OVS

2015

ANNUAL

REPORT

CONTENTS

COMPANY INFORMATION

Registered office of the Parent Company

OVS S.p.A.
Via Terraglio n. 17 – 30174
Venice - Mestre

Legal details of the Parent Company

Authorised share capital €227,000,000.00
Subscribed and paid up share capital €227,000,000.00

Venice Companies Register no. 04240010274
Tax and VAT code 04240010274
Corporate website: www.ovscorporate.it

CORPORATE OFFICERS

Board of Directors

Nicholas Stathopoulos (2)	Chairman
Stefano Beraldo	Chief Executive Officer and General Manager
Gabriele Del Torchio (1) (2)	Director
Stefano Ferraresi (1)	Director
Lori Hall-Kim (3)	Director
Heinz Jürgen Krogner-Kornalik (1) (2)	Director
Jerome Pierre Losson	Director
Marvin Teubner (4)	Director

(1) Member of the Control and Risks Committee

(2) Member of the Appointments and Remuneration Committee

(3) Director until December 17, 2015

(4) Coopted Director since the Board of Directors dated April 14, 2016

Board of Statutory Auditors

Giuseppe Moretti	Chairman
Roberto Cortellazzo Wiel	Standing Auditor
Lucio Giulio Ricci	Standing Auditor
Lorenzo Boer	Alternate Auditor
Stefano Lenoci	Alternate Auditor

External auditor

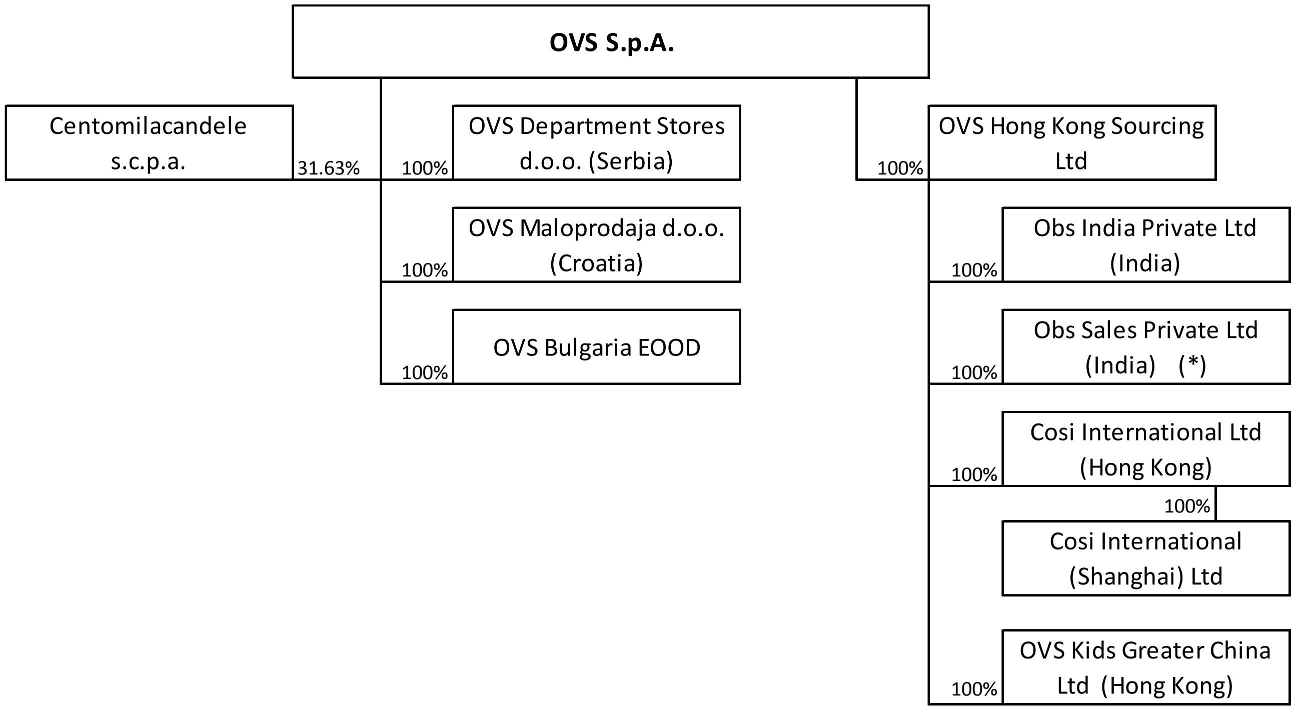
PricewaterhouseCoopers S.p.A.

Director responsible for preparing the company's accounting statements

Nicola Perin

The structure of the Group

The following chart shows how the Group is organised, indicating the relative equity investments as percentages.



(*) Company winded up starting from February 2015.

REPORT ON OPERATIONS

Methodology note

OVS S.p.A. was incorporated on 14 May 2014 and began operating as of the final instant of 31 July 2014. The information on P&L results and cash flows shown for 2014 is therefore pro-forma, and based on carve-out data for the first part of the year, as reported in the listing Prospectus. In order to give a clearer picture of the Company's performance, the income statement information shown for 2015 has been adjusted for: i) non-recurring net income of €9.9 million (€25.7 million a year earlier), mainly due to tax entries (€19.7 million relating to the non-cash impact of the release of deferred tax liabilities due to the announced reduction in the IRES rate in 2017), partly offset by costs associated with the IPO (€3.6 million) and with the simultaneous refinancing of the company (€6.8 million of fees in financial expenses); ii) other normalising elements relating to the accounting treatment of stock options ("non-cash" expenses of €1.4 million) and currency derivatives, for which mark-to-market accounting is required, resulting in high volatility (revenue of €7.2 million) and the relative tax effect (€1.6 million); and iii) amortisation of intangible assets relating to PPA (€8.6 million, as in 2014). Net profit in 2015, not adjusted for the above elements, was €86.6 million.

Growth in like-for-like sales and new store openings resulted in strong increase in revenues and EBITDA as well as substantial net debt reduction. The Board proposes a dividend of Euro 0.15 per share.

- ✓ Net sales of €1,319.5 million, up 7.5% on the previous year, thanks to a 1.8% increase in like-for-like sales and the contribution of new store openings.
- ✓ Market share of 7.0% in December 2015 (up 60 bps compared with December 2014), confirming OVS's position as Italy's market leader.
- ✓ Gross margin (57.2%) was broadly stable in the individual sales channels, with 30 bps decrease driven by a slight increase of the franchising in sales mix.
- ✓ EBITDA of €179.6 million, constituting 13.6% of net sales, up by €22.5 million or 14.3%, and by approximately 80 bps as a percentage of sales compared with the previous year.
- ✓ Net profit of €81.1 million, up by €55.8 million compared with the previous year, benefiting from a marked improvement in the operating results, a substantial reduction in financial expenses and a lower tax rate.
- ✓ Reduction of the net financial position from €624.4 million to €235.0 million, thanks to the positive operating results as well as the IPO, successfully completed on 2 March 2015 with a net capital increase of €349.1 million.
- ✓ Proposed total dividend of 34.05 milion (0.15 Euro per share).

€mln	31 January '16	31 January '15	Chg	Chg %
Net Sales	**1,319.5**	**1,227.4**	**92.1**	**7.5%**
Gross Profit	**754.5**	**705.8**	**48.7**	**6.9%**
% on net sales	57.2%	57.5%		
EBITDA	**179.6**	**157.1**	**22.5**	**14.3%**
% on net sales	13.6%	12.8%		
EBIT	130.0	106.8	23.1	21.6%
% on net sales	9.8%	8.7%		
EBT	114.9	45.8	69.1	151.0%
% on net sales	8.7%	3.7%		
Net Profit	**81.1**	**25.3**	**55.8**	**220.7%**
% on net sales	6.1%	2.1%		
Net Financial Debt	235.0	624.4	n.m.	n.m.
Market Share (%)	**7.0**	**6.4**	**0.6**	**9.7%**

Information on operations

Italian economic activity and disposable household income grew in 2015: however, effects on consumption have remained limited, as households set aside part of their income for savings and to replace capital goods such as cars. The clothing market, in particular, is lagging behind other sectors, contracting by around 2% in 2015. We are seeing the first signs of recovery, however, particularly in the north of the country. In Italy, consolidation has also continued in favour of organised modern retail groups, and OVS S.p.A. has shown that it is more capable than any other player of benefiting from this trend, with another steady increase in market share up to 7.0% in December 2015.

In this context, we highlight the next sales growth to €1,319.5 million (up 7.5% compared with the previous year), reflecting both a positive like-for-like performance and successful store expansion. EBITDA (€179.6 million) increased by 14.3%, and by around 80 bps as a percentage of net sales, while net profit came in at €81.1 million (up €55.8 million compared with the previous year). The net income also improved significantly thanks both to the operating results and lower financial charges.

We are very satisfied with the 35 directly operated full-format stores opened. In particular, we highlight the great performance of the flagship stores in Milan Buenos Aires and Naples, confirming the proven ability of the company to achieve positive performance even on big surfaces, deemed strategic to affirm the value of the brand.

Upim has also continued to grow rapidly, with increases in sales and EBITDA of 12.9% and 80.7%, respectively, compared with the previous year. This performance is the result of the brand repositioning with focus on the offering in the family value segment and the introduction of a more attractive store format that fits in better with this offering. Various initiatives are currently under way to promote the growth and further increase the profitability.

The roll-out of operational innovations continued, with a positive impact on sales, markdown reductions and inventory rotation.

OVS S.p.A. also continued to benefit from improved operating leverage and the effects of savings initiatives, mainly regarding energy and rental costs.

Significant investments were also made to support brand awareness, with marketing and advertising campaigns. In addition, in a market where e-commerce does not yet play a key role (particularly in the value segment), but where a growing proportion of customers visits the company's website to search for and compare products online before purchasing in-store, OVS has improved both traffic and conversion and has placed strong emphasis on overseeing multi-channel, social networks and digital experience.

On the international front, the organisational structure has been strengthened with the recruitment of a new manager with extensive expertise in order to pursue all the opportunities that the international market is currently showing. On the basis of the positive results already achieved, the current strategy is to adopt an increasingly structured approach to identifying high-potential countries and focusing development efforts on these ones. We have also begun to penetrate foreign markets through the e-commerce, with the launch of a direct sales channel in Spain and an agreement with Zalando for the sale of OVS-branded products in 14 European countries.

There has been a growing focus on corporate social responsibility, with the launch of a major project to identify elements of innovation in business processes to make them more sustainable. Meanwhile, our commitment to social activities has also continued, with a special emphasis on children through the Kids Creative Lab initiative. Numerous initiatives have also been introduced for the Group's employees, including a decision (currently being implemented) to transfer the structure used as a temporary OVS store during the Milan Expo to our registered office, so that it can be turned into a company kindergarten.

OVS S.p.A.'s capital structure was strengthened by the IPO, with a substantial reduction in debt and more favourable interest rates; financial expenses have decreased markedly as a result.

Our consolidation strategy in the Italian market and our priorities are unchanged, with a large proportion of property agreements relating to expansion in 2016 already in place.

Although 2016 began with unfavourable weather conditions, sales continue to grow and margins remain robust.

In view of this, management is looking ahead to the new year with confidence, and the conviction that the validity of its strategy, and its ability to implement it, will result in further sustainable growth and profitability for shareholders in 2016.

Consolidated profit performance

€mln	31 January 2016	31 January 2015	Chg	Chg %
Net Sales	**1,319.5**	**1,227.4**	**92.1**	**7.5%**
Purchases of consumables	565.0	521.6	(43.4)	-8.3%
Gross Margin	**754.5**	**705.8**	**48.7**	**6.9%**
GM%	*57.2%*	*57.5%*		
Total operating costs	574.9	548.7	(26.2)	-4.8%
EBITDA	**179.6**	**157.1**	**22.5**	**14.3%**
EBITDA%	*13.6%*	*12.8%*		
Depreciation & Amortization	49.6	50.2	(0.6)	-1.2%
EBIT	**130.0**	**106.8**	**23.1**	**21.6%**
EBIT %	*9.8%*	*8.7%*		
Net financial income/(charges)	(15.0)	(61.1)	46.0	n.m.
PBT	**114.9**	**45.8**	**69.1**	**151.0%**
Tax	(33.8)	(20.5)	(13.3)	n.m.
Net Profit	**81.1**	**25.3**	**55.8**	**220.7%**

€mln	31 January '16	31 January '15	Chg %
Net Sales			
OVS	1,116.9	1,040.9	7.3%
UPIM	202.6	179.5	12.9%
Other	0.0	7.0	n.a.
Total Net Sales	**1,319.5**	**1,227.4**	**7.5%**
EBITDA			
OVS	162.1	148.4	9.2%
EBITDA margin	*14.5%*	*14.3%*	
UPIM	17.5	9.7	80.7%
EBITDA margin	*8.6%*	*5.4%*	
Other	0.0	(1.0)	n.m.
Total EBITDA	**179.6**	**157.1**	**14.3%**
EBITDA margin	***13.6%***	***12.8%***	

Net sales

Total net sales increased by €92.1 million, or 7.5%, with a positive contribution from both divisions and like-for-like sales growth of 1.8%.
OVS registered net sales growth of 7.3% (€76.0 million), due to network expansion and a positive trend in like-for-like growth, which improved the already satisfactory performance recorded last year.
Upim's sales grew by €23.1 million (12.9%), benefiting from the run-rate effect of openings and conversions occurred in 2014, as well as the many openings of both directly managed and franchised Blukids stores.

Gross margin

The Gross margin was largely unchanged in every sales channel, despite the stronger dollar, thanks to a positive trend in commodities prices in local currencies and the relocation of part of the production from China to other areas of the Far East, with resulting savings in costs. The decrease of approximately 30 bps as a percentage of net sales was entirely due to a change in the mix, which saw a slight increase in the weight of franchising (however accretive at EBITDA margin level).
Under current conditions no significant variations in gross margin is expected also for next year.

EBITDA

EBITDA came in at €179.6 million (13.6% of net sales), up by €22.5 million, or 14.3%, compared with a year earlier, when it stood at €157.1 million (12.8% of net sales). This was due to higher sales and the resulting improvement in operating leverage, as well as the specific savings measures already mentioned (rents and energy costs, with the LED project).
Both divisions made a positive contribution to this performance. OVS registered a €13.7 million increase in EBITDA, while Upim registered a €7.8 million increase.

EBIT

At €130.0 million, EBIT fully reflects the growth registered in EBITDA, with depreciation and amortisation remaining largely unchanged compared with 2014.

Net result before tax

The net result before tax is €114.9 million, up by €69.1 million. This performance was supported by the operating result and a substantial reduction in financial expenses, which decreased from €61.1 million to €15.0 million due to the IPO and the debt refinancing that took place on 2 March 2015. Note that the period under review still includes the financial expenses associated with the previous debt structure for approximately one month.

Net financial position

At 31 January 2016, the Group's net financial position was €235 million. The ratio of net financial position to EBITDA for the last 12 months was 1.3, and the average interest rate for the year was 3.4%.

Shareholders' equity

Shareholders' equity grew from €408.0 million at 31 January 2015 to €825.1 million at 31 January 2016. This change reflects the results for the year and the effect of the capital increase through the IPO. This increased the number of shares from 140,000,000 to 227,000,000, with an impact on shareholders' equity of €349.1 million, including €87.0 million to increase the share capital and €262.1 million allocated to the share premium reserve (net of listing costs).

Summary statement of financial position

€mln	31 January '16	31 January '15	Chg
Receivables	71.0	73.0	(2.0)
Inventory	289.7	287.6	2.1
Payables	(368.8)	(374.4)	5.6
Net Operating Working Capital	**(8.1)**	**(13.8)**	**5.6**
Other assets/(liabilities)	(91.3)	(69.5)	(21.8)
Net Working Capital	**(99.5)**	**(83.3)**	**(16.2)**
Tangible and Intangible Assets	1,357.2	1,343.9	13.2
Net deferred taxes	(142.7)	(168.5)	25.8
Other long term assets/(liabilities)	(6.1)	(5.9)	(0.2)
Pension funds and other provisions	(48.7)	(53.8)	5.1
Net Capital Employed	**1,060.1**	**1,032.4**	**27.7**
Net Equity	825.1	408.0	417.1
Net Financial Debt	235.0	624.4	(389.4)
Total source of financing	**1,060.1**	**1,032.4**	**27.7**

Consolidated statement of cash flows

€mln	31 January '16	31 January '15
EBITDA	**179.6**	**157.1**
Change in Net Operating Working Capital	(5.6)	58.4
Other changes in Working Capital	12.4	4.8
Capex	(68.3)	(59.5)
Operating Cash Flow	**118.0**	**160.8**
Financial charges	(20.2)	(53.2)
Severance indemnity payment	(2.5)	(3.5)
Corporate taxes	(20.5)	(14.6)
IPO costs (excl. bank commissions)	(3.6)	
IPO proceeds (net of bank commissions)	349.1	
Others	(6.1)	(8.9)
Net Cash Flow (excl derivatives MtM and amortised costs)	**414.1**	**80.6**
MtM derivatives, amortized cost and exchange differences	(24.7)	21.1
Net cash flow	**389.4**	**101.7**

Cash flow

Operating cash flow for the year was €118.0 million. There was a limited increase in operating working capital, thanks to disciplined purchasing and inventory management, while other changes in working capital primarily relate to the expansion of the network, which resulted in increased VAT, personnel and other payables.

Investments for the period included approximately €12.6 million relating to the logistics project to automate the post-distribution process. This is a non-recurring investment, and includes €4.6 million with monetary effect in 2016.

Tax payments refer to €10.6 million in IRAP for 2014 and payments on account for 2015, with the remainder (€9.8 million) relating to IRES for 2014. Note that, as it was incorporated in 2014, OVS S.p.A. had not previously made any payments on account for that year.

Dividends

The Board of Directors has resolved to propose to shareholders the payment of a dividend of 34.05 million Euro for 2015, equal to 0.15 Euro per share and representing a pay-out ratio of 42.0% of net consolidated income.

The dividend will be paid on June 8, 2016 (ex-dividend date June 6, 2016, and record date June 7, 2016).

Board of Directors

Following the resignation of Board member Lori Hall-Kimm, as announced to the market on 17 December 2015, the Company's Board of Directors resolved to appoint, through co-option, Marvin Teubner as a new Company Board member, categorising him as non-executive pursuant to the applicable regulatory provisions. The Director thus appointed will remain in office until the next shareholders' meeting, called for 25 May 2016. The curriculum vitae of the newly appointed Board member is available in the "Governance/Shareholders' Meeting" section of the Company website at www.ovscorporate.it. At the time of writing, Board member Marvin Teubner does not hold any shares in the Company's capital.

Consolidated results for 2015

The following table sets out the Group's consolidated results for 2015 and shows the effect of non-recurring expenses, the Stock Option Plan, depreciation and amortisation from PPA operations, fair value of trading derivatives and exchange rates (initially recognized among financial income due to net positive exchange rates) related to forward derivatives, for the period under review:

€mln	31 January 2016	of which non-recurring	of which Stock Option plan, derivatives, PPA, exchange rate differences	31 january 2016 adjusted
Revenues and other income	**1,380.2**	**0.0**	**0.0**	**1,380.2**
Purchases of consumables	576.1	0.0	11.1 (a)	565.0
Personnel cost	261.9	0.3	1.4	260.2
Depreciation & Amortization	58.2	0.0	8.6	49.6
Other operating costs	382.0	6.6	0.0	375.4
Total Operating costs	**1,278.2**	**6.9**	**21.1**	**1,250.2**
Net financial income / (charges)	(3.5)	(6.8)	18.3 (a)	(15.0)
PBT	**98.5**	**(13.7)**	**(2.8)**	**114.9**
Taxes	(11.9)	23.5	(1.6)	(33.8)
Net Profit	**86.6**	**9.9**	**(4.3)**	**81.1**

(a) The items include exchange rate differences due to hedging derivatives related to purchases of goods in non-euro currencies, reclassified from the item "Net financial income/(charges)", positive for €11.1 millions in 2015.

The Group's consolidated results for 2014 are shown below.

Note that the consolidated results for the period in which the Parent Company began operating as an autonomous legal entity do not provide an adequate picture of the Group's consolidated performance. However, the consolidated results for the period 1 August 2014 - 31 January 2015 are shown below for information purposes.

€mln	31 January 2015	of which non-recurring	of which Stock Option plan, derivatives, PPA, exchange rate differences	31 january 2015 adjusted
Revenues and other income	**689.7**	**0.0**	**0.0**	**689.7**
Purchases of consumables	290.1	9.1	0.0	281.0
Personnel cost	125.2	0.6	0.0	124.6
Depreciation & Amortization	30.6	0.0	4.3	26.3
Other operating costs	187.8	4.6	0.0	183.2
Total Operating costs	**633.7**	**14.3**	**4.3**	**615.1**
Net financial income / (charges)	(48.0)	(17.0)	0.0	(31.0)
PBT	**7.9**	**(31.3)**	**(4.3)**	**43.5**
Taxes	(11.7)	6.0	0.0	(17.7)
Net Profit	**(3.8)**	**(25.3)**	**(4.3)**	**25.8**

- Revenues, which came in at €1,380.2 million, mainly include the retail sales generated by the OVS and UPIM brands.
- Given the difference between revenues and operating costs after depreciation and amortisation and net of non-recurring expenses, the Stock Option Plan, depreciation and amortisation from PPA operations and trading derivatives and adjusted to consider the exchange rates on forward derivatives stipulated by the Group with hedging scope, EBITDA came in at €179.6 million, or 13.0% of revenues.
- The net result before tax was positive for €98.5 million, and €114.9 million net of non-recurring expenses and other costs, which are shown in the third column of the prospectus.
- Net taxes amounted to €11.9 million, benefiting from a positive effect of €19.8 million due to the recalculation of deferred tax at the close of the year, based on the lower IRES rate of 24% (rather than 27.5%) defined in the 2016 Stability Law, which will come into force in 2017.
- The net result was positive for €86.6 million, and positive for €81.1 million net of the above expenses.

For a better understanding the economic information in management perspective, we report the figures at 31 January 2016 compared to figures for the year 2014, referred to the period 1 February 2014 – 31 January 2015, obtained by aggregating consolidated carve-out data for the 1st half of 2014 with the OVS Group consolidated figures for the 2nd half of 2014.

€mln	**31 Jan 2016**	**of wich non-recurring**	**of wich Stock Options, Derivatives and PPA**	**31 Jan 2016 Adjusted**	**31 Jan 2015**	**of wich non-recurring**	**of wich Stock Options, Derivatives and PPA**	**31 Jan 2015 Adjusted**
Net Sales	**1,319.5**			**1,319.5**	**1,227.4**			**1,227.4**
Purchases of consumables	565.0			565.0	530.7	9.1		521.6
Gross Margin	**754.5**			**754.5**	**0.7**			**705.8**
GM%	*57.2%*			*57.2%*	*56.8%*			*57.5%*
Total operating costs	583.2	6.9	1.4	574.9	554.5	5.8	0.0	548.7
EBITDA	**171.3**	**(6.9)**	**(1.4)**	**179.6**	**142.2**	**(14.9)**	**0.0**	**157.1**
EBITDA%	*13.0%*			*13.6%*	*11.6%*			*12.8%*
Depreciation & Amortization	58.2		8.6	49.6	58.8		8.6	50.2
EBIT	**113.1**	**(6.9)**	**(10.0)**	**130.0**	**83.3**	**(14.9)**	**(8.6)**	**106.8**
EBIT %	*8.6%*			*9.8%*	*6.8%*			*8.7%*
Net financial income / (charges)	14.6	(6.8)	7.2	15.0	78.0	17.0	0.0	61.1
PBT	**98.5**	**(13.7)**	**(2.8)**	**114.9**	**5.3**	**(31.9)**	**(8.6)**	**45.8**
Taxes	11.9	23.5	(1.6)	33.8	14.3	6.2	0.0	20.5
Net Profit	**86.6**	**9.9**	**(4.3)**	**81.1**	**(9.0)**	**(25.7)**	**(8.6)**	**25.3**

Results of OVS S.p.A.

Profit performance

The following table sets out OVS S.p.A.'s results for 2015 and for 2014 (14 May 2014 - 31 January 2015) and shows the effect of non-recurring expenses, the Stock Option Plan, depreciation and amortisation from PPA operations and trading derivatives for the period under review, adjusted to consider the exchange rates on forward derivatives, stipulated by the Company with hedging scope (€11.1 millions in 2015).

€mln	31 January 2016	of which non-recurring	of which Stock Option plan, derivatives, PPA, exchange rate differences	31 January 2016 adjusted
Revenues and other income	**1,374.3**	**0.0**	**0.0**	**1,374.3**
Purchases of consumables	606.1	0.0	11.1	595.0
Personnel cost	254.2	0.3	1.4	252.5
Depreciation & Amortization	57.2	0.0	8.6	48.6
Other opereting costs	375.7	6.6	0.0	369.1
Total Operating costs	**1,293.2**	**6.9**	**21.1**	**1,265.2**
Income/(charges) from partecipated company	18.1	0.0	0.0	18.1
Net financial income / (charges)	(6.0)	(6.8)	18.3	(17.5)
PBT	**93.2**	**(13.7)**	**(2.8)**	**109.7**
Taxes	(11.4)	23.5	(1.6)	(33.3)
Net Profit	**81.8**	**9.9**	**(4.3)**	**76.2**

€mln	31 January 2015	of which non-recurring	of which Stock Option plan, derivatives, PPA, exchange rate differences	31 January 2015 adjusted
Revenues and other income	**684.0**	**0.0**	**0.0**	**684.0**
Purchases of consumables	301.2	8.9	0.0	292.3
Personnel cost	121.7	0.6	0.0	121.1
Depreciation & Amortization	29.8	0.0	4.3	25.5
Other opereting costs	183.9	3.8	0.0	180.1
Total Operating costs	**636.6**	**13.3**	**4.3**	**619.0**
Income/(charges) from partecipated company	(1.8)	0.0	0.0	(1.8)
Net financial income / (charges)	(45.1)	(17.0)	0.0	(28.1)
PBT	**0.5**	**(30.3)**	**(4.3)**	**35.1**
Taxes	(11.0)	6.0	0.0	(17.0)
Net Profit	**(10.5)**	**(24.3)**	**(4.3)**	**18.1**

- Revenues, which came in at €1,374.3 million, mainly include the retail sales generated by the OVS and UPIM brands.
- Depreciation and amortisation, amounting to €57.2 million, mainly relates to store improvements and refits.
- Other operating expenses, which totalled €375.7 million, mainly comprise costs for the use of third-party assets (€182.4 million), miscellaneous operating expenses (€22.5 million), sales service costs (€41.0 million), utility costs (€32.9 million), maintenance, cleaning and security costs (€31.9 million), professional services (€17.4 million) and advertising expenses (€25.4 million). Net of non-recurring expenses, the amount for "Other operating expenses" would be €369.1 million; non-recurring expenses mainly relate to services provided during the listing process.
- Gains (losses) from equity investments include the amount of dividends from OVS Hong Kong Sourcing Ltd. (€18.8 milion) and the amounts due to write-downs of the following investee companies: OVS Bulgaria EOOD (€0.1 million), OVS Department Stores d.o.o. (€0.4 million) and OVS Maloprodaja d.o.o. (€0.3 million).
- Net financial expenses was €6.0 million, arising from financial expenses (€26.8 million), financial income (€0.1 million), positive differences in exchange rates and the fair value of derivatives (€20.7 million). Financial expenses included €6.8 million relating to the writing off of the effect of amortised costs on a loan agreement that existed at 31 January 2015 but was fully repaid on 2 March 2015, when OVS's shares were listed on the MTA. Without this latter amount and trading derivatives, financial expenses would total €17.5 million.
- Taxes were negative for €11.4 million; without the charges shown in the second and third columns of the income statement, taxes would be negative for €33.3 million. Note that the tax amount shown in the "non-recurring" column includes €19.8 million due to the reduction in the IRES rate from 27.5% to 24%, which will come into force from 2017, used to calculate current deferred taxes.
- The net result was positive for €81.8 million, and would be €76.2 million if the Company had not incurred the costs shown in the second and third columns of the statement, and had not benefited from lower taxes recognised in the income statement due to the reduction in the IRES rate.

Financial performance

The financial performance is shown below, and is described in more detail in the notes to the separate financial statements.

€mln	31 January 2016	31 January 2015
Working capital (A)	(318.1)	(329.3)
Net capital employed (B)	1,365.8	1,351.0
Net Financial position	237.1	625.8
Shareholders' equity	810.6	395.9

(A) The item includes: Trade receivables and payables, current and deferred tax assets, other receivables, inventories, current and deferred tax liabilities, other payables, provision for employee severance benefits and provisions for risk.
(B) The item includes: Property, plant and machinery, intangible assets, goodwill and equity investments.

Financial management

Net debt was €237.1 million at 31 January 2016, compared with €625.8 million at 31 January 2015.

The breakdown is as follows (in millions of euros):

€mln	31 January 2016	31 January 2015
Cash and net financial assets	123.3	38.3
Credits/(Debts) on derivatives	18.3	36.2
Credits/(Debts) to subsidiaries	0.0	59.7
Credits/(Debts) to banks	(375.2)	(753.2)
Credits/(Debts) to other financial institutions	(3.5)	(6.8)
Net financial position	**(237.1)**	**(625.8)**

Payables to banks are shown later in this report.

Main subsidiaries

OVS Hong Kong Sourcing Ltd (formerly OBS Ltd)

OVS Hong Kong Sourcing Ltd, which has its registered office in Hong Kong, operates in the Far East (mainly China, Bangladesh and India), and, more generally, in areas outside Europe, aiming to select suppliers, win orders, manage the entire product development phase up to the point of quality control, support production activities and ensure, by monitoring with its own structures, that product costs and quality comply with Group standards. Specifically, the company focuses on strengthening existing supplier relationships in the Asian region, further boosting its presence in Bangladesh by increasing purchasing volumes. At the same time, purchasing has also increased in the Indian region, and the search has continued for more sources of supply in countries in that area that can meet the quality standards required by the Group in a context of lower costs (e.g. Cambodia and Myanmar).

The company recorded net profit of €20.9 million in 2015 (compared with €16.8 million in 2014).

OVS Maloprodaja d.o.o.

The company operates in the Croatian market, directly managing seven OVS stores.

In 2015, in order to streamline the network and improve the company’s profits, two OVS stores and three Coincasa stores were closed.

OVS will pursue expansion in the region through the franchising formula.

OVS Department Stores d.o.o.

The company operates in the Serbian market, directly managing six OVS stores.

In 2015, in order to streamline the network and improve the company’s profits, three Coincasa stores were closed.

OVS will pursue expansion in the region through the franchising formula.

OVS Bulgaria EOOD

The company, which will be placed in liquidation in 2016, did not manage any stores in the year just ended, having closed three stores in November 2014.

OVS will pursue expansion in the region through the franchising formula.

Management of financial and operating risks

The Group operates in the commercial sphere, both retail and wholesale, with exposure to market risks relating to changes in interest rates, exchange rates and goods prices. The risk of changes in prices and cash flows is connected to the very nature of the business and can be only slightly mitigated by the use of appropriate risk management policies.

Credit risk

Credit risk represents the Group's exposure to the risk of potential losses arising from default by a counterparty.

At 31 January 2016, there were no significant concentrations of credit risk, as this risk is mitigated by the fact that credit exposure is spread over a large number of customers.

To reduce risk generally, the Group also obtains guarantees in the form of sureties in respect of loans granted for the supply of merchandise.

Financial assets are recognised in the financial statements net of write-downs calculated on the basis of the risk of counterparty default, determined by using available information on the solvency of the customer and taking historical data into account.

Liquidity risk

Liquidity risk represents the risk that financial resources may be difficult to access.

Currently, the Group believes that it can access, through available sources of financing and lines of credit, sufficient funds to meet its foreseeable financial requirements.

Market risk

Market risk includes the effects that changes in the market might have on the group's commercial activity that is sensitive to consumer spending choices.

Positive results can be influenced, inter alia, by the business environment, interest rates, taxation, local economic conditions, uncertainty over the economic outlook and shifts to other goods and services in consumer spending choices. Consumer preferences and economic circumstances may change from time to time in every market in which we operate.

We have to be able to combat the deflationary price pressure associated with increased competition and changes in consumer choices, which could have adverse effects on the financial situation and results.

<u>Risk of change in prices and cash flows</u>

The Group's margins are influenced by changes in the prices of the goods it deals in.

Any reduction in the price of items sold, if not accompanied by a corresponding reduction in purchase cost, generally entails a decrease in operating results.

The Group's cash flows are also exposed to the risk of changes in market exchange rates and interest rates.

Specifically, exposure to exchange rates arises because the Group operates in currencies other than the euro, in which it purchases a substantial part of the products it sells and which are listed or pegged to the US dollar.

Interest rate fluctuations affect the market value of the Group's financial liabilities and its net financial expenses.

Objectives and policies for managing the risk of cash flow changes

The Group has guidelines in place for financial operations that involve the use of derivatives to reduce exchange rate risk against the US dollar and the risk of interest rate fluctuations.

Derivative contracts

Nominal value of financial derivative contracts

The nominal value of a financial derivative contract is the amount of each contract in monetary terms. The monetary amounts in foreign currency are converted into euros at the spot exchange rate on the reporting date.

Management of interest rate risk

On 30 June 2011, as well as signing several loan agreements, the Group also entered into interest rate swap contracts to manage interest rate risk, maturing on 31 July 2015. Following the transfer operation, precise details of which are provided in the notes to the consolidated financial statements, one of these contracts was transferred to OVS and extinguished in advance on 27 February 2015.

In relation to the renewed loan structure defined during the year, as also argued in a special section of the Notes, on 2 August 2015 some interest rate CAP contracts, maturing on 7 September 2015, were entered to partially manage the risk in question, already contained from the previous year in relation to the significant reduction of the bank debt.

Foreign exchange risk

The Group enters into various types of foreign exchange contracts to manage foreign exchange risk associated with future purchases in foreign currencies.

These contracts are mainly used to insure against the risk that the foreign currency (US dollar) will appreciate.

Investment and development

Gross investments of €73.5 million were made in 2015 (€72.2 million net of divestments and including around €3.0 million relating to contributions recognised by real estate properties for the restructuring of the flagship store in Milan). Most investments were focused on Group growth, and mainly related to (i) the opening of new stores (approximately €31.6 million), including the temporary Expo store (approximately €1.1 million), (ii) restructuring of the existing network (approximately €2.5 million), (iii) store maintenance (approximately €11.8 million), (iv) development of IT systems (approximately €8.0 million) and (v) a major upgrade of the main logistics depot (approximately €12.6 million of which €4.6 million with monetary effect in 2016), to improve distribution efficiency.
Net investments in the period from August 2014 to January 2015 amounted to €32.9 million.

At the Group level, the sales network at 31 January 2016 comprised a total of 1,273 stores (including small-format stores), including 659 directly managed stores, 530 affiliated stores (including 139 abroad), 13 directly managed stores abroad and 71 administered stores (including 35 abroad).
In 2015 (1 February 2015 – 31 January 2016), the network continued to grow in terms of stores (net of closures) by 189 units, including 45 that are directly managed, 102 that are affiliated and 42 that are administered.
At the end of 2014, the network comprised a total of 1,084 stores (including small-format stores), including 615 directly managed stores, 428 affiliated stores (including 125 abroad), 12 directly managed stores abroad and 29 administered stores (including 18 abroad).

Organisation

In 2015, the Group implemented an integrated plan to enhance its human capital, both by addressing skills and by optimising organisational and functional assets. The basic aim was to ensure the presence of people who can support the ongoing expansion programmes in Italy and abroad and the launch of new projects in the field of supply creation and optimisation of operations.
The main initiatives implemented to grow skills and involve employees are as follows:

- reorganising and reinforcing all company training programmes, expanding substantially the use of e-learning opportunities;
- renewing the programmes of the OVS Retail School, which is now the biggest Italian business school dedicated to the training of new store managers: in 2015, more than 160 young graduates completed a year of training, achieving the skills needed to manage a store independently;
- strengthening cooperation with the academic world, developing programmes aimed at integrating unique business capabilities and openness to research and innovation, in particular for digitisation paths and data mining;

- launching new talent management programmes to better exploit the potential of internal resources, exposing them to projects aimed at growing and innovating the performance management path;
- introducing specialised professionals to provide new skills, particularly in the world of style and products.

Particular attention is always paid to the stores of all the brands, to ensure provision of the levels of training and development needed to maintain a strong focus on customer service, including using mystery shopper feedback. Training was delivered to all the specialised professionals and, in particular, to the store managers, who were involved directly in projects to strengthen their operational management skills and enhance image and service.

The key initiatives implemented on the organisational front were as follows:

- reorganising activities dedicated to the digital world and to e-commerce;
- focusing change management plans on business innovation, leading to improved systems and management processes for in-season merchandise management and optimised allocation and distribution, to provide the most flexible responses to the various requirements of individual markets and customer targets;
- extending support programmes for international sourcing, to facilitate our response, which must be rapid and flexible as market conditions change.

With regard to industrial relations, the Group has undertaken to ensure the involvement of national, and some regional, trade unions, to help with plans to optimise resources and streamline business activities, including on the basis of requirements relating to the expansion of the store network, always finding solutions that are consistent with corporate objectives and always with the consent of the persons involved. There was also active participation in face-to-face meetings to define a new collective bargaining agreement, specifically dedicated to the leading companies in organised modern retail operating in Italy.

We will conclude by analysing the overall quantitative data.

The average age of employees is 40 years and seven months, with an average length of service of approximately 13.1 years.

Women make up 78.8% of the total workforce, while the percentage of university and high school graduates has continued to grow, reaching 77.3%.

The employment level of the OVS Group at 31 January 2016 was as follows:

	31 January 2016	31 January 2015
Number of employees	6,478	6,262
- of which working abroad	359	351
Average number of employees	6,360	6,281
- of which working abroad	351	350
Full-time equivalent	5,639	5,475
- of which working abroad	359	351

Risks associated with environmental policy

Pursuant to Article 2428, paragraph 2 of the Italian Civil Code, note that the Group operates in full compliance with regulations on health and safety in the workplace.

Corporate governance

The Company has prepared a report on corporate governance and ownership structure, which describes the corporate governance system adopted by OVS S.p.A., providing information on the ownership structure and the internal control and risk management system.
The full version of the report - which relates to 2015 - can be viewed in the Governance section of the Company's website at: www.ovscorporate.it.

Management and coordination

At 31 January 2016, OVS S.p.A. was a 52.12% owned investee company of Gruppo Coin S.p.A., following the IPO described above. Despite the majority stake held by Gruppo Coin, OVS does not believe itself to be subject to management and coordination by the former, as:

- it operates completely independently;
- Gruppo Coin does not provide any cash pooling services for the Company;
- key decisions relating to management of the Company and its subsidiaries are taken by the Company's own management bodies;
- the Company's Board of Directors is responsible, inter alia, for reviewing and approving the strategic, business, financial plans and budgets of the Company and the OVS Group, reviewing and approving the organisational structure of the OVS Group, and assessing the adequacy of the organisational, management and accounting structure of the Company and the OVS Group.

Research and development

The Group did not carry out any research and development activities in 2015 pursuant to the provisions of the accounting standards.
However, a number of people are continuously employed in creating and developing collections, to ensure an exclusive offering that is consistent with the positioning of the Group’s various brands.
Specifically, the activities carried out by dedicated teams are classified as subject to the "Community framework" Directive 2006/c 323/01, which defines "industrial research" as:
"industrial research or planned research or critical investigation aimed at acquiring new knowledge and skills for developing new products, processes or services or bringing about a significant improvement in existing products, processes or services. …"

Treasury shares

At the date of this annual report, the Parent Company, OVS S.p.A., does not hold (and did not hold at any time in 2015), treasury shares or shares/units of controlling companies, either directly or indirectly.

Related-party transactions

In accordance with the applicable laws and regulations, the Board of Directors of the Parent Company, by resolution of 23 July 2014, effective as of 2 March 2015, approved the "Rules on related-party transactions", to govern transactions that are significant in terms of strategy, profit and financial performance, including transactions with related parties, to define the competencies and duties that relate to significant transactions and to ensure the substantive and procedural transparency and correctness of these transactions.

Information on, and details of, relations with related entities are provided in the notes to the consolidated financial statements and the separate financial statements, pursuant to IAS 24.

Compliance with the Privacy Code

Pursuant to Appendix B, point 26 of Legislative Decree 196/2003, relating to the Data Protection Code, the management body acknowledges that the Company is in compliance with data protection measures in light of the provisions introduced by Legislative Decree 196/2003, according to the terms and procedures set forth therein.
In particular, the Security Planning Document, filed at the registered office and freely available, is updated by the data controller as required by law.

Significant events during the reporting period

Listing of the company on the MTA

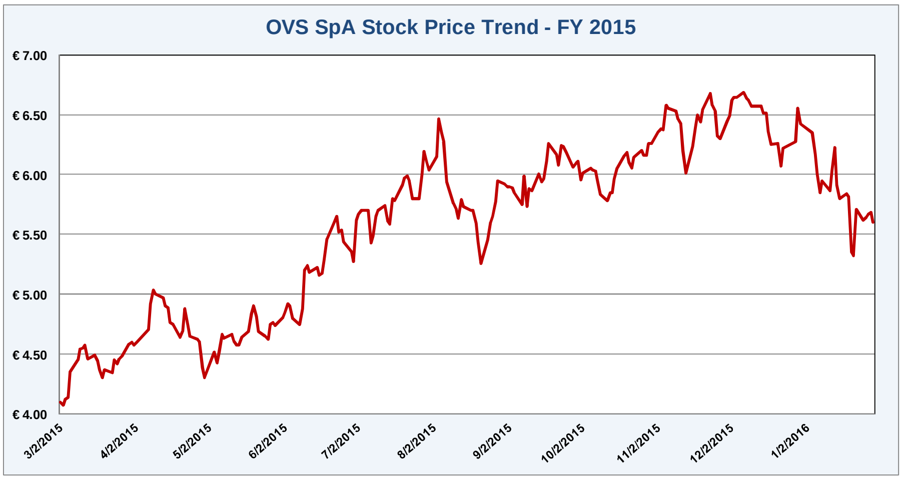
As already indicated in the Report on Operations in the half-year report at 31 July 2015, on 24 February 2015, the Global Offer for subscription and sale of ordinary shares of OVS S.p.A., with the aim of listing it on the MTA, was successfully completed, with requests made for 226,832,292 shares by 5,233 requesters and demand of around twice the quantity of shares on offer.
Based on the Offer Price of €4.10 per share, the Company's market capitalisation was approximately €930.7 million.
The start of trading on the Mercato Telematico Azionario was set by Borsa Italiana for Monday, 2 March 2015. The subscription operation entailed a capital increase of €87,000,000, taking the share capital from €140,000,000 to €227,000,000, divided into 227,000,000 ordinary shares with no par value.

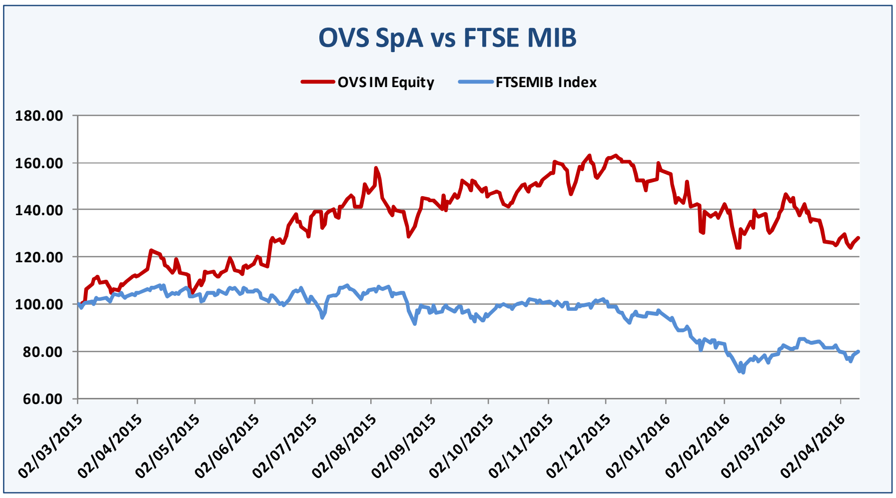
New Loan Agreement

Due to company events and the imminent listing, on 23 January 2015 OVS entered into an agreement, conditional on successful completion of the IPO, for a New Loan Agreement with Banca IMI, as the lending bank and the agent back (the "Agent Bank") and Unicredit S.p.A., Natixis SA, Milan Branch, HSBC Bank PLC, Milan Branch, Crédit Agricole Corporate and Investment Bank, Milan Branch, Banca Popolare Friuladria S.p.A., BNP Paribas, Milan Branch, Banca Monte dei Paschi di Siena S.p.A., MPS Capital Services – Banca per le Imprese S.p.A., Banca Popolare di Vicenza S.c.p.A., Banca Popolare di Milano S.c.a r.l., Banca Popolare di Sondrio S.c.p.A., Banca Popolare Soc. Coop. and Banca Popolare dell'Alto Adige S.c.p.A. as lending banks. The New Loan Agreement provided for the granting of up to €475,000,000 in lines of credit.

The Senior Loan was disbursed on 2 March 2015, as trading of the Company's shares began on the MTA. On the date that trading started, the Company fully repaid the Old Loan Agreement (which therefore became null and void), using part of the proceeds of the Global Offer itself to reduce the gross financial debt of the OVS Group and the Senior Loan to remodel the remaining portion. Under the New Loan Agreement, the Senior Loan has to be used for the purpose, inter alia, of fully repaying the debt deriving from the Old Loan Agreement; therefore, at the trading start date, financial debt chiefly comprised the New Loan Agreement.

Notes on share performance





The OVS stock was listed on the Milan Stock Exchange on 2 March 2015 at a placement price of € 4.10. In 2015, the share price rose by 36.6% (to € 5.60 on 29 January 2016). More specifically, the OVS share reached € 6.69 in December 2015 (up 63.0% on the placement price), before dropping back in January, when there was a marked slowdown in the equities markets (particularly the FTSE MIB) and very high volatility. As the chart shows, the stock's performance in this period was nevertheless significantly better than both the entire benchmark market (the FTSE MIB fell by 16.3%) and other Italian mid-caps (the Italian mid-cap FTSE Index grew by 2.8%).

In the first quarter of 2016, as the market continued to slow and guidance from major retail players worsened, the stock declined further, to € 5.15 at the end of March. Management believes that this trend is entirely due to market and sector factors.

At 11 April 2016, of the nine brokers that monitor OVS S.p.A., two had an "outperform" recommendation on the stock, five had a "buy" recommendation, one had an "add" recommendation and one an

"underperform" recommendation. The average target price for all coverage at this date was € 7.13.
For more information and updates on share performance, and for the latest corporate information, please visit the "Investor Relations" section of the website at www.ovscorporate.it.

Stock Option Plan

On 26 May 2015, the shareholders' meeting approved the 2015-2020 Stock Option Plan, which will be implemented through the allocation of free options for subscription to ordinary newly issued shares of OVS S.p.A.. The Plan is reserved for directors who are also employees, managers with strategic responsibilities and/or other employees of OVS S.p.A. and its subsidiaries. The Plan is intended to create value for shareholders by improving long-term corporate performance and attracting personnel that play a key role in the Company's development.
The Plan provides for the issue of up to 5,107,500 options, which will be freely allocated to the beneficiaries if certain performance targets are met, and confers on each of them the right to subscribe to one ordinary share of the Company for each option assigned.
The same meeting also approved, in extraordinary session, the proposal to confer upon the Board of Directors, for a period of five years from the date of the resolution, the power to increase the share capital, pursuant to Article 2443 of the Italian Civil Code, in tranches, excluding option rights pursuant to Article 2441, paragraph 8 of the Italian Civil Code, for a total maximum nominal amount of €35,000,000, through the issue, in one or more tranches, of up to 5,107,500 ordinary shares with no par value, to be reserved for the beneficiaries of the "2015-2020 Stock Option Plan".
On 8 June 2015, the Board of Directors resolved to execute the mandate, and consequently resolved to carry out a capital increase to serve the 2015-2020 Stock Option Plan, approved by the same shareholders' meeting. In particular, the Board of Directors resolved to carry out a paid share capital increase by the deadline of 8 June 2025, by issuing, in one or more tranches, up to 5,107,500 new ordinary shares with no par value, with the same characteristics as the ordinary shares outstanding on the issue date, with ordinary rights, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the aforementioned 2015-2020 Stock Option Plan, with a strike price of €4.88 per share.

For all details of the 2015-2020 Stock Option Plan and the capital increase, see the documents provided pursuant to Article 125-ter of the TUF and Articles 72 and 84-bis of the Consob Issuers' Regulation, and the notary minutes of 8 June 2015, published in the Governance/Shareholders' Meeting section of the Company website at www.ovscorporate.it. Also see the notes to the consolidated financial statements on the examination of the effects of this plan on profit performance and financial position at 31 January 2016.

Significant events after the reporting period

No significant events took place after the reporting period.

Business outlook

Although weather conditions were unfavourable in the early months of the year, there was no slowdown in Group’s growth, and it was able to maintain robust margins.

In the first few months of the new fiscal year, 14 directly managed stores were opened (including nine full-format stores and five children’s stores) and 33 franchised stores were opened (including 27 dedicated to the children’s clothing segment under both the OVS Kids and BluKids brands). The Group pursued its expansion, including in foreign markets, opening 14 franchised stores.

In view of this, management is looking ahead with confidence at the operational developments that will take place in the next few months, believing that the validity of its strategy, and its ability to implement it, will result in further sustainable growth and profitability for shareholders in 2016.

Art. 36 of Consob Regulation 16191/2007 relating to market governance

Investee companies with registered offices in countries not within the European Union, of which the biggest is OVS Hong Kong Sourcing Ltd, are not significant within the meaning of Article 151 of the Issuers' Regulation, as their respective assets make up less than 2% of the assets in the Group’s consolidated financial statements at 31 January 2016, and their respective revenues make up less than 5% of the Group’s consolidated revenues at 31 January 2016.

PROPOSED RESOLUTION ON NET RESULT FOR THE YEAR

Dear Shareholders,

We submit the following resolution for your approval:

"The shareholders' meeting of OVS S.p.A., in ordinary session,

- having heard and approved the statements of the Board of Directors;
- having examined the data in the separate financial statements of OVS S.p.A. at January 31, 2016 and the Report on Operations of the Board of Directors;
- having acknowledged the reports of the Statutory Auditors and the external auditor;
- having examined the consolidated financial statements at January 31, 2016

resolves

1. to approve the separate financial statements of OVS S.p.A. at January 31, 2016;
2. to approve the allocation of earnings of OVS S.p.A. at January 31, 2016, amounting to €81,838,100.00, as follows:
   - €4,091,905.00 to the legal reserve;
   - €10,536,472.00 to fully cover the loss accrued at January 31, 2015;
   - €34,050,000.00 to be distributed as a dividend of Euro 0.15 per share;
   - €33,159,723.00 in retained earnings.”

for the Board of Directors
the Chief Executive Officer
Stefano Beraldo

Venice - Mestre, April 14, 2016

Consolidated financial statements

Consolidated statement of financial position

(amounts in thousands of euros)

ASSETS	Note	31.01.2016	of which related parties	31.01.2015	of which related parties
Current assets					
Cash and banks	*1*	125,636		40,334	
Trade receivables	*2*	71,025	3,955	73,015	7,519
Inventories	*3*	289,675		287,610	
Financial assets	*4*	16,308		118,376	81,988
Current tax assets	*5*	923		298	
Other receivables	*6*	33,406		35,857	
Total current assets		**536,973**	**3,955**	**555,490**	**89,507**
Non-current assets					
Property, plant and equipment	*7*	260,083		241,517	
Intangible assets	*8*	644,412		649,740	
Goodwill	*9*	452,541		452,541	
Equity investments	*10*	136		136	
Financial assets	*4*	1,988		1,111	
Other receivables	*6*	5,633		3,464	
Total non-current assets		**1,364,793**	**0**	**1,348,509**	**0**
TOTAL ASSETS		**1,901,766**	**3,955**	**1,903,999**	**89,507**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31.01.2016	of which related parties	31.01.2015	of which related parties
Current liabilities					
Financial liabilities	*11*	7,355		780,312	22,338
Trade payables	*12*	368,834	1,807	374,403	4,177
Current tax liabilities	*13*	23,771	23,506	16,836	11,059
Other payables	*14*	101,895	2,701	88,820	863
Total current liabilities		**501,855**	**28,014**	**1,260,371**	**38,437**
Non-current liabilities					
Financial liabilities	*11*	371,601		3,888	
Employee benefits	*15*	40,529		44,445	
Provisions for risks and charges	*16*	8,216		9,395	
Deferred tax liabilities	*17*	142,733		168,506	
Other payables	*14*	11,776		9,396	
Total non-current liabilities		**574,855**	**0**	**235,630**	**0**
TOTAL LIABILITIES		**1,076,710**	**28,014**	**1,496,001**	**38,437**
SHAREHOLDERS' EQUITY					
Share capital	*18*	227,000		140,000	
Other reserves	*18*	511,429		271,790	
Net result for the year		86,627		(3,792)	
TOTAL SHAREHOLDERS' EQUITY		**825,056**	**0**	**407,998**	**0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,901,766**	**28,014**	**1,903,999**	**38,437**

Consolidated income statement

(amounts in thousands of euros)

	Note	31.01.2016	of which non-recurring	of which related parties	31.01.2015	of which non-recurring	of which related parties
Revenues	*19*	1,319,480		4,261	656,985		2,302
Other operating income and revenues	*20*	60,733	49	252	32,729	24	551
Total revenues		**1,380,213**	**49**	**4,513**	**689,714**	**24**	**2,853**
Purchases of raw materials, consumables and goods	*21*	576,127		(111)	290,143	9,118	2,358
Staff costs	*22*	261,930	301	5,751	125,226	641	1,515
Depreciation, amortisation and write-downs of assets	*23*	58,193			30,571		
Other operating expenses							
Service costs	*24*	171,560	2,053	14,061	84,578	3,027	8,183
Costs for the use of third-party assets	*25*	185,248	1,017	(953)	91,262	309	(355)
Write-downs and provisions	*26*	1,800			1,817	317	
Other operating charges	*27*	23,359	3,559	21	10,151	880	
Result before net financial expenses and taxes		**101,996**	**(6,881)**	**(14,256)**	**55,966**	**(14,268)**	**(8,848)**
Financial income	*28*	118			3,682		3,660
Financial expenses		(26,926)	(6,774)		(48,512)	(16,983)	(1,973)
Exchange rate gains and losses		23,273			(3,189)		
Gains (losses) from equity investments		47			0		
Net result for the year before tax		**98,508**	**(13,655)**	**(14,256)**	**7,947**	**(31,251)**	**(7,161)**
Taxes	*29*	(11,881)	23,512		(11,739)	6,036	
Net result for the year		**86,627**	**9,857**	**(14,256)**	**(3,792)**	**(25,215)**	**(7,161)**
Net result for the year attributable to the Group		**86,627**			**(3,792)**		
Net result for the year attributable to minority interests		**0**			**0**		
Earnings per share (in euro)							
- basic		0.39			(0.03)		
- diluted		0.39			(0.03)		

Consolidated statement of comprehensive income

(amounts in thousands of euros)

	31.01.2016	31.01.2015
Net result for the year (A)	**86,627**	**(3,792)**
Other gains (losses) that will not be subsequently reclassified in the income statement:		
- Actuarial gains (losses) for employee benefits	2,240	(3,706)
- Tax on items recognised in the reserve for actuarial gains (losses)	(616)	1,019
Total other comprehensive gains (losses) that will not be subsequently reclassified in the income statement	**1,624**	**(2,687)**
Other gains (losses) that will be subsequently reclassified in the income statement:		
- Gains (losses) on cash flow hedging instruments	(26,558)	26,558
- Tax on items recognised in the cash flow hedging reserve	7,303	(7,303)
- Change in translation reserve	(2,441)	2,881
Total other comprehensive gains (losses) that will be subsequently reclassified in the income statement	**(21,696)**	**22,136**
Total other items of comprehensive income (B)	**(20,072)**	**19,449**
Total comprehensive income for the period (A) + (B)	**66,555**	**15,657**
Total comprehensive income attributable to the Group	66,555	15,657
Total comprehensive income attributable to minority interests	-	-

Consolidated statement of cash flows

(amounts in thousands of euros)

	Note	31.01.2016	31.01.2015
Operating activities			
Net result for the year		86,627	(3,792)
Provision for taxes	29	11,881	11,739
Adjusted for:			
Net depreciation, amortisation and write-downs of fixed assets	23	58,193	30,571
Net capital gains (losses) on fixed assets		720	510
Losses (gains) from equity investments	28	(47)	0
Net financial expenses (income)	28	26,808	44,830
Expenses (income) from foreign exchange differences and currency derivatives	28	(16,067)	11,424
Loss (gain) on derivatives due to change in fair value	28	(7,206)	(8,235)
Allocations to provisions	15.-16	0	237
Utilisation of provisions	15.-16	(3,728)	(2,061)
Cash flows from operating activities before changes in working capital		**157,181**	**85,223**
Cash flow generated by change in working capital	2-3-5-6-12-13-14-17	1,784	58,986
Taxes paid		(20,484)	0
Net interest received (paid)		(27,910)	(14,569)
Realised foreign exchange differences and cash flows from currency derivatives		15,538	(1,898)
Dividends received		47	0
Other changes		(1,048)	2,812
Cash flow generated (absorbed) by operating activities		**125,108**	**130,554**
Investment activities			
(Investments in) fixed assets	7-8-9	(68,919)	(33,673)
Disposals of fixed assets	7-8-9	1,368	744
(Increase) decrease in equity investments	10	0	(1)
Cash flow generated (absorbed) by investment activities		**(67,551)**	**(32,930)**
Financing activities			
Net change in financial assets and liabilities	4.-11	(321,365)	(71,753)
Incorporation of Parent Company OVS S.p.A.		0	10
Increase in share capital and reserves		349,110	0
Net cash-in from the transfer of the OVS-Upim Business Unit		0	14,453
Cash flow generated (absorbed) by financing activities		**27,745**	**(57,290)**
Increase (decrease) in cash and cash equivalents		**85,302**	**40,334**
Cash and cash equivalents at start of period		**40,334**	**0**
Cash and cash equivalents at end of period		**125,636**	**40,334**

The effects of relations with related parties are described in the section "Relations with related parties" in the notes to these consolidated financial statements.

Consolidated statement of changes in shareholders' equity

(amounts in thousands of euros)

	Share capital	Share premium reserve	Cash flow hedging reserve	Reserve for actuarial gains (losses)	Translation reserve	IFRS 2 reserve	Other reserves	Retained earnings	Net result for the year	Total sharehol-ders' equity attributable to the OVS Group
Balance at 14 May 2014	**10**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10**
Capital increase for the transfer of the OVS-Upim Business Unit	139,990	249,885	-	-	-	-	2,456	-	-	392,331
Relations with Shareholders	**139,990**	**249,885**	**-**	**-**	**-**	**-**	**2,456**	**-**	**-**	**392,331**
Net result for the year	-	-	-	-	-	-	-	-	(3,792)	(3,792)
Other items of comprehensive income	-	-	19,255	(2,687)	2,881	-	-	-	-	19,449
Total comprehensive income for the period	**-**	**-**	**19,255**	**(2,687)**	**2,881**	**-**	**-**	**-**	**(3,792)**	**15,657**
Balance at 31 January 2015	**140,000**	**249,885**	**19,255**	**(2,687)**	**2,881**	**0**	**2,456**	**0**	**(3,792)**	**407,998**
Balance at 01 February 2015	**140,000**	**249,885**	**19,255**	**(2,687)**	**2,881**	**0**	**2,456**	**0**	**(3,792)**	**407,998**
Allocation of earnings for financial year 2014	-	-	-	-	-	-	-	(3,792)	3,792	0
Increase in share capital and reserves less listing costs	87,000	262,110	-	-	-	-	-	-	-	349,110
Management incentive plan	-	-	-	-	-	1,393	-	-	-	1,393
Relations with Shareholders	**87,000**	**262,110**	**-**	**-**	**-**	**1,393**	**-**	**(3,792)**	**3,792**	**350,503**
Net result for the year	-	-	-	-	-	-	-	-	86,627	86,627
Other items of comprehensive income	-	-	(19,255)	1,624	(2,441)	-	-	-	-	(20,072)
Total comprehensive income for the period	**-**	**-**	**(19,255)**	**1,624**	**(2,441)**	**-**	**-**	**-**	**86,627**	**66,555**
Balance at 31 January 2016	**227,000**	**511,995**	**0**	**(1,063)**	**440**	**1,393**	**2,456**	**(3,792)**	**86,627**	**825,056**

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

OVS S.p.A. (hereinafter also the "Company" or the "Parent Company") is a company incorporated on 14 May 2014, domiciled in Italy and organised under the laws of the Italian Republic, with its registered office at 17, via Terraglio, Mestre, Venice, Italy.

OVS S.p.A. came about due to a corporate reorganisation process that entailed the carving out of a group of assets and liabilities (the OVS-Upim Business Unit (together with the Company and hereinafter, the "OVS Group") by means of the transferral of this business unit (the "Transferral") by Gruppo Coin S.p.A. (hereinafter “Gruppo Coin”) to a newly created company wholly owned by Gruppo Coin (OVS S.p.A.), by means of a capital increase in kind subscribed by Gruppo Coin, with effect from 31 July 2014. Specifically, as previously announced, on 23 July 2014 OVS S.p.A.’s extraordinary general meeting resolved to increase the share capital by €139,990,000, from €10,000 to €140,000,000 (140,000,000 shares with no par value) with a premium of €249,885,000, to be paid in through the Transferral of the OVS-Upim Business Unit by sole shareholder Gruppo Coin, which subscribed for the entire capital increase and executed it immediately, with the Transferral taking effect as of the final instant of 31 July 2014.

The Transferral procedure was configured as a "business combination involving entities or businesses under common control". This operation is not governed by IFRS 3, which applies to methods of accounting for business combinations, nor by any other IFRS. In the absence of a benchmark accounting standard, it was believed that the methods used for the accounting representation of the operation must still meet the requirements of IAS 8: i.e., a reliable and faithful representation of the operation. Moreover, the accounting standard chosen to represent operations "under common control" had to reflect the economic substance of such operations, regardless of their legal form. The notion of economic substance was therefore a key guiding factor for the choice of methods used to account for the operations in question. Economic substance must refer to a generation of value-added that effectively results in significant changes in the cash flows of the net assets transferred. The current interpretations and current guidelines were also considered for the accounting recognition of the operation, specifically the Assirevi (Italian Association of Auditors) Preliminary Guidelines on IFRS (OPI 1), relating to the "accounting treatment of business combinations of entities under common control in the separate financial statements and the consolidated financial statements". The net assets transferred were therefore recognised at the carrying amounts that they had in the acquired company, or, if available, the amounts recorded in the consolidated financial statements of the company with common control. The Company therefore recognised the net assets transferred at the carrying amounts recorded in the consolidated financial statements of the parent company (Gruppo Coin).

The corporate reorganization process described above was carried out with the strategy of listing the newly formed OVS S.p.A.. In this respect, Borsa Italiana, with Provision 8006 of 10 February 2015, approved the admission to trading of the Company's shares on the Mercato Telematico Azionario (MTA), organised and managed by Borsa Italiana S.p.A..
Consequently, on 24 February 2015, the global offer for subscription and sale or ordinary shares of the Company, with the aim of listing it on the MTA, was successfully completed, with requests made for 226,832,292 shares by 5,233 requesters and demand of around twice the quantity of shares on offer.
Based on the offer price of €4.10 per share, the Company's market capitalisation was around €930.7 million.
The start of trading on the MTA was set by Borsa Italiana for Monday, 2 March 2015. The subscription operation entailed a capital increase of €87,000,000, taking the share capital from €140,000,000 to €227,000,000, divided into 227,000,000 ordinary shares with no par value.

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the OVS Group at 31 January 2016 were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. "IFRS" is intended to mean all the revised International Accounting Standards (IAS), and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC). At the reporting date for the consolidated financial statements, these had been approved by the European Union under the procedure set forth in (EC) Regulation 1606/2002 of the European Parliament and the European Council of 19 July 2002.

The consolidated financial statements at 31 July 2015 of the OVS Group, which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in consolidated shareholders' equity and the notes to the financial statements, are presented in euros as the current currency of the economies in which the Group chiefly operates, unless otherwise indicated.

These consolidated financial statements were prepared on a going concern basis, as the directors have verified the absence of any financial, operational or other indicators that could signal problems with the Group's ability to meet its obligations in the foreseeable future, and particularly in the next 12 months.

With regard to procedures for the presentation of the consolidated accounts, in the context of the options provided for by IAS 1, OVS S.p.A. has opted for the following types of accounting schedules:

- Statement of financial position: assets and liabilities are classified with current and non-current items shown separately;
- Income statement: prepared separately from the statement of comprehensive income with operating costs classified by nature;
- Statement of comprehensive income: includes, as well as net profit, changes in shareholders' equity related to items of an economic nature which, by express provision of the international accounting standards, are recognised as components of shareholders' equity;
- Statement of cash flows: the statement shows the cash flows from operating, investment and financial activities. The indirect method was used to prepare this statement;
- Statement of changes in shareholders' equity: shows net profit and each item of income and expense not posted to the income statement but recognised directly in equity pursuant to specific IAS/IFRS.

The schedules used, as specified above, provide the best representation of the OVS Group’s financial position and profit performance.
The notes to the financial statements analyse, expand upon and comment on the values shown in the OVS Group’s consolidated financial statements. They are accompanied by additional information deemed necessary to give a true and fair view of the Group’s financial position and results.
Changes in the items recognised under assets and liabilities together with profit and loss are elaborated upon when they are significant.

The consolidated financial statements were prepared using the conventional historical cost method, altered as required for the valuation of some derivatives.
Please see the Report on Operations for information on the nature of the Group’s activity and significant events taking place after the reporting date.

The financial statements have been audited by PricewaterhouseCoopers S.p.A..

SCOPE OF CONSOLIDATION

The consolidated financial statements include, as well as the parent company's financial statements, the financial statements of all the subsidiaries from the date at which control is assumed until the date at which this control ceases.

The following is a list of companies included within the scope of consolidation on a line-by-line basis:

Company	Registered office	Share capital		% investment
Italian companies				
OVS S.p.A.	Venice - Mestre	227,000,000.00	EUR	Parent Company
Foreign companies				
OVS Department Stores D.O.O.	Belgrade - Serbia	708,102,918	RSD	100%
OVS Maloprodaja D.O.O.	Zagreb - Croatia	20,000	HRK	100%
OVS Bulgaria Eood	Sofia - Bulgaria	20,000	BGN	100%
OVS Hong Kong Sourcing Limited	Hong Kong	585,000	HKD	100%
OBS India Private Ltd	Delhi - India	15,000,000	INR	100%
OBS Sales Private Ltd	Delhi - India	15,000,000	INR	100%
COSI International Ltd	Hong Kong	10,000	HKD	100%
COSI International (Shanghai) Ltd	Shanghai - China	1,000,000	RMB	100%
OVS Kids Greater China Ltd	Hong Kong	1	HKD	100%

List of equity investments measured using the equity method:

Company	Registered office	Share capital		% investment
Centomilacandele S.c.p.A.	Milan	300,000.00	EUR	31.63%

In the year ended 31 January 2016, there were no changes in scope compared with the previous year.

ACCOUNTING POLICIES AND CONSOLIDATION CRITERIA

The consolidated financial statements include the financial statements of parent company OVS S.p.A. and the companies over which it has the right to exercise control pursuant to IFRS 10. This standard stipulates that an investor controls an entity in which it has invested when it enjoys rights that confer the possibility of directing the entity's significant activities, has an exposure or a right to receive variable returns from its involvement in the entity and has the real possibility of using its power to influence the amount of its returns from the investment.

Equity investments in associates (over which significant influence is exercised, within the meaning of IAS 28) are included according to the equity method, and "joint arrangements" (agreements under which two or more parties hold common control, within the meaning of IFRS 11) are included, if any, according to the equity method, if they qualify as joint ventures, or by recognising their specific shares of assets, liabilities, costs and revenues, if they qualify as joint operations.

The financial statements of the subsidiaries are included in the consolidated financial statements according to the global integrating method from the date at which control is assumed until the date at which this control ceases.

Where necessary, the financial statements used to prepare the consolidated financial statements have been appropriately restated and adjusted to comply with the Group's accounting policies.

The following consolidation criteria are used:

- for equity investments consolidated line by line, the carrying amount of the individual consolidated equity investments is eliminated against the relative shareholders' equity, with the assumption of the assets, liabilities, costs and revenues of the subsidiaries, regardless of the size of the investment held; Any share of shareholders' equity and net profit attributable to minorities are identified separately in shareholders' equity and in the income statement;
- all intra-group balances and transactions are eliminated, as are profits and losses (the latter only if they do not represent effective impairment of the asset transferred) arising from commercial transactions (including the sale of business units in the Parent Company's subsidiaries) or financial intra-group transactions, not yet realised with third parties;
- all increases/decreases in the shareholders' equity of the consolidated companies arising from results generated after the date of acquisition of the equity investment are booked to a dedicated equity reserve named "Retained earnings (accumulated losses)" at the time of the elision;
- the dividends distributed to Group companies are eliminated in the income statement at the time of consolidation.
- changes in the percentage of ownership of subsidiaries that do not entail a loss of control, or that represent increases after control has been acquired, are recognised under changes in shareholders' equity.

Business combinations

The Group recognises business combinations using the acquisition method pursuant to IFRS 3 - Business Combinations.

Under this method, the consideration transferred to a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and the liabilities assumed at the acquisition date. The ancillary costs of the transaction are usually recognised in the income statement when they are incurred.

Goodwill is determined as the excess of the sum of the considerations transferred to the business combination, shareholders' equity attributable to third parties and the fair value of any equity investment previously held in the acquiree, over the fair value of net assets acquired and liabilities assumed at the acquisition date.

If a business combination takes place in stages with successive purchases of shares, each phase is valued separately, using the cost and information on the fair value of the assets, liabilities and contingent liabilities at the date of each operation to determine the amount of any difference. When a subsequent purchase means that control of a company is obtained, the stake previously held is re-presented based on the fair value of the identifiable assets, liabilities and contingent liabilities determined at the date that control is taken, and the difference is recognised in the income statement.

Financial statements in foreign currencies

The translation into euros of the financial statements of foreign subsidiaries denominated in currencies other than the Euro is carried out by applying the exchange rates in force at the end of the year to assets and liabilities and applying average exchange rates in the period to income statement items, while shareholders' equity is recognised at historical exchange rates, usually identified as the exchange rates at the end of the first year in which the investee company was included in the scope of consolidation.

Exchange rate gains or losses arising from the translation of financial statements presented in foreign currencies using the above methods are cumulatively recognised under other comprehensive income in a specific equity reserve until the equity investments are disposed of.

The exchange rates used for translation are shown in the following table:

Currency	Code	Final exchange rate at 31.01.2016	31.01.2015	Average exchange rate FY 2015	FY 2014 (*)
US dollar	USD	1.09	1.13	1.10	1.26
Hong Kong dollar	HKD	8.51	8.76	8.56	9.74
Chinese renminbi	RMB	7.18	7.06	6.97	7.73
Croatian kuna	HRK	7.66	7.70	7.61	7.66
Serbian dinar	RSD	123.73	123.18	120.68	119.87
Bulgarian lev	BGN	1.96	1.96	1.96	1.96
Indian rupee	INR	74.10	70.11	71.27	77.35

(*) The period used to calculate the average exchange rate in 2014 was 01.08.2014 to 31.01.2015.

ACCOUNTING POLICIES AND VALUATION CRITERIA

The main accounting policies and valuation criteria used by the Group are described below.

Goodwill

Goodwill is recognised at cost, less any accumulated impairment.
Goodwill acquired as part of a business combination is determined as the excess of the sum of the considerations transferred to the business combination, shareholders' equity attributable to third parties and the fair value of any equity investment previously held in the acquiree, over the net assets acquired and liabilities assumed at the acquisition date.
If the value of the net assets acquired and liabilities assumed at the acquisition date exceed the sum of the considerations transferred, the shareholders' equity attributable to third parties and the fair value of any equity investment previously held in the acquiree, this excess is immediately recognised as income in the income statement.
Goodwill is not amortised, but is tested annually, and whenever events or circumstances indicate the possibility of impairment, for recoverability pursuant to IAS 36 - Impairment of Assets.
If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount. If goodwill is allocated to a cash-generating unit that is partially transferred/disposed of, the goodwill associated with this unit is used to determine any gain/loss arising from the operation.

Brands

Brands deriving from business combinations are recognised at fair value at the date of the combination, according to the acquisition method. They are not amortised as they have an indefinite useful life, but are tested annually, and whenever events or circumstances indicate the possibility of impairment, for recoverability pursuant to IAS 36 - Impairment of Assets. After initial recognition, the brands are valued at cost less any cumulative impairment.

Intangible assets

Intangible assets consist of non-monetary items, identifiable and without physical substance, which can be controlled by the Group, can generate future economic benefits and whose cost can be reliably determined. These items are recognised at cost, less amortisation, calculated using the straight-line method for a period corresponding to the useful life, and any impairment. Useful life is reviewed annually. Specifically:

Licences – Licences deriving from business combinations are recognised at fair value at the date of the combination, according to the acquisition method. After initial recognition, licences are valued at cost less amortisation and any cumulative impairment. Amortisation is calculated based on the difference between the cost and the residual value at the end of their useful life, on a straight line basis over their useful life (defined as 40 years).
Please see note 8 "Intangible assets" for a description of the criteria used to define useful life and residual value at the end of useful life.

Software – The costs of software licences, including ancillary costs, are capitalised and recognised in the financial statements net of amortisation and any cumulative impairment. The amortisation rate used is 20%.

Other intangible assets – These assets are measured at acquisition cost, less amortisation calculated on a straight-line basis throughout their useful life and cumulative impairment.
The value of the franchising network recognised post-business combination is amortised on the basis of a useful life of 20 years.

Property, plant and equipment

Property, plant and equipment is measured at acquisition cost, including ancillary costs booked directly, less depreciation and cumulative impairment. Land is not depreciated even if acquired at the same time as buildings.

Depreciation is booked from the month in which the assets enter into operation.
Depreciation rates are charged on a monthly basis at constant rates rates that allow assets to be depreciated until their useful life is ended or, in the case of disposals, until the last month of use.
The depreciation rates used are as follows:

Buildings	3-6%
Light construction	10%
Plant and equipment for lifting, loading, unloading and weighing	7.5%
Miscellaneous machinery, appliances and equipment	11.1%
Special facilities for communications and remote signalling	25%
Furnishings	11.1%
Alarm systems	11.1%
Specific bar, restaurant and canteen facilities	8%
Bar, restaurant and canteen furnishings	25%
Office furniture and ordinary machinery	12%
Electromechanical and electronic office equipment	20%
Cash registers	20%
Motor vehicles and internal transport	20-25%

Ordinary maintenance costs are charged in full to the income statement in the period in which they are incurred.
Leasehold improvements are classed as tangible assets. The amortisation period is the lesser of the remaining useful life of the tangible asset and the remaining term of the lease.

Assets assumed through finance leases, through which all the risks and rewards of ownership are substantially transferred to the Group, are recognised under tangible assets at their current value, or, if lower, the present value of the minimum lease payments, with a contra-entry of financial debt to the lessor.
This debt is progressively reduced according to the plan for repayment of principal amounts included in the contractually established payments, while the value of the asset recognised under tangible assets is systematically depreciated according to the economic and technical life of the asset.

Impairment of tangible and intangible assets

IAS 36 stipulates that impairment of tangible and intangible assets must be measured if there are indicators suggesting that such a problem might exist.
Impairment testing takes place at least once a year in the case of goodwill, other intangible assets with an indefinite useful life and assets not available for use.
The recoverability of the amounts recognised is assessed by comparing the carrying amount with the higher of fair value (current realisable value) less the costs of disposal and the value in use of the asset. Value in use is defined by discounting the expected cash flows generated by the asset.
To determine value in use, expected future cash flows are discounted using a rate that reflects current market valuations of the time value of money, compared with the investment period and the specific risks associated with the activity.
For the purposes of assessing impairment, assets are analysed starting from the lowest level for which there are separately identifiable independent cash flows (cash generating units). Within the Group, the individual OVS and Upim stores have been identified as cash generating units.
If the recoverable amount of an asset is lower than the carrying amount, the carrying amount is reduced to the recoverable amount. This reduction constitutes impairment and is charged to the income statement.
If there is an indicator of reversal of the impairment loss, the recoverable amount of the asset is recalculated and the carrying amount is increased to this new amount. The increase in the carrying amount may not, however, exceed the net carrying amount that the asset would have had if the impairment had not arisen.
Goodwill impairment cannot be reversed.

Other equity investments

Other equity investments, if any, (i.e. other than in subsidiaries, associates and companies under common control) are included among non-current assets, or among current assets if they will remain among the assets of the OVS Group, for a period of, respectively, more than one year and no longer than one year.
Other equity investments constituting financial assets available for sale are measured at fair value, if this can be determined, and any gains or losses deriving from changes in the fair value are entered directly under other comprehensive gains/(losses), until they are transferred or undergo impairment, at which time the other comprehensive gains/(losses) previously recognised in equity are recognised in the income statement for the period.
Other equity investments for which fair value is not available are recognised at cost, written down for any impairment.

Financial assets

Financial assets are recognised under current and non-current assets based on maturity and expectations of when they will be converted into monetary assets. Financial assets include equity investments in other companies (other than associates and joint ventures), derivatives, receivables, and cash and cash equivalents.

a) Classification

For the purposes of measurement, the Group subdivides financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, financial assets held to maturity and financial assets available for sale. Classification depends on the purpose for which the financial asset was acquired. Financial assets are classified at the time of initial recognition.

i. Financial assets measured at fair value through profit or loss

This category includes both financial assets held for trading and derivatives that do not meet the criteria for hedge accounting.

ii. Loans and receivables

Loans and receivables comprise non-derivative financial assets with fixed or determinable maturities. They are recognised under current assets, except for the portion falling due beyond the 12-month period after the reporting date, which are classified as non-current assets.

iii. Financial assets held to maturity

Financial assets held to maturity comprise non-derivative assets with fixed or determinable payments that the Group intends to hold to maturity. Classification to current or non-current assets depends on whether they are expected to be realised within or beyond the 12-month period after the reporting date.

iv. Financial assets available for sale

Financial assets available for sale represent a residual category comprising non-derivative financial instruments designated or not attributable to any of the above categories of financial instruments. These assets are included among non-current assets, unless there is an intention to dispose of them within the 12-month period after the reporting date.

b) Recognition and measurement

Financial assets, regardless of how they are classified, are initially recognised at fair value, with possible additions for ancillary acquisition costs.

After initial recognition, financial assets at fair value through profit or loss and financial assets available for sale are recognised at fair value. In the first case, changes in fair value are posted to the income statement in the period in which they take place; in the second, they are posted to the statement of comprehensive income.

Loans and receivables and financial assets held to maturity are recognised using the amortised cost criterion and the effective interest rate method after initial recognition. Any impairment is recorded in the income statement to offset the value of the asset. The value of assets previously written down for impairment is reversed if the circumstances that led to the write-down no longer exist.

Financial assets are eliminated from the financial statements when the rights to receive the cash flows associated with the financial assets expire or have been transferred to third parties and the Group has substantially transferred all the risks and benefits of ownership.

For the treatment of derivatives, please see the relevant section below.

Inventories

Inventories are recognised at the lower of acquisition cost and net realisable value.

The purchase cost is determined by configuring the weighted average cost for the reporting period. The cost also includes ancillary costs directly attributable to the purchase of goods.

Goods relating to the collections are written down according to the presumed possibility of their future realisation, by recognising a specific adjustment provision.

Cash and cash equivalents

Cash and cash equivalents includes available cash and credit balances of bank current accounts with no limits or restrictions.

Cash in foreign currency is valued according to period-end exchange rates.

Provision for risks and charges

Provisions for risks and charges are allocated for current obligations, legal or constructive, arising from a past event in respect of third parties for which the utilisation of resources, the amount of which can be reliably estimated, is probable.

The amount recognised as a provision is the best estimate of the expenditure required to settle the current obligation fully. Risks for which the emergence of a liability is only possible are disclosed in the explanatory notes, and no provision is made.

Employee benefits

a) Pension schemes

Post-employment benefits are defined under either "defined contribution" plans or "defined benefit" plans. Defined benefit plans, such as the provision for employee severance benefits accrued before the entry into force of the 2007 Budget, are plans with guaranteed benefits for employees that are paid out at the end of the employment relationship. The liability relating to defined benefit plans is determined on the basis of actuarial assumptions and booked on an accruals basis in line with the service required to obtain the benefits; the liability is measured annually by independent actuaries.

Employee severance benefits and pension provisions, which are determined using an actuarial method, provide for the recognition in the income statement under employment cost of the rights accrued during the year, while the figurative cost is included among net financial income (expenses). Actuarial gains and losses that reflect the effects of changes in the actuarial assumptions used are instead fully recognised in shareholders' equity and immediately booked in the statement of comprehensive income in the year in which they arise.

From 1 January 2007, the 2007 Budget and the associated implementing decrees introduced significant amendments to the rules on employee severance benefits, including options for employees, to be exercised by 30 June 2007, with regard to the allocation of their accruing severance benefits. Specifically, new flows of severance benefits may be directed by the employee to preselected or company pension schemes (in the latter case, the company will pay severance benefit contributions into a treasury account set up with the INPS (the Italian social security and welfare institution).

As a result of these amendments, the provision for employee severance benefits accrued since the date of the employee option (defined benefit plan) has been recalculated by independent actuaries to exclude the component relating to future pay increases.

The portion of the employee severance benefits that has accrued since the option date (30 June 2007) is regarded as a defined benefit plan, and the accounting treatment is similar to that used for all other contribution payments.

Employee benefits also include pension provisions and similar obligations. This provision mainly includes liabilities and rights accrued by the employees of the former Standa, in relation to supplementary pension schemes; the liability associated with such defined-benefit programmes is determined on the basis of actuarial assumptions and the amount recognised in the financial statements represents the present value of the OVS Group's obligation.

b) Share-based payments

The Group provides additional benefits to certain employees and consultants through equity participation plans in the form of stock options such as "equity-settled". In accordance with IFRS 2 - Share-based payments - the current value of the stock options calculated at the grant date using the "Black & Scholes" method is recognized in the income statement under staff costs on a straight-line basis over the period between the grant date of stock options and the vesting date, and directly recorded in equity.

The effects of the granting conditions not related to the market, are not considered in the assessment of the fair value of options granted but are relevant in the evaluation of the number of options expected to be exercised.

At the balance sheet date the Group reviews its estimates on the number of options that are expected to be exercised. The impact of the revision of the original estimates is recognized in the income statement over the vesting period and directly in equity.

Upon exercise of the stock options the amounts received by the employee, net of costs directly attributable to the transaction, are credited to share capital for an amount equal to the nominal value of the issued shares and share premium reserve for the remaining part.

Financial liabilities, trade and other payables

Payables and other financial and/or trade liabilities are initially recognised at fair value, less any transaction costs incurred in relation to obtaining financing. They are subsequently carried at amortised cost; any difference between the amount received (less transaction costs) and the total repayment amount is recognised in the income statement over the period of the loan, using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for 12 months after the reporting date; in this case, only the portion falling due within 12 months of the reporting date is classified as a current liability.

Derivatives

Derivatives are assets and liabilities recognised at fair value.

The Group uses derivatives to hedge exchange rate risk or interest rate risk.

Pursuant to IAS 39, derivatives may only be booked using hedge accounting methods when:

• at the beginning of the hedge there is formal designation and documentation of the hedging relationship;
• it is assumed that the hedge is highly effective;
• effectiveness can be reliably measured;

• the hedge is highly effective throughout the financial reporting periods for which it is designated.

When derivatives meet the criteria for hedge accounting, the following accounting treatments apply:
• if the derivatives hedge the risk of changes in the fair value of the assets or liabilities being hedged (fair value hedge, e.g. hedging of fluctuations in the fair value of fixed-rate assets/liabilities), the derivatives are recognised at fair value through profit or loss; correspondingly, the assets or liabilities being hedged are adjusted to reflect changes in fair value associated with the hedged risk;
• if the derivatives hedge the risk of changes in the cash flows of the assets or liabilities being hedged (cash flow hedge, e.g. hedging of changes in the cash flows of assets/liabilities due to variations in interest rates), changes in the fair value of the derivatives are initially recognised in equity and subsequently to profit or loss in line with the economic effects of the hedged transaction.
If hedge accounting cannot be applied, gains or losses arising from the measurement of the derivative at fair value are immediately recognised in the income statement.

Segment information

The information relating to business segments was provided pursuant to IFRS 8 - Operating segments, which stipulates that information be presented in a way that is consistent with the procedures used by management to make operational decisions. The operating segments and the information presented are therefore identified according to the internal reports used by management to allocate resources to the various segments and to analyse their performance.
IFRS 8 defines an operating segment as a component of an entity that: i) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); ii) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and iii) for which discrete financial information is available.
The operating segments identified by management, which incorporate all of the services and products provided to customers, are represented by the OVS division, dedicated to the marketing of clothing products for the value fashion market segment, and the Upim division, which provides value segment of the Italian market, as well as products relating to the homeware and fragrance segments.

Revenues and costs

Revenues from the sales of directly operated stores are recognized when the customer makes the payment. Revenues from sales of goods are recognized in the income statement upon transfer to the customer of the risks and benefits related to the product sold, usually coinciding with the delivery or shipment of the goods to the customer; those for services are recognized in the period in which the services are rendered, by reference to completion of the service provided and in relation to the total services still to be rendered.

Revenues are recognized at the fair value of the consideration received. Revenue is recognized net of VAT, the expected returns, any trade discounts, reductions and rebates granted.

Costs are recognized when they relate to goods and services sold or used during the year, while in the case of multi-year use the costs are systematically spread.

Income and costs deriving from leases

Income and costs deriving from operating leases are recognised on a straight-line basis over the duration of the leases to which they relate.

Income tax

Current income tax for the year is calculated by applying the current tax rates on reasonably estimated taxable income, determined in accordance with the tax regulations in force. The expected payable, net of payments on account and withholding taxes, is recognised in the statement of financial position under "Current tax liabilities", (or under "Current tax assets" if the payments on account made and the withholdings exceed the expected payable).

Deferred tax assets and deferred tax liabilities are determined on the basis of taxable temporary differences between the carrying amount of assets and liabilities and their value for tax purposes, except for goodwill, which is not tax deductible, and are classified under non-current assets and liabilities.

Income tax is recognised in the income statement, except in relation to items directly credited to or debited from equity, in which case the tax effect is recognised directly in equity.

Deferred tax assets, including those relating to any previous tax losses, are recognised to the extent that it is probable that future taxable income will be available in respect of which they can be recovered.

The value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to use all or part of this receivable.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates in force and tax rates that have been enacted or substantively enacted at the reporting date.

OVS S.p.A., Gruppo Coin S.p.A. and COSI S.p.A. have joined the tax consolidation scheme.

Relations arising from participating in the tax consolidation scheme are regulated by specific contractual agreements approved and signed by the member parties.

Exchange rate gains and losses

Foreign exchange transactions are recognised at the current exchange rate at the date of completion of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the current exchange rate at the reporting date and recognised in the income statement under exchange rate gains and losses.

Earnings per share

Earnings per share - basic

Basic earnings per share is calculated by dividing the profit pertaining to the OVS Group by the weighted average of the ordinary shares outstanding during the year, excluding treasury shares.

Earnings per share - diluted

Diluted earnings per share is calculated by dividing the profit pertaining to the OVS Group by the weighted average of the ordinary shares outstanding during the year, excluding treasury shares. To calculate diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming the exercise by all owners of rights with a potentially dilutive effect, while the result pertaining to the OVS Group is adjusted to take account of any effects, net of tax, arising from the exercise of these rights.

Dividends

Dividends are recognised at the date of approval by the general meeting.

Use of estimates

The preparation of the consolidated financial statements in accordance with the IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The final results may differ from these estimates. Estimates are used to recognise provisions for doubtful accounts, inventory obsolescence, depreciation and amortisation, impairment of assets, employee benefits, restructuring provisions, deferred tax assets, other provisions for risk and valuations of derivatives. Estimates and assumptions are reviewed periodically and the effects of any changes are immediately reflected in the income statement.

Impairment of tangible and intangible assets

Goodwill and the brands are tested annually, and whenever events or circumstances indicate the possibility of impairment, for recoverability pursuant to IAS 36 - Impairment of Assets. If the recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount (defined as the greater of its value in use and its fair value). Verification of the amount requires subjective judgements to be made, based on information available within the OVS Group and from the market, as well as past experience. In addition, if potential impairment is identified, it is determined using evaluation techniques regarded as appropriate. The same verifications of value and the same evaluation techniques are applied to intangible and tangible assets with a definite useful life when there are indicators suggesting that recovery of the relative net carrying amount through use might be difficult. The correct identification of indicators of potential impairment and estimates to determine this depend on factors that may vary over time, with an effect on the valuations and estimates made by the OVS Group.

Depreciation and amortisation

Depreciation and amortisation reflect the best estimate of the expected useful life of assets with a finite life.

This estimate is based on the possibility of using these assets and their capacity to contribute to the OVS Group's results in future years.

Inventory obsolescence

The OVS Group develops and sells items of clothing that change according to customer taste and trends in the world fashion. The provision for inventory write-downs therefore reflects estimated expected impairment of the collections in stock, taking account of the OVS Group's capacity to sell items of clothing through a range of distribution channels.

Provisions for doubtful accounts

The provision for doubtful accounts reflects the best estimate of losses relating to the portfolio of trade receivables. This estimate is based on the losses expected by the OVS Group, determined on the basis of past experience with similar receivables, current and previous receivables falling due, the careful monitoring of credit quality and projections of economic and market conditions.

Deferred tax assets

Deferred tax assets are booked based on expectations of taxable income in future years for the purpose of recovering them. The evaluation of expected taxable income for the accounting of deferred tax assets depends on factors that may vary over time and have significant effects on the recoverability of the deferred tax assets.

Pension funds and other employee benefits

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rate of return on investments, future salary increases, mortality rates and future pension increases. Because of the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are provided in note 15.

The costs recognized in the income statement in relation to the incentive plans for managers (please refer to note 22 “Staff costs”) is mainly influenced by the estimated timing of the occurrence of the event generating the maturation, as well as the effective possibility of the occurrence of the event and of the presumed reference value of the plan. Therefore, this estimate depends on factors that may vary over time and variables that could hardly be predictable and determinable by administrators. The variation of these components can significantly influence the assessments made by management and therefore to determine changes in estimates.

Provisions for risks and charges

Provisions representing the risk of a negative outcome are recognised for legal and tax risks. The amount of provisions recorded in the financial statements in relation to these risks represents the best estimate to deal with potential risks. This estimate entails the use of assumptions that depend on factors that might change over time and that might therefore have significant effects compared with the current estimates used to prepare the financial statements.

Valuation of derivatives

The determination of the fair value of unlisted financial assets, such as derivatives, takes place using commonly used valuation techniques that require basic assumptions and estimates. These assumptions may not occur within the time frames and in the manner envisaged. Estimates of derivatives may therefore differ from the final figures.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS WITH EFFECT FROM 2015

The new and/or revised standards of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), the application of which is mandatory as of financial year 2015, are set out below.

Description	Approved at the date of this document	Effective date under the standard
IFRIC 21 - Levies	Yes	Years starting on or after 17 June 2014
Amendment to IAS 19 regarding defined benefit plans	Yes	Years starting on or after 1 February 2015
Annual improvement cycle 2012	Yes	Years starting on or after 1 February 2015
Annual improvement cycle 2013	Yes	Years starting on or after 01 January 2015

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

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE OVS GROUP

The international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB, indicating whether they are endorsed or not endorsed for adoption in Europe at the approval date of this document, are set out below:

Description	Approved at the date of this document	Effective date under the standard
Amendment to IAS 16 - Property, plant and equipment and IAS 38 - Intangible assets	No	Years starting on or after 01 January 2016
Amendment to IFRS 11 - Joint arrangements on acquisition of an interest in a joint operation	No	Years starting on or after 01 January 2016
IFRS 14 - Regulatory deferral accounts	No	Years starting on or after 01 January 2016
IFRS 9 - Financial instruments ? classification and measurement	No	Years starting on or after 01 January 2018
IFRS 15 - Revenue from Contracts with Customers	No	Years starting on or after 01 January 2018
Amendment to IAS 27 - Equity method in separate financial statements	No	Years starting on or after 01 January 2016
Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures	No	Years starting on or after 01 January 2016
Amendment to IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture, regarding bearer plants	No	Years starting on or after 01 January 2016
Amendment to IAS 1 - Presentation of Financial Statements on the Disclosure Initiative	No	Years starting on or after 01 January 2016
Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception	No	Years starting on or after 01 January 2016
Annual Improvements cycles 2012-2014	No	Years starting on or after 01 January 2016

Note that no accounting standards and/or interpretations for which application is mandatory for periods beginning on or after 01 February 2015 have been applied.

The OVS Group is assessing the effects of applying the above standards; they are currently not regarded as likely to have an impact.

INFORMATION ON FINANCIAL RISKS

The main corporate risks identified, monitored and - as specified below - actively managed by the OVS Group are as follows:

- market risk (defined as foreign exchange risk and interest rate risk);
- credit risk (relating both to normal commercial relationships with customers and to financing activity); and
- liquidity risk (relating to the availability of financial resources and access to the credit market, and to financial instruments in general).

The OVS Group aims to maintain balanced management of its financial exposure over time, to ensure that its liability structure is in balance with the composition of its balance-sheet assets and to provide the necessary operational flexibility through the use of cash generated by current operating assets and bank loans.

Management of the relative risks is centrally guided and monitored. Specifically, the central finance function is responsible for evaluating and approving projected financial requirements, monitoring progress and establishing appropriate corrective action if necessary.

The financial instruments most used by the OVS Group are as follows:

- medium/long-term loans to cover investments in non-current assets;
- short-term loans and use of credit lines on current accounts to fund working capital.

In addition, the OVS Group has signed financial instruments to hedge the risk of interest rate fluctuations, which have affected the medium/long-term financial debt burden and consequently also the financial results of the OVS Group, as well as derivatives to reduce exchange rate risk against the US dollar.

The following section provides qualitative and quantitative information on the impact of these risks on the OVS Group's business.

Credit risk

Credit risk represents the OVS Group's exposure to the risk of potential losses arising from default by counterparties.

In the year under review, there were no significant concentrations of credit risk, as this risk is mitigated by the fact that credit exposure is spread over a large number of customers, mainly in Italy.

To reduce credit risk, the OVS Group also obtains guarantees in the form of sureties in respect of loans granted for the supply of merchandise. At 31 January 2016, total guarantees amounted to €37.9 million, including €15.1 million in overdue receivables (€27.4 million at 31 January 2015, including €12.9 million in overdue receivables).

Trade receivables are recognised net of write-downs calculated on the basis of the risk of counterparty default, determined by using available information on the solvency of the customer and taking historical data into account. Positions that are particularly significant, and that are objectively partially or totally irrecoverable, are written down individually. Trade receivables totalled €71.0 million at 31 January 2016 (€73.0 million at 31 January 2015).

Written-down receivables amounted to €7.5 million at 31 January 2016 (€12.3 million at 31 January 2015).

Overdue receivables not written down, as the situation with regard to collection is not critical, amounted to €23.6 million (€23.5 million at 31 January 2015).

The following tables provide a breakdown of trade receivables at 31 January 2016 and at 31 January 2015, grouped according to maturity and net of the provision for doubtful accounts:

(amounts in millions of euros)	At 31 January 2016	Not yet matured	Matured within 90 days	Matured between 90 and 180 days	Matured beyond 180 days
Trade receivables	78.5	43.6	23.8	1.6	9.5
Provision for doubtful accounts	(7.5)	-	-	-	(7.5)
Net value	71.0	43.6	23.8	1.6	2.0

(amounts in millions of euros)	At 31 January 2015	Not yet matured	Matured within 90 days	Matured between 90 and 180 days	Matured beyond 180 days
Trade receivables	85.3	49.5	21.9	0.5	13.4
Provision for doubtful accounts	(12.3)	-	-	-	(12.3)
Net value	73.0	49.5	21.9	0.5	1.1

Liquidity risk

Liquidity risk can arise through an inability to access, under economically viable conditions, the financial resources necessary for the OVS Group to operate. The two main factors influencing the OVS Group's liquidity levels are:

- the financial resources generated or absorbed by operating and investment activities;
- the expiry and renewal of financial debt.

The OVS Group's liquidity requirements are monitored by the treasury function, in order to guarantee effective access to financial resources and adequate liquidity investment/yield levels.

Management believes that the funds and credit lines currently available, in addition to those generated by operating and financing activities, will enable the OVS Group to meet its requirements in respect of investment activities, management of working capital and the repayment of debt when it is contractually due.

The following table breaks down financial liabilities (including trade and other payables): in particular, all the flows shown are nominal future undiscounted cash flows, calculated with reference to residual contractual maturities (for both the principal portion and the interest portion). Loans have been included based on the contractual maturity of the repayment.

(amounts in millions of euros)	Balance at 31 January 2016	< 1 year	1-5 years	> 5 years	Total
Trade payables	368.8	364.4	4.4	-	368.8
Payables to banks (*)	380.1	5.1	375.0	-	380.1
Other financial payables	3.4	2.3	1.1	-	3.4
Financial payables to Group Companies	-	-	-	-	-
Financial expenses payable to banks (**)	54.5	13.2	41.3	-	54.5
Total	**806.8**	**385.0**	**421.8**	**-**	**806.8**

(*) The amount includes interest accrued but not yet paid at 31 January 2016.

(**)The amount was calculated by applying the amortization plan of loans the forward curve as at 31 January 2016. For the Revolving Line, it was assumed an average rate of 50%. The aggregate also includes the nominal value of the interest on lease agreements until maturity and the value arising from future cash flows generated by those derivative contracts that have a negative *fair value* at the reporting date.

The same breakdown for 31 January 2015 is as follows:

(amounts in millions of euros)	Balance at 31 January 2015	< 1 year	1-5 years	> 5 years	Total
Trade payables	374.4	368.8	5.6	-	374.4
Payables to banks (*)	759.3	759.0	0.3	-	759.3
Other financial payables	6.8	3.2	3.6	-	6.8
Financial payables to Group Companies	22.3	22.3	-	-	22.3
Financial expenses payable to banks (**)	5.4	4.9	0.5	-	5.4
Total	**1,168.2**	**1,158.2**	**10.0**	**-**	**1,168.2**

(*) The amount includes interest accrued but not yet paid at 31 January 2015.

(**) The amount was calculated on the basis of interest accrued and actually paid from 1 February 2015 until the extinction date of the loan. The aggregate also includes the nominal value of interest on lease agreements until maturity and the value arising from future cash flows generated by those derivative contracts that have a negative *fair value* at the reporting date.

Derivatives

The following tables show the breakdown of the derivatives entered into by the OVS Group:

(amounts in millions of euros)	2015 Assets	2015 Liabilities	2014 Assets	2014 Liabilities
Interest rate swaps - cash flow hedging	-	-	-	(1.3)
Forward contracts - cash flow hedging	-	-	26.4	-
Forward contracts - trading	18.3	-	11.1	-
Total	**18.3**	**-**	**37.5**	**(1.3)**
Current portion:				
Interest rate swaps - cash flow hedging	-	-	-	(1.3)
Forward contracts - cash flow hedging	-	-	26.4	-
Forward contracts - trading	16.3	-	10.0	-
Total current portion	**16.3**	**-**	**36.4**	**(1.3)**
Non-current portion:				
Forward contracts - trading	2.0	-	1.1	-
Total non-current portion	**2.0**	**-**	**1.1**	**-**

Market risk

Interest rate risk

The OVS Group uses external financial resources in the form of debt and employs liquidity available in bank deposits. Fluctuations in market interest rates affect the cost and yield of various forms of financing and investment, thus affecting the OVS Group's level of financial expenses and income. The new loan agreement signed on 23 January 2015, which came into effect on 2 March 2015, does not include an obligation to hedge interest rate risk.

To manage these risks, the OVS Group uses interest rate derivatives (caps) with the aim of mitigating, under economically acceptable conditions, the potential impact of changes in interest rates on the income statement.

The financial instrument (cap) in place at 31 January 2016 refers to a contract signed in August 2015 with four banks, in equal parts, totalling €187.5 million, or 50% of the B term notional amount, maturing on 2 September 2017.

As stipulated in this contract, the "cap strike rate" is 1.00%.

The main features of the contract are summarised below:

(amounts in thousands of euros) **Derivative contracts**	**Date entered into**	**Maturity date**	**Value nominal at 31-Jan-16**	**fair value at 31-Jan-16**
Cap	3 August 2015	2 September 2017	187,500	7

Sensitivity analysis

The OVS Group's exposure to interest rate risk was measured using a sensitivity analysis that shows the effects on the income statement and on shareholders' equity of a hypothetical change in market rates to 40 bps higher or lower than the hypothetical forward rate curve at 31 January 2016. This analysis is based on the assumption of a general and instantaneous change in benchmark interest rates.

Excluding the effect of derivatives on interest rates and the amortised cost of loans, the results of this hypothetical, instant and favourable (unfavourable) change in the short-term interest rates applied to the OVS Group's variable-rate financial liabilities are shown in the following table:

Effect of change on financial expenses - income statement

(amounts in millions of euros)	**- 40 bps**	**+ 40 bps**
At 31 January 2016	0.3	0.8

No effects on shareholders' equity have been recorded in relation to the single cap instrument in existence; it was not expected for it the application of hedge accounting method.

The same figure at 31 January 2015 is shown below:

Effect of change on financial expenses - income statement

(amounts in millions of euros)	- 40 bps	+ 40 bps
At 31 January 2015	1.6	(1.6)

Exchange rate risk

Exposure to the risk of exchange rate fluctuations derives from the OVS Group's commercial activities that are also conducted in currencies other than the euro. Revenues and costs denominated in foreign currencies can be affected by exchange rate fluctuations, with an impact on sales margins (economic risk), and payables and receivables in foreign currencies may be affected by the conversion rates used, with an impact on the income statement (transactional risk).

The main exchange rate to which the OVS Group is significantly exposed is the EUR/USD, in relation to purchases in dollars made in the Far East and on other markets in which the dollar is the trading currency.

Exchange rate fluctuations may result in the realisation or reporting of positive or negative exchange rate differences. The OVS Group also hedges orders that are highly probable although not acquired, pursuing the management aim of minimising the risks to which the Group is exposed.

The Group is also exposed to exchange rate EUR/HKD, regarding the translation risk of the subsidiary OVS Hong Kong Sourcing Limited. The effects of the conversions of the other foreign companies for which the euro is not the functional currency are rather marginal.

Forward contracts are mainly used to insure against the risk of appreciation in the foreign currency (US dollar).

The following table summarises key information relating to exchange rate hedging derivatives:

(amounts in thousands of euros)	Transaction date	Maturity date	Notional in USD	Strike price	Notional in EUR	Fair value
At 31 January 2016	from 16/01/2015 to 15/12/2015	from 01/02/2016 to 04/12/2017	539,500	from 1.1029 to 1.1860	494,048	18,289

In the year under review, the nature and structure of exposure to foreign exchange risk and the hedging policies followed by the OVS Group did not change substantially.

It is pointed out that for the above derivatives, existing at 31 January 2016, the Group does not apply anymore the hedge accounting method.

Sensitivity analysis

To perform the exchange rate sensitivity analysis, items in the statement of financial position (financial assets and liabilities) denominated in currencies other than the function currencies of each company within the OVS Group were identified.

The effects of a 5% appreciation and depreciation in the US dollar against the euro are summarised below:

Effect of change on result and shareholders' equity

(amounts in millions of euros)	- 5%	+ 5%
At 31 January 2016	18.6	(16.8)

The same analysis at 31 January 2015 is as follows:

Effect of change on result and shareholders' equity

(amounts in millions of euros)	- 5%	+ 5%
At 31 January 2015	1.7	(1.6)

The impact on derivatives of a 5% appreciation/depreciation in the EUR/USD exchange rate is summarised in the following table:

Effect of change on cash flow hedge reserve - shareholders' equity

(amounts in millions of euros)	- 5%	+ 5%
At 31 January 2016	-	-

The same figure at 31 January 2015 is as follows:

Effect of change on cash flow hedge reserve - shareholders' equity

(amounts in millions of euros)	- 5%	+ 5%
At 31 January 2015	12.5	(11.3)

Fair value estimates

The fair value of financial instruments traded in an active market is based on market prices at the reporting date. The fair value of instruments that are not traded in an active market is measured using valuation techniques based on a series of methods and assumptions linked to market conditions at the reporting date.

The fair value classification for financial instruments based on hierarchical levels is shown below:

• Level 1: fair value is measured with reference to quoted prices (unadjusted) in active markets for identical financial instruments;

• Level 2: fair value is measured with reference to quoted prices (unadjusted) in active markets for identical financial instruments;

• Level 3: fair value is measured using valuation techniques with reference to variables unobservable on active markets.

The financial instruments shown at fair value of the OVS Group are classified as Level 2, and the general criterion used to calculate it is the present value of future cash flows expected from the instrument being valued.

Liabilities relating to bank borrowings are measured using the "amortised cost" criterion.

Trade receivables and payables were measured at their carrying value as this is deemed to be close to the current value.

In addition to the information on financial risk, the following is a reconciliation between classes of financial assets and liabilities as identified in the Group's statement of financial position, and the types of financial assets and liabilities identified pursuant to IFRS 7 at 31 January 2016:

	Financial assets/ liabilities at fair value through profit or loss	Loans and borrowings	Held to maturity	Assets available for sale	Liabilities measured at amortised cost	Liabilities measured according to IAS 17	Total
Current assets							
Cash and banks	-	125,636	-	-	-	-	125,636
Trade receivables	-	71,025	-	-	-	-	71,025
Financial assets	16,308	-	-	-	-	-	16,308
Non-current assets							
Financial assets	1,988	-	-	-	-	-	1,988
Current liabilities							
Financial liabilities	-	-	-	-	5,210	2,145	7,355
Trade payables	-	-	-	-	368,834	-	368,834
Non-current liabilities							
Financial liabilities	-	-	-	-	370,435	1,166	371,601

The same reconciliation for 31.01.2015 is as follows:

	Financial assets/ liabilities at fair value through profit or loss	Loans and borrowings	Held to maturity	Assets available for sale	Liabilities measured at amortised cost	Liabilities measured according to IAS 17	Total
Current assets							
Cash and banks	-	40,334	-	-	-	-	40,334
Trade receivables	-	73,015	-	-	-	-	73,015
Financial assets	36,388	81,988	-	-	-	-	118,376
Non-current assets							
Financial assets	1,111	-	-	-	-	-	1,111
Current liabilities							
Financial liabilities	1,256	22,338	-	-	753,765	2,953	780,312
Trade payables	-	-	-	-	374,403	-	374,403
Non-current liabilities							
Financial liabilities	-	-	-	-	444	3,444	3,888

INFORMATION ON OPERATING SEGMENTS

Pursuant to IFRS 8, management has identified the following operating segments:

- OVS, active in the value fashion market, offering stylish and high-quality clothing at competitive prices, with a focus on the latest trends and fashions; and
- Upim, active in the value segment of the Italian market, offering women's, men's and children's clothing products, homeware and fragrance, with particularly competitive price positioning and a key focus on the family.

The results of the operating segments are measured by analysing EBITDA and adjusted EBITDA, defined respectively as earnings before depreciation and amortisation, asset write-downs, financial income and expenses and tax, and EBITDA after non-recurring income and expenses.

Specifically, management believes that EBITDA and adjusted EBITDA provide a good performance indicator as they are not affected by tax legislation or depreciation/amortisation policy.

	31 January 2016			31 January 2015 (*)		
(thousands of euros)	OVS	UPIM	Total	OVS	UPIM (**)	Total
Revenues by segment	**1,116,878**	**202,602**	**1,319,480**	**557,623**	**99,362**	**656,985**
EBITDA (A)	**156,900**	**14,415**	**171,315**	**87,123**	**(586)**	**86,537**
% of revenues	14.0%	7.1%	13.0%	15.6%	(0.6)%	13.2%
Non-recurring expenses	3,985	2,896	6,881	5,051	9,217	14,268
Stock Option plan	1,179	214	1,393	0	0	0
EBITDA *Adjusted*	**162,064**	**17,525**	**179,589**	**92,174**	**8,631**	**100,805**
% of revenues	14.5%	8.6%	13.6%	16.5%	8.7%	15.3%
Depreciation, amortisation and write-downs of assets (B)			(58,193)			(30,571)
Profit before net financial expenses and taxes (A-B)			**113,122**			**55,966**
Financial income			118			3,682
Financial expenses			(26,926)			(48,512)
Foreign exchange gains and losses			12,147			(3,189)
Gains (losses) from equity investments			47			0
Net result before tax			**98,508**			**7,947**
Taxes			(11,881)			(11,739)
Net result			**86,627**			**(3,792)**

(*) The amounts shown refer to period from 14 May 2014 to 31 January 2015; in particular, OVS Group acquired the OVS-UPIM Business Unit by transferral with effect from 31 July 2014.

(**) Figures include the contribution of the Bernardi point of sales, not yet converted to point of sales of OVS brand or UPIM brand as of 31 January 2015.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Details of the content and changes of the most significant items are provided below (unless otherwise specified, amounts are in thousands of euros).

		31.01.2016	31.01.2015	change
1	**Cash and banks**	**125,636**	40,334	85,302

The balance represents cash and cash equivalents at the reporting date and breaks down as follows (in thousands of euros):

		31.01.2016	31.01.2015	change
1)	Bank and post office deposits	118,740	34,181	84,559
2)	Cheques	14	461	(447)
3)	Cash and cash equivalents on hand	6,882	5,692	1,190
Total		**125,636**	**40,334**	**85,302**

Cash and cash equivalents consists of cash, bank and post office deposits, cheques and cash on hand at the head office and shops in the direct sales network.

It should also be noted that at 31 January 2016, ordinary current accounts were set up as pledges to secure the New Loan Agreement (described in note 11 below), in the amount of €47,128 thousand, and foreign currency current accounts in the amount of USD10,963 thousand, corresponding to €10,087 thousand, whose balance is though in the full availability of the OVS Group.

		31.01.2016	31.01.2015	change
2	**Trade receivables**	**71,025**	73,015	(1,990)

The breakdown of trade receivables was as follows (amounts in thousands of euros):

	31.01.2016	31.01.2015	change
Trade receivables			
Receivables for retail sales	759	917	(158)
Receivables for wholesale sales	64,413	58,795	5,618
Receivables for services rendered	3,366	9,117	(5,751)
Disputed receivables	6,262	6,085	177
Trade receivables from related parties	3,955	10,496	(6,541)
Subtotal	**78,755**	**85,410**	**(6,655)**
(Provision for doubtful accounts)	(7,730)	(12,395)	4,665
Total	**71,025**	**73,015**	**(1,990)**

Receivables for wholesale sales derive from sales to affiliates.

Receivables from services mainly include charges for department management and subletting to external managers.

Disputed receivables mainly consist of receivables for problem loans. Most of these receivables are written down by recognising a specific provision for doubtful accounts.

The write-downs relate to receivables from affiliates or business partners, for whom collection is presumed to be difficult, or for disputes, or, in the majority of cases, for legal proceedings in progress against customers.

Trade receivables from related parties primarily include receivables from Gruppo Coin of €3.2 million, related to brokerage fees for purchasing goods (€1.0 million) and receivables from services and for the sale of goods (€2.2 million).

Also note that trade receivables (mainly for the provision of products to the franchising affiliates) amounting to €70.4 million were also transferred to secure the New Loan Agreement at 31 January 2016.

The provision for doubtful accounts amounted to €7,730 thousand. At 31 January 2016, €6,390 thousand had been used and the provision amounted to €1,800 thousand.

Changes in the provision for doubtful accounts are shown below:

(amounts in thousands of euros)	
Balance at 31 January 2015	**12,323**
Allocations in the period	1,800
Utilisations in the period	(6,390)
Effect of exchange rate adjustment	(3)
Balance at 31 January 2016	**7,730**

The change in the provision for doubtful accounts in the previous year is as follows:

(amounts in thousands of euros)	
Balance at transfer date	**12,303**
Allocations in the period	1,580
Utilisations in the period	(2,055)
Effect of exchange rate adjustment	495
Balance at 31 January 2015	**12,323**

The allocation to the "Provision for doubtful accounts" expresses the presumed realisable amount of receivables that are still collectable at the closing date of the year. The draw-downs for the period relate to receivable positions for which elements of certainty and accuracy, or the presence of competitive procedures, determine the removal of the position itself. Given the types of products and services sold by the OVS Group, there is no significant concentration of revenues and trade receivables with individual customers.

		31.01.2016	31.01.2015	change
3	Inventories	289,675	287,610	2,065

The breakdown of inventories is shown in the following table:

(amounts in thousands of euros)	31.01.2016	31.01.2015
Goods	314,877	309,257
Gross stock	**314,877**	**309,257**
Provision for depreciation	(15,301)	(13,589)
Provision for inventory differences	(9,901)	(8,058)
Total provision for stock write-downs	**(25,202)**	**(21,647)**
Total	**289,675**	**287,610**

This item includes stocks of merchandise at warehouses and stores at the reporting date.

The amount is largely in line with the amounts that would be obtained by valuing the inventories at current cost at the reporting date.

The provision for depreciation reflects management's best estimate based on the breakdown by type and season of inventories, considerations arising from past experience and the outlook for sales volumes. The provision for inventory differences includes the estimate of inventory differences at the end of each of the periods under review, in view of the fact that the OVS Group carries out a physical inventory in June of each year. These provisions are based on the management best estimate and are therefore believed by management to be consistent with their respective purposes.

Changes in the provision for depreciation and the provision for inventory differences for the year ended 31 January 2016 are shown below:

(amounts in thousands of euros)	Provision for depreciation	Provision for inventory differences	Total
Balance at 31 January 2015	**13,589**	**8,058**	**21,647**
Allocation	13,678	19,249	32,927
Utilisation	(11,966)	(17,406)	(29,372)
Balance at 31 January 2016	**15,301**	**9,901**	**25,202**

The change in the same provisions for the previous period is as follows:

(amounts in thousands of euros)	Provision for depreciation	Provision for inventory differences	Total
Balance at transfer date	**7,375**	**981**	**8,356**
Allocation	11,256	9,621	20,877
Utilisation	(5,042)	(2,544)	(7,586)
Balance at 31 January 2015	**13,589**	**8,058**	**21,647**

		31.01.2016	31.01.2015	change
4	**Current financial assets**	**16,308**	118,376	(102,068)
4	**Non-current financial assets**	**1,988**	1,111	877

The breakdown of the "Financial assets" item into current and non-current at 31 January 2016 and at 31 January 2015 is shown below:

(amounts in thousands of euros)	31.01.2016	31.01.2015
Derivatives (current portion)	16,308	36,388
Balancing receivable from the controlling company for Transferral	0	81,988
Total current financial assets	**16,308**	**118,376**
Derivatives (non-current portion)	1,988	1,111
Total non-current financial assets	**1,988**	**1,111**
Total	**18,296**	**119,487**

Derivatives include the fair value of hedge derivatives on purchases of merchandise in currencies other than the euro.

The amount relating to the "balancing receivable from the controlling company for Transferral" for the previous year referred to the receivable from the transferor, Gruppo Coin, arising from the differences in the balance sheet items between the reference date for the Transferral situation (31 January 2014) and the effective Transferral date (31 July 2014). On 12 February 2015, €22.3 million of the balancing receivable was settled by offsetting the financial payables of OVS S.p.A. to Gruppo Coin, and the remaining amount was settled on 2 March 2015, the starting date for trading in OVS shares on the MTA, by using part of the income from the placement of OVS shares owned by Gruppo Coin proposed as a secondary offering. Interest was calculated on the amount of €79.8 million at market rates for a total of €2.2 million, which was also settled on 2 March 2015.

The amount of **non-current financial assets** refers exclusively to the market values of derivatives.

		31.01.2016	31.01.2015	change
5	**Current tax assets**	**923**	298	625

It mainly consists of receivables for withholding tax on fees (€916 thousand) and other tax receivables and receivables for tax withheld at source. As already mentioned, OVS S.p.A., Gruppo Coin S.p.A. and COSI S.p.A. took up the option of joining the tax consolidation scheme, with the consolidating entity being Gruppo Coin S.p.A.. After the option was taken up, the companies in question entered into specific agreements governing their conduct and providing for the transferral of IRES payables/receivables.

		31.01.2016	31.01.2015	change
6	**Other current receivables**	**33,406**	35,857	(2,451)
6	**Other non-current receivables**	**5,633**	3,464	2,169

Other receivables break down as follows:

	31.01.2016	31.01.2015	change
Other receivables	1,171	1,614	(443)
Receivables from insurance companies for claims reimbursements	292	2,597	(2,305)
Receivables from employees	1,436	651	785
Accrued income and prepaid expenses - rents and service charges	22,460	20,744	1,716
Accrued income and prepaid expenses - insurance	3,083	3,047	36
Accrued income and prepaid expenses - interest on security deposits	25	20	5
Accrued income and prepaid expenses - other	4,939	7,184	(2,245)
Total current receivables	**33,406**	**35,857**	**(2,451)**
Tax receivables	1,070	0	1,070
Security deposits	3,509	3,424	85
Minor investments	20	20	0
Other receivables	1,034	20	1,014
Total non-current receivables	**5,633**	**3,464**	**2,169**

The "Other current receivables" item relates to guarantee deposits made for new leases amounting to €262 thousand and to receivables for business unit disposals for €210 thousand, while the remainder refers to social security receivables and advances to suppliers and shippers.

Receivables from insurance companies mainly comprise the scheduled reimbursement for fire damage to stores in Genoa (€90 thousand) and Nettuno (Rome) (€41 thousand) in 2015, and damage to goods in transit (€56 thousand).

The item "Accrued income and prepaid expenses - other" primarily includes prepayments for advertising and marketing services for €1,897 thousand and the deferred portion of the financial fees (€353 thousand) incurred to obtain medium/long-term revolving lines of credit and to obtain lines of credit described in more detail in the "Financial liabilities" section below.

The same item includes accrued income (€337 thousand) relating to revenues from partners for royalties and fees and the recovery of expenses for sub-letters at the points of sale; the residual amount relates primarily to prepayments of utility costs, costs for service provision and reimbursement of start-up costs.

Also note that, to serve as collateral for the New Loan Agreement, at 31 January 2016 insurance receivables were sold by warranty for €0.3 million.

"Other non-current receivables" included security deposits that relate mainly to securities paid under leases, utilities and deposits with customs to guarantee goods imports.

The "Minor investments" item mainly includes equity investments in consortia recognised at cost.

The "Other non-current receivables" item includes receivables from affiliates due beyond 12 months for €90 thousand and the medium-/long-term portion of deferred financial fees for €944 thousand.

		31.01.2016	31.01.2015	change
7	**Property, plant and equipment**	**260,083**	241,517	18,566

Appendix 1 shows the historical cost for each item, the accumulated depreciation and amortisation, changes during the year and the final balances.
Investments in the period mainly related to:

- expenses for modernising, renovating and upgrading stores in the commercial network;
- purchases of furniture and fittings for the commercial network to furnish both newly opened and renovated branches.

The leasehold improvements allocated to the items in question mainly refer to renovations of stores not under direct ownership.

Pursuant to IAS 36, for businesses showing signs of impairment the Group assessed the recoverability of the relative assets using the discounted cash flow method.
The analysis did not show any impairment during the year.

Also note that, pursuant to the New Loan Agreement, at 31 January 2016 a lien was created on property in the amount of €164.0 million.

		31.01.2016	31.01.2015	change
8	**Intangible assets**	**644,412**	649,740	(5,328)

Appendix 2 of these explanatory notes shows the change in each item during the year.

Intangible assets at 31 January 2016 mainly include the amounts allocated to the OVS Group deriving from the acquisition of Gruppo Coin by Icon.
At 31 January 2016, these amounts included:

- The OVS brand for €377.5 million, with an indefinite life (included under "Concessions, licences and brands");
- The Upim brand for €13.3 million, with an indefinite life (included under "Concessions, licences and brands");
- The OVS franchising network for €85.1 million, amortised over 20 years (included under "Other intangible assets");
- The Upim franchising network for €33.8 million, amortised over 20 years (included under "Other intangible assets");

- Licences relating to OVS points of sale for €93.1 million, amortised over 40 years (included under "Concessions, licences and brands");
- Licences relating to Upim points of sale for €17.6 million, amortised over 40 years (included under "Concessions, licences and brands");
- Licences relating to former Bernardi points of sale for €4.4 million, amortised over 40 years (included under "Concessions, licences and brands").

The brands attributed to the OVS Group are regarded as having an indefinite useful life.
To establish this, a management analysis was performed on all relevant factors (legal, judicial, contractual, competitive, economic and other) relating to the brands. The conclusion was reached that there is no foreseeable time limit for the generation of cash inflows for the OVS Group.
The recoverability of the value of these brands was measured using the discounted cash flow method for the CGUs to which these brands are allocated. Please see the following section, "Impairment testing", for the outcome of the assessments carried out.

Note that the useful life of the licences is 40 years.
This was estimated on the basis of historical analyses carried out within the OVS Group.
It should be noted, in this regard, that the time limit placed on the duration of the leases is insignificant. In fact, there are protections provided to the tenant in market practice and under specific legal provisions; in addition, a strategy of gradual further expansion of the network is being implemented by the OVS Group, which usually renews leases before they expire naturally. All these factors have resulted over time in the almost completely successful implementation of the renovation policy. Also note that we have identified a component of residual value (non-amortised residual value at the end of the useful life) calculated over 18 monthly rental payments, representing the amount payable by the lessor if the lease is not renewed for a reason not attributable to the OVS Group.

The remainder of the item mainly consists of rights to industrial patents and intellectual property rights relating to investments in software programmes.

Also note that, pursuant to the New Loan Agreement, at 31 January 2016 a lien was created on OVS Group brands in the amount of €390.8 million.

		31.01.2016	31.01.2015	change
9	Goodwill	452,541	452,541	0

The goodwill allocated to Gruppo OVS mainly relates to the acquisition of Gruppo Coin by Icon on 30 June 2011, for €451,778 thousand.
Goodwill was tested for impairment: the results are shown in the "Impairment testing" section below.

Impairment testing

Pursuant to IAS 36, the Group verifies the recoverability of intangible assets with an indefinite useful life (goodwill and brands) whenever there are indicators of impairment and in any event at the closing date of the year, while for tangible assets and other assets with a finite useful life this takes place when indicators of impairment are identified. The recoverable amount of the cash-generating units (CGUs) to which the individual assets are allocated is verified by calculating their value in use and/or fair value.

a) OVS CGU

Impairment testing entailed the comparison of the carrying amount of the cash generating unit (CGU) and its value in use (VIU). Note that the carrying amount of the OVS CGU includes goodwill, entirely allocated to the CGU, of €452.5 million, and the OVS brand for €377.5 million, both with an indefinite useful life.
The cash generating units identified by management coincide with the OVS and Upim operating segments, which include all services and products provided to customers.
The estimated value in use of the OVS operating segment for the purposes of impairment testing is based on the discounting of provisional data for the OVS CGU, determined on the basis of the following assumptions:

- the projected cash flows for the OVS operating segment were extrapolated from the business plan for the three years from 2016 to 2018, drawn up by management. Provisional cash flows for the OVS CGU were determined according to growth levels of turnover and EBITDA, based on both past operating and profit performance and on future projections;
- projected future cash flows, standardized to be used for the terminