accrued in 2016 on these two loans. For a description of the nature and for the breakdown of receivables from subsidiaries of controlling/holding companies, please, refer to the Management Report.

Current financial assets

Changes in current financial assets

III. Financial assets

Balance as at 31 Dec. 2016	Balance as at 31 Dec. 2015	Changes
10,192,429	1,392,840	8,799,589

No equity investments were held directly or indirectly qualifying as subsidiaries or associates (Article 2427, paragraph 1, item No. 5, of the Italian Civil Code).

Derivatives are classified as hedging instruments only when, at the hedging inception, there is close and substantiated correlation between the characteristics of the hedged item and those of the hedging instrument and formal documentary evidence is given of such hedging relationship and the hedging effectiveness, to be verified on a regular basis, is high. Therefore, for financial derivatives classified as held for trading, which, even though subscribed to hedge exchange rate risk, have not been designated as hedge accounting, any fair value changes are recognized in the balance sheet and are taken to the income statement under items D18 or D19.

The balance as at 31 December 2016 of the "Financial derivatives recognized as current assets" item, amounting to Euro 1,043 thousand, is the fair value of forward contracts in foreign currencies in force as at 31 December 2016, decreasing by Euro 340 thousand vs. the restated figure as at 31 December 2015.

	Opening value	Changes for the period	Closing value
Financial derivatives recognized as current assets	1,382,840	(340,025)	1,042,815
Other securities recognized as current assets	10,000	9,139,614	9,149,614
Total current financial assets	1,392,840	8,799,589	10,192,429

This item refers to insurance policies that have been underwritten as a temporary investment of liquidity, underwritten with leading credit institutions.

The securities have been recognized at the underwriting price amounting to Euro 9,000,000 increased by the interest accrued in the period amounting to Euro 149,614. As mentioned above in the "Significant events occurred after the reporting date" section, in the first quarter of 2017, securities recognized as at 31 December 2017 were divested for an amount of approximately Euro 6 million.

Cash and cash equivalents

IV. Cash and cash equivalents

Balance as at 31 Dec. 2016	Balance as at 31 Dec. 2015	Changes
7,559,970	24,634,440	(17,074,470)

	Opening value	Change for the FY	Closing value
Bank and Post Office deposits	24,473,838	(17,278,514)	7,195,324
Cheques	5,200	(3,763)	1,437
	Opening value	Change for the FY	Closing value
Cash and other valuables on hand	155,402	207,807	363,209
Total cash and cash equivalents	24,634,440	(17,074,470)	7,559,970

The balance reports cash, cash equivalents and the existence of ready cash and valuables as at the reporting date. The significant decrease in cash and cash equivalents vs. the previous financial year, of approximately Euro 17,074 thousand, was mainly due to the investments made in the reporting year in tangible and intangible fixed assets, to the dividends paid to the controlling company and to the investments made in securities recognized as

current assets reported above. For more exhaustive reporting on the changes in cash and cash equivalents, please refer to the statement of cash flows.

Accrued income and deferred expenses

Accruals and deferrals

They have been measured based on the actual accrual basis.

For multi-year accruals and deferrals the conditions for their original recognition have been verified, adopting relevant changes, where necessary.

They measure income and expenses whose accrual is carried back or forward with respect to cash and/or documentary accrual; they are irrespective of the date of payment or collection of the relative income and expenses that occur across two or more financial periods and can be recognized on an accrual basis.

As at 31/12/2016, no accruals and deferrals were recognized having duration of over five years.

D) Accruals and deferrals

Balance as at 31 Dec 2016	Balance as at 31 Dec 2015	Changes
1,615,243	2,005,049	(389,806)

	Opening value	Change for the FY	Closing value
Accrued income	157,867	(140,829)	17,038
Deferred expenses	1,847,182	(248,977)	1,598,205
Total accrued income and deferred expenses	2,005,049	(389,806)	1,615,243

This item can be broken down as follows (Article 2427, paragraph 1, item No. 7, of the Italian Civil Code).

Description	Amount
Costs for the design for future collections	1,418,256
Rental Fees	59,452
Maintenance fees	48,652
Subscriptions	18,424
Insurance	43,952
Gains on exchange rates	17,038
Others having immaterial amounts	9,469
	1,615,243

Note to the financial statements - Liabilities and equity

Equity

A) Equity

(Ref. Article 2427, paragraph 1, items No. 4, 7 and 7-bis, of the Italian Civil Code)

Balance as at 31 Dec. 2016	Balance as at 31 Dec. 2015	Changes
34,462,961	34,147,925	315,036

Changes in equity items

	Opening value	Allocation of the profit (loss) for the previous period		Other changes		Profit (loss) for the period	Closing value
		Other allocations		Increases	Decreases		
Capital	4,000,000			-	-	-	4,000,000
Revaluation reserves	1,475,912			-	-	-	1,475,912
Legal reserve	800,000			-	-	-	800,000
Other reserves							
Extraordinary Reserve	24,677,267		(500)	3,026,964	3,000,000		24,703,730
Merger surplus reserve	167,784		-	-	-		167,784
Other sundry reserves	(2)		(5)	-	-		(6)
Total other reserves	24,845,049		(505)	3,026,964	3,000,000		24,871,508
Profit (loss) for the FY	3,026,964		-	3,315,541	3,026,964	3,315,541	3,315,541
Total Equity	34,147,925		(505)	6,342,505	6,026,964	3,315,541	34,462,961

Breakdown of other reserves

Description	Amount
Difference from rounding off to Euro units	(6)
Total	(6)

The profit for financial year closed as at 31 December 2015, as resolved by the General Meeting of Shareholders on 23 June 2016, was entirely allocated to extraordinary reserve.
The General Meeting of Shareholders held on 12 June 2016 resolved to distribute dividends for Euro 3,000,000. As regards any changes resulting from the application of the new Italia generally accepted accounting principles (OIC), please, refer to the first part of this note to the financial statements.

Equity distributability and use

Equity items are broken down as follows by origin, possibility of use, distributability and use made in the three previous years (Article 2427, paragraph 1, item No. 7-bis, of the Italian Civil Code)

	Amount	Possibility of use
Share Capital	4,000,000	B

	Amount	Possibility of use
Revaluation reserves	1,475,912	A,B
Legal reserve	800,000	A,B
Other reserves		
Extraordinary reserve	24,703,730	A,B,C
Merger surplus reserve	167,784	A,B,C
Other sundry reserves	(6)	
Total other reserves	24,871,508	
Total	31,147,420	

Key A For share capital increase B To cover losses C For distribution to Shareholders D for other obligations provided for in the Articles of Association E: other

Origin, possibility of use and distributability of the various other reserves

Description	Amount	Possibility of use
Difference from rounding off to Euro units	(6)	A,B,C
Total	(6)	

Key A For share capital increase B To cover losses C For distribution to Shareholders D for other obligations provided for in the Articles of Association E other

(*) A = capital increases B = coverage of losses C = distribution to shareholders

In compliance with accounting standard No. 28, the following additional information on Equity is given:

a) Composition of the "Revaluation reserves" item

Reserves	Monetary revaluations	Non-monetary revaluations
(Revaluation reserve pursuant to Italian Law 266/2005 (the Italian 2006 Finance Act)		1,475,912

Equity includes the items given below:

Reserves or other provisions that, in case of distribution, contribute to the formation of the Company's taxable income, irrespective of the period in which they are set up.

Reserves	Value
Revaluation reserve pursuant to Italian Law 266/2005 (the Italian 2006 Finance Act)	1,475,912
	1,475,912

Share capital reserves

Reserves or other provisions that, in case of distribution, contribute to formation of the Company's taxable income, irrespective of the period in which they are set up for free share capital increase using the reserve pursuant to a resolution passed by the Extraordinary General Meeting of Shareholders on 13 June 2001.

Reserves	Value
Extraordinary reserve	3,954,035
	3,954,035

Provisions for risks and charges

B) Provisions for risks and charges

(Reference to Article 2427, paragraph 1, item No. 4, of the Italian Civil Code)

	Balance as at 31 Dec. 2016 1,425,697	Balance as at 31 Dec. 2015 1,482,107	Changes (56,410)	
	Provision for post-employment and similar obligations	Provision for taxes, including deferred tax liabilities	Other provisi ons	Total provisions for risks and charges
Opening value	701,826	380,281	400,000	1,482,107
Changes for the period				
Provision for the period	73,595	-	-	73,595
Amount used in the period	-	130,005	-	130,005
Total changes	73,595	(130,005)	-	(56,410)
Closing value	775,421	250,276	400,000	1,425,697

Provisions for risks and charges

They are allocated to cover certain or probable losses or liabilities, whose amount or due date could not be determined at the reporting date.

These provisions were measured based on general prudence criteria and on an accrual basis and no provisioning for generic risks was made without economic justification.

Provisions for risks and charges are recognized, on a priority basis, under the cost items in the income statement of the relevant classes (B, C or D). Every time this correlation between the nature of the provision and one of the items in the above classes cannot be made, provisions for risks and charges are recognized under items B12 and B13 in the income statement.

Contingent liabilities have been recognized and taken to the specific provisions as they were considered probable and the amount of the relevant expense could be reasonably estimated. The provision for deferred tax liabilities as at 31 December 2016 referred to deferred tax liabilities for recognized gains on the fair value of derivatives as at 31 December 2016.

As at 31 December 2016, the "Other provisions" item, amounting to Euro 400,000, consisted of the provision for risks of returned goods.

Employees' Severance Benefits (Italian acronym: TFR)

Provision for Employees' severance benefits

This item reports the actual amount due to employees in compliance with the law and with the bargaining agreements in force, considering all forms of remuneration on a continuous basis.

The provision is equal to the total of the individual benefits accrued by employees as at 31 December 2006, net of any advances paid, and it is equal to the amounts payable to employees in the event of termination of employment at that date.

This provision does not include the benefits accrued as from 1 January 2007, which are intended to be used for complementary pension schemes pursuant to Italian Legislative Decree No. 252 of 5 December 2005 (or transferred to the treasury fund managed by the Italian National Social Security Institute - INPS). Subsequent to the coming into force of the above Decree, the application of the options relating to the reform of supplementary pension schemes was taken into account.

C) Employees' severance benefits

(Reference to Article 2427, paragraph 1, item 4, of the Italian Civil Code)

	Balance as at 31 Dec 2016	Balance as at 31 Dec 2015	Changes
	1,134,037	1,205,925	71,888
Employees' Severance Benefits (Italian acronym: TFR)			
Opening value		1,205,925	
Changes for the period			
Amount used in the period		71,888	
Total changes		(71,888)	
Closing value		1,134,037	

Due and Payables

Due and Payables

The accounting policies implemented by the Company are reported below:

- Non-application of the amortized cost principle for due and payables maturing within 12 months; non-
- application of the amortized cost principle where transaction costs, fees and commissions and any other difference between opening value and value at maturity are immaterial.

Therefore, due and payables are recognized at their nominal value if they have the above-reported features. As at 31 December 2016, no due and payables were measured at amortized cost.

D) Due and payables

(Reference to Article 2427, paragraph 1, item No. 4, of the Italian Civil Code)

	Balance as at 31 Dec 2016	Balance as at 31 Dec 2015	Changes
	43,329,030	37,987,264	5,341,766

Changes in and maturity of due and payables

Maturity of due and payables can be broken down as follows (Article 2427, paragraph 1, item No. 6, of the Italian Civil Code).

	Opening value	Change for the FY	Closing value	Portion maturing within the FY	Portion maturing beyond the FY
Due to Banks	21,750,000	(2,500,000)	19,250,000	18,500,000	750,000
Due to other lenders	44,485	(12,265)	32,220	32,220	-
Down-payments	426,878	127,882	554,760	554,760	-
Trade payables	13,484,794	6,725,120	20,209,914	20,209,914	-
Due and Payables to Controlling/Holding Companies	-	484,151	484,151	484,151	-
Tax payables	563,018	(30,646)	532,370	532,370	-
Due to pension and social security agencies	593,911	77,981	671,892	671,892	-
Other due and payables	1,124,178	469,545	1,593,723	1,593,723	-
Total due and payables	37,987,264	5,341,766	43,329,030	42,579,030	750,000

The balance of due to banks as at 31 December 2016 came to Euro 19,250,000 and this figure also reports mortgage loans taken out and the actual amount due for principal, interests and ancillary expenses matured and payable:

- Euro 1,250,000, of which Euro 750,000 maturing beyond the end of the period and relating to the mortgage loan granted by MPS maturing on 30 June 2019; this loan was agreed on with repayment in quarterly instalments and at fixed-rate;
- Euro 18,000,000 maturing in June 2016 relating to a loan granted by Export Import Bank of Korea.

The above loan granted by Export Import Bank of Korea may be renewed at its maturity provided for in the relevant agreement for another twelve months. This option has been provided for also at subsequent maturity dates. The indirect Controlling Company E-Land World issued a guarantee, currently in force, on the above loan, in favour of Coccinelle S.p.A.

The "Down-payments" item includes down-payments received from Customers on goods not yet supplied and on services not yet provided.

"Trade payables" were recognized net of trade discounts; cash discounts were recognized as at the payment date. The nominal value of these payables was adjusted in case of amounts paid back for returned goods or allowances (invoice adjustments), to the extent agreed upon with the counterparty.

The significant increase in trade payables resulted from the increase in working capital, especially from the increase in stock inventories as at the end of the year. For further information, please, refer to the "Inventories" section and to the Management Report.

The "Tax payables" item reports only liabilities for certain and determined taxes, since liabilities for probable taxes or for taxes having uncertain amount or due date, or deferred tax liabilities have been recognized in item B.2 of liabilities (Provision for taxes).

Breakdown of due and payables by geographical area

The breakdown of Due and Payables as at 31 Dec. 2016 by geographical area is given in the table below (Article 2427, paragraph 1, item No. 6, of the Italian Civil Code).

Geographical area	Italy	EEC	Extra-EEC	Total
Due to Banks	1,250,000	-	18,000,000	19,250,000
Due to other lenders	32,220	-	-	32,220
Down-payments	-	-	554,760	554,760
Trade payables	14,513,976	1,542,362	4,153,576	20,209,914
Due and Payables to controlling/holding companies	484,151	-	-	484,151
Tax payables	532,370	-	-	532,370
Due to pension and social security agencies	671,892	-	-	671,892
Other due and payables	1,593,723	-	-	1,593,723
Due and Payables	19,078,332	1,542,362	22,708,336	43,329,030

Due and payables backed by collaterals on the Company's assets.

	Due and payables not backed by collaterals	Total
Due to Banks	19,250,000	19,250,000
Due to other lenders	32,220	32,220
Down-payments	554,760	554,760
Trade payables	20,209,914	20,209,914
Due and Payables to Controlling/Holding Companies	-	484,151
Tax payables	1,016,521	532,370
Due to pension and social security agencies	671,892	671,892
Other due and payables	1,593,723	1,593,723
Total Due and Payables	43,329,030	43,329,030

Accrued expenses and deferred income

E) Accruals and deferrals

Balance as at 31 Dec. 2016	Balance as at 31 Dec. 2015	Changes
91,907	4,795	87,112

This item can be broken down as follows (Article 2427, paragraph 1, item No. 7, of the Italian Civil Code).

Description	Amount
Rents	83,452
Other immaterial amounts	8,455
	91,907

	Opening value	Change for the FY	Closing value
Accrued expenses	4,795	87,112	91,907
Other accrued expenses and deferred income	4,795	87,112	91,907

Accruals and deferrals

They have been measured based on the actual accrual basis.

For multi-year accruals and deferrals the conditions for their original recognition have been verified, adopting relevant changes, where necessary.

As at 31 December 2016, no accruals and deferrals were recognized having duration of over five years.

Note to the Financial Statements - Income Statement

A) Value of production

	Balance as at 31 Dec. 2016	Balance as at 31 Dec.	Changes
	84,498,679	69,507,764	14,990,915
Description	31 Dec. 2016	31 Dec. 2015	Changes
Revenues from sales and services	76,016,856	68,352,781	7,664,075
Changes in product inventories	6,804,302	(769,874)	7,574,176
Other revenues and income	1,677,521	1,924,857	(247,336)
	84,498,679	69,507,764	14,990,915

Value of production

Revenue recognition

Revenues, income, costs and expenses have been calculated on an accrual basis in compliance with the principle of prudence, net of returned goods, allowances, discounts and bonuses.

The revenues from sales of products are recognized upon ownership transfer, which is generally concomitant with delivery or shipment of the products.

The revenues from service provided have been recognized upon provision of such services and adjusted (where necessary) on an accrual basis.

Financial revenues and those from service provisions are recognized on an accrual basis.

Revenues and income, costs and expenses relating to transactions in foreign currencies have been measured at the exchange rate in force as at the date of finalization of the relevant transaction.

Breakdown of revenues from sales and services by business segment (statement)

Revenues by business segment

(Reference to Article 2427, paragraph 1, item No. 10, of the Italian Civil Code)

Breakdown of revenues from sales and services by business segment

Business segment	Amount
Sales of products	76,016,856
Changes in inventories	6,804,302
Rent income	551,856
Income for royalties	245,610
Others	880,055
TOTAL	84,498,679

Breakdown of revenues from sales and services by geographical area

Breakdown of revenues from sales and services by geographical area (statement)

Geographical area	Value for the reporting period
Italy	42,609,299
EEC	23,263,972
Extra-EEC	10,143,585
Total	76,016,856

Costs of Production

B) Costs of Production

Balance as at 31 Dec 2016	Balance as at 31 Dec 2015	Changes
77,349,589	64,291,037	13,058,552

Description	31 Dec. 2016	31 Dec. 2015	Changes
Raw and ancillary materials and goods	19,208,643	15,092,381	4,116,262
Services	37,618,177	30,314,859	7,303,318
Leases and rentals	5,642,042	4,875,248	766,794
Wages and salaries	8,299,832	7,389,887	909,945
Social security contributions	2,288,141	2,058,268	229,873
Employees' Severance Benefits	601,884	565,775	36,109
Other costs of staff	197,246	193,887	3,359
Amortization of intangible fixed assets	2,240,614	1,854,002	386,612
Depreciation of tangible fixed assets	549,323	485,384	63,939
Other write-downs of fixed assets		15,400	(15,400)
Write-downs of receivables recognized as current	447,353	498,219	(50,866)
Change in raw material inventories	(383,793)	190,171	(573,964)
Other operating expenses	640,127	757,556	(117,429)
	77,349,589	64,291,037	13,058,552

Costs for raw, ancillary, consumption materials and goods and Costs for services

This item is closely related to the information given in the Management Report and to the performance of item A (Value of production) in the Income Statement.

Costs for staff

The item includes total expenses for employees, including merit-based promotions, advances, cost-of-living allowance increases, costs for holidays not taken and legal provisions, as well as effects of the implementation of collective bargaining agreements.

Depreciation of tangible fixed assets

With regard to amortization/depreciation, it is specified that the relevant calculation is based on the asset useful life and on its exploitation in the production phase

Financial Income and Expenses

C) Financial Income and Expenses

Balance as at 31 Dec 2016	Balance as at 31 Dec 2015	Changes
(1,468,730)	194,259	(1,662,989)

Breakdown of interest and other financial expenses by type of due/payables

Interest and other financial expenses

(Reference to Article 2427, paragraph 1, item No. 12, of the Italian Civil Code)

Description	Controlling companies	Associates of	Subsidiaries Controlling/H	Othe	Total
Bank interests				1,342	1,342
Trade interests				652	652
Interest expenses on medium-term loans				296,825	296,825
				298,819	298,819

Interest and other financial expenses

Due to Banks	298,167
Other	652
Total	298,819

Other financial income

Description	Controlling/Holding	Subsidiaries Controlling/Holding Companies	Othe	Total
Interest on bank and post office deposits			154,899	154,899
Interest on trade receivables	6,616			6,616

Other income		1,024	1,024
	6,616	155,923	162,539

Criteria for the translation of values expressed in foreign currencies

Receivables and due/payables, originally expressed in foreign currencies, recognized based on the exchange rates in force as at the date on which they arose, were aligned to the exchange rates in force as at the reporting date, as published by the competent bodies.

Specifically, current assets and liabilities, as well as non-current financial receivables have been recognized at the spot exchange rate in force as at the reporting date and the relevant gains and losses on exchange rates were credited and debited, respectively, to the Income Statement, under item 17-*bis* "Gains and losses on exchange rates".

Any net income resulting from adjustment of exchange rates in force as at the reporting date of the items in foreign currencies is included in the profit (loss) for the period and, upon approval of the Annual Report Financial Statements and subsequent allocation of the profit to the Legal Reserve, is recognized, for the portion not absorbed by any loss for the period, in a non-distributable reserve until it is realized

On the other hand, non-current assets in foreign currencies are recognized at the exchange rate in force at the time of purchase or at the lower rate as at the reporting date only if the negative changes caused impairment of the same assets.

Financial Income and Expenses

Description	31 Dec. 2016	31 Dec. 2015	Changes
Income other than the foregoing	162,539	70,958	91,581
(Interest and other financial expenses)	(298,819)	(185,550)	(113,269)
Gains (losses) on exchange rates	(1,332,450)	308,851	(1,641,301)
	(1,468,730)	194,259	(1,662,989)

As mentioned in the Management Report, the worsening in the net profit (loss) of the "Financial income and expenses" item vs. the previous year resulted from realized losses on exchange rates amounting to approximately Euro 1.3 million and caused by the significant appreciation of the US Dollar.

Value adjustments of financial assets and liabilities

D) Value adjustments of financial assets

Balance as at 31 Dec 2016 (340,024)	Balance as at 31 Dec 2015 (340,024)	Changes
--	--	---------

The write-down was due to the decrease in the fair value of derivative financial instruments held as at 31 December 2016 and maturing in future years. For the relevant breakdown, please, refer to the dedicated chapter in this note to the financial statements.

Current income taxes and deferred income tax liabilities and assets for the period

Income taxes

Taxes have been measured based on the estimated taxable income, in compliance with the regulations in force and have been recognized on an accrual basis; therefore, they represent:

- the provisions for taxes paid or to be paid in the period, calculated according to the rates and the regulations in force;
- the amount of deferred tax liabilities or assets relating to temporary differences recognized or written off in the period.

Specifically, deferred tax assets are recognized when it is likely that there will be taxable future profits for which said positive balance will be used;

Deferred tax assets and liabilities have been recognized on the temporary differences between the values of assets and liabilities measured with statutory standards and their values for tax purposes.

Deferred tax assets and liabilities have been allocated to provision based on the tax rates in force.

It is pointed out that the IRES rate used to calculate deferred tax assets was 24%, because of the change in rate provided for by the 2016 Italian Stability Law, effective for financial years starting on or after 1 January 2017.

Effective from the 2016 financial year, the Company has joined the national tax consolidation scheme of the Controlling Company E- LAND ITALY Srl for IRES purposes.

In the balance sheet, under the "Tax payables" item, the assumed account payable for IRES was recognized amounting to € 484,151, which is actually to be considered an account payable to the Controlling Company E- LAND ITALY Srl.

The current taxes and deferred tax assets and liabilities for IRAP were calculated with exclusive reference to the Company.

Income taxes for the period

	Balance as at 31 Dec 2016 2,024,795	Balance as at 31 Dec 2015 1,945,259	Changes 79,536
Taxes	Balance as at 31 Dec.	Balance as at 31	Changes
Current taxes:	2,185,000	1,700,000	485,000
Italian corporate	1,800,000	1,415,000	385,000
Italian Regional Tax on Productive Activities (IRAP)	385,000	285,000	100,000
Taxes referring to previous FYs		49,974	(49,974)
Deferred tax liabilities (assets)	(160,205)	195,285	(355,490)
Italy	(160,205)	195,285	(355,490)
n	2,024,795	1,945,259	79,536

The taxes accrued for the period were recognized.

The reconciliation between the theoretical liability as per the financial statements and the theoretical tax liability:

Reconciliation of actual tax liability recognized and theoretical tax liability (IRES)

Description	Value	Taxes
Profit (loss) before tax	5,340,336	
Theoretical tax liability (%)	27.5	1,468,592
Temporary differences subject to taxation in subsequent years:	400,000	
Goodwill amortization	222,620	
Trademarks/brands amortization	30,556	
Provision for write-downs of receivables	350,000	
Provision for stock write-downs	106,522	
Unrealized losses on exchange rates	405,074	
Other	141,854	
	1,656,626	
Temporary differences deductible in subsequent years:	340,024	
Write-down of derivative financial instruments	340,024	
Reversal of temporary differences from previous years		
Accrual to provision for writedowns of receivables	(63,874)	
Provision for stock writedowns	(363,000)	
Amortization of goodwill and trademarks/brands	(33,418)	
Provision for Risks of Returned Goods	(400,000)	
Other	(151,116)	
	(1,011,408)	
Differences which will not be reversed in following years		
Motor vehicles management costs	170,828	
Guest flat rents	73,802	
Contingent liabilities	26,692	
Contingent assets	(81,404)	
Italian Regional Tax on Productive Activities (IRAP)	(91,659)	
Others	92,944	
Phone	28,674	
	219,877	
Taxable base	6,545,455	
Current income taxes for the period		1,800,000

Calculation of taxable base for Italian Regional Tax on Productive Activities (IRAP)

Description	Value	Taxes
Difference between value and costs of production	7,149,090	
Costs for staff	11,387,103	
Costs of staff deducted	(9,651,434)	
Write-downs of receivables	447,353	
	576,403	
Revenues not relevant for IRAP purposes		
	9,908,515	
Theoretical tax liability (%)	3.9	386,432
Temporary difference deductible in subsequent years:		
	359,698	
	(396,418)	
IRAP taxable base	9,871,795	
Current Italian Regional Tax on Productive Activities (IRAP) for the period		385,000

Pursuant to Article 2427, paragraph 1, item No. 14, of the Italian Civil Code, the required information on deferred tax liabilities and assets is given below:

Deferred tax liabilities and assets

Deferred tax assets and liabilities were calculated on a global allocation basis, taking account of the accumulated amount of all temporary differences, based on the expected average rates in force at the time when such differences will reverse.

Since a taxable income not lower than the amount of the differences to be offset can be expected with reasonable certainty in the years to which the deductible temporary differences relating to the recognized deferred tax assets will be reversed, these deferred tax assets were recognized.

The main temporary differences that have led to the recognition of deferred tax liabilities and assets are given in the table below with the relevant effects.

Recognition of deferred tax liabilities and assets and resulting effects

	Italian corporate income tax (IRES)	Italian Regional Tax on Productive Activities (IRAP)
A) Temporary differences		
Total deductible temporary differences	4,562,715	3,112,528
Total taxable temporary differences	1,042,815	-
Net temporary differences	(3,519,900)	(3,112,528)
B) Tax effects		
Deferred tax liabilities (assets) for the period	(844,776)	-
Closing provision for deferred tax liabilities (assets)	(844,776)	(121,388)

Breakdown of deductible temporary differences

Description	Closing amount for the previous period	Change for the period	Closing amount for the period	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Goodwill amortization	834,209	200,953	1,035,162	24.00%	248,439	3.90%	40,371

Description	Closing amount for the previous period	Change for the period	Closing amount for the period	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Amortization of trademarks/brands	213,620	18,805	232,425	24.00%	55,782	3.90%	9,065
Depreciation of buildings	199,679	-	199,679	24.00%	47,923	3.90%	7,787
Provision for write-downs of stock inventories	1,114,844	(256,478)	858,366	24.00%	206,008	3.90%	33,476
Provision for write-downs of receivables	721,138	286,125	1,007,263	24.00%	241,743	-	-
Provision for risks on returned goods	400,000	-	400,000	24.00%	96,000	3.90%	15,600
Provision for agents' goodwill indemnity	386,896	-	386,896	24.00%	92,855	3.90%	15,089
Other	116,116	(78,266)	37,850	24.00%	9,084	-	-
Losses on exchange rates	-	405,074	405,074	24.00%	97,218	-	-

Breakdown of taxable temporary differences

Description	Change for the period	Closing amount for the period	IRES rate	IRES tax effect
Fair value of forward \$	1,042,815	1,042,815	24.00%	250,276

Note to the Financial Statements - Other information

Data on Employees

Data on Employees

(Reference to Article 2427, paragraph 1, item 15, of the Italian Civil Code)

The Company's average staff number, broken down by category, has undergone the following changes compared to the previous financial year:

Employees on staff	31 Dec. 2016	31 Dec. 2015	Changes
Senior	6	5	1
Junior	13	13	
White-	189	183	6
Blue-collar	19	19	
	227	220	7

The Italian national collective bargaining agreement applied is that of the leather and substitutes industry. The Italian national collective bargaining agreement in the commerce sector has been applied for store employees.

	Average number
Senior Managers	6
Junior Managers	13
White-collar workers	189
Blue-collar workers	19
Total Employees	227

Remuneration, down-payments and loans given to Directors and Auditors and commitments undertaken on their behalf

Reporting on remuneration to Directors and Auditors

Pursuant to the law, the total remunerations of the Members of the Management Body and of the Control Body (Article 2427, paragraph 1, item No. 16, of the Italian Civil Code) are reported below.

	Directors	Auditors
Fees	612,603	36,000

Fees of the statutory auditor of the accounts or independent auditing company

Information on the fees of the statutory independent auditors

(Reference to Article 2427, paragraph 1, item 16- *bis*, of the Italian Civil Code)

Pursuant to the law, the fees accrued in the period and due for services provided by the statutory auditor/or statutory independent auditors and by entities in their network are reported below:

Total fees of the statutory auditors of the accounts or independent auditing company (statement)

	Value
Statutory audit of annual accounts	28,000
Other audit services provided	4,000
Tax advisory services	
Services other than audit of the accounts	
Total fees of the statutory auditors of the accounts or independent auditing company	

Classes of shares issued by the Company

Description	Opening amount, number	Opening amount, nominal value
	4,000	1,000
Total	4,000	-

Reporting on financial instruments issued by the Company**Reporting on financial instruments issued by the Company**

(Reference to Article 2427, paragraph 1, item 19, of the Italian Civil Code)

The Company has issued no financial instruments.

Commitments, guarantees and contingent liabilities not reported in the balance sheet**Commitments, guarantees and contingent liabilities**

Off-balance-sheet commitments are obligations undertaken by the Company to third parties originating from legal transactions entailing obligations that are certain but not yet complied with by neither one of the parties. The "Commitments" category includes both commitments whose performance and relevant amount are certain (for example: forward purchase and sale contracts) and commitments whose performance is certain but not the relevant amount (for example: contracts with price revision clause). The amount of commitments is the nominal value as gathered by the relevant documentation.

Commitments undertaken refer to forward purchase of US Dollars for a total amount of Euro 20,963,701 hedging interest rate risk as reported in the statement below:

BANK	AMOUNT IN USD	P/S	EX. RATE	MATURITY	DATE	AMOUNT IN EUR	VALUE DATE	EXC. RATE	AMOUNT IN EUR
	2,000,000	S	1 1067	18 Apr 2017	16 Dec 2015	1,807,174	20 Apr 2017	1 055057	1,895,632
	-49,313	P	1 0658	18 Apr 2017	24 Nov 2016	-46,268	20 Apr 2017	1 055057	-46,739
	-211,029	P	1 0688	18 Apr 2017	29 Nov 2016	-197,445	20 Apr 2017	1 055057	-200,017
	-42,688	P	1 0695	18 Apr 2017	1 Dec 2016	-39,914	20 Apr 2017	1 055057	-40,460
	-83,400	P	1 0735	18/04/2017	5 Dec 2016	-77,689	20 Apr 2017	1 055057	-79,048
	-46,794	P	1 081	18 Apr 2017	7 Dec 2016	-43,288	20 Apr 2017	1 055057	-44,352
	-3,847	P	1 0804	18 Apr 2017	7 Dec 2016	-3,561	20 Apr 2017	1 055057	-3,646
UNICREDIT	-75,659	P	1 053	18 Apr 2017	22 Dec 2016	-71,851	20 Apr 2017	1 055057	-71,711

	-6,754	P	1.0519	18 Apr. 2017	22 Dec 2016	-6,421	20 Apr. 2017	1.055057	-6,402
	1,400,000	S	1 0806	9 Dec 2017	30 Nov 2016	1,295,577	11 Dec 2017	1 054911	1,327,126
	2,000,000	S	1 1626	26 July 2017	5 May 2016	1,720,282	28 July 2017	1 054333	1,896,934
	3,000,000	S	1 1698	13 Dec 2017	5 May 2016	2,564,541	15 Dec 2017	1.054911	2,843,842
-	7,880,517					6,901,138			7,471,160
	1,500,000	S	1.1080	28 Apr 2017	16 Dec 2015	1,353,791	28 Apr. 2017	1.108000	1,353,791
	2,000,000	S	1.1655	15 Dec. 2017	5 May 2016	1,716,002	15 Dec. 2017	1 1655	1,716,002
	1,600,000	S	1.0800	11 Dec. 2017	30 Nov 2016	1,481,481	11 Dec. 2017	1 080000	1,481,481
BNL	2,000,000	S	1 0880	18 Apr 2018	30 Nov 2016	1,838,235	18 Apr 2018	1 088000	1,838,235
	2,000,000	S	1.0660	27 Apr. 2018	20 Dec. 2016	1,876,173	27 Apr. 2018	1.066000	1,876,173
-	9,100,000					8,265,682			8,265,682
	2,000,000	S	1 1106	2 May 2017	16 Dec 2015	1,800,828	2 May 2017	1.1106	1,800,828
	500,000	S	1.1106	2 May 2017	16 Dec. 2015	450,207	2 May 2017	1 1106	450,207
MPS	2,000,000	S	1.1680	15 Dec. 2017	9 May 2016	1,712,329	15 Dec. 2017	1 168000	1,712,329
	2,000,000	S	1 0908	18 Apr. 2018	30 Nov 2016	1,833,517	18 Apr 2018	1.0908	1,833,517
-	6,500,000					5,796,881			5,796,881

Reporting on off-balance sheet arrangements

The Company has no arrangements currently in force which were not recognized in the Balance Sheet.

Entities preparing the financial statements of the larger/smaller set of entities of which they are part as subsidiaries

Information on the entity preparing the consolidated financial statements of the larger/smaller set of entities of which it is part as a subsidiary

Name and registered office of entities preparing the consolidated financial statements of the larger/smaller set of entities of which it is part as a subsidiary (statement)

	Larger set	Smaller set
Name of the entity	E.LAND WORLD	E.LAND ITALY SRL
City (if in Italy) or foreign State	REPUBLIC OF KOREA	MILAN
Tax ID (for Italian enterprises)		3,287,171,205
Place of filing of the consolidated financial statements	SEOUL,	MILAN

Summary financial statement of the company exercising management and coordination

Belonging to a Group

Your Company belongs to the E-Land Group through the Company E-Land Italy S.r.l.

The table below shows the highlights of the latest Annual Report and Consolidated Financial Statements of the Controlling Company E- Land Italy S.r.l. that exercises management and control (Article 2497-bis, paragraph 4 of the Italian Civil Code).

For the sake of clarity, in order to correctly report the profit (loss) of the Controlling Company, the non-recurring section (missing) was reclassified under costs of production; this representation does not alter the financial highlights of the company exercising management and coordination.

Summary Balance Sheet of the company exercising management and coordination

	Last reporting period	Prior reporting period
B) Fixed Assets	37,120,704	40,987,728
C) Current assets	96,106,195	77,248,447
D) Accrued income and deferred expenses	2,626,717	2,637,937
Total assets	135,853,616	120,874,112
A) Equity		
Share capital	3,500,000	3,500,000
Reserves	48,326,804	41,909,099
Profit (loss) for the FY	(20,778,008)	(5,717,056)
Total Equity	31,048,796	39,692,043
B) Provisions for risks and charges	2,694,745	3,954,417
C) Employees' severance benefits	1,378,326	1,757,009
D) Due and Payables	100,549,092	75,287,367
E) Accrued expenses and deferred income	182,657	183,416
Total Liabilities	135,853,616	120,874,252

Summary income statement of the company exercising management and coordination

	Last reporting period	Prior reporting period
A) Value of production	102,591,737	84,450,928
B) Costs of production	(118,525,746)	86,969,233
C) Financial income and expenses	(1,717,959)	(914,282)
D) Value adjustments of financial assets	(1,197,000)	-
Income taxes for the period	1,929,040	2,284,468
Profit (loss) for the FY	216,273,484	(5,717,055)

Proposal for the allocation of earnings or coverage of losses

Allocation of the profit (loss) for the period

It is proposed that the General Meeting of Shareholders allocate the profit (loss) for the period as follows:

Profit (loss) for the FY as at 31 Dec.	Euro	3,315,541
5% to legal reserve	Euro	
to extraordinary reserve	Euro	3,315,541
to dividend	Euro	

Note to the Financial Statements - Last part

Reporting on transactions with related parties

(Reference to Article 2427, paragraph 1, item 22- bis, of the Italian Civil Code)

COMPANY	DUE and PAYABLES	RECEIVABLES	PURCHASES	SALES	ADVANCES
Mandarina		64,825			
Eland International Fashion (Shanghai)		118,150		932,250	

Financial transactions

COMPANY	DUE and PAYABLES	RECEIVABLES	COSTS	REVENUES
E.Land Italy srl		3,659,862		11,055
Lario 1898 Calzaturificio SpA		41,449		

These Annual Report and Financial Statements, consisting of the Balance Sheet, Income Statement and Note to the Financial Statements, give a true and correct representation of the Company's financial and cash flow position, as well as of its performance for the period; they are consistent with the entries in the accounting books.

The Chief Executive
Officer Andrea Baldo

Controlled by



UK Consultant with Power of Attorney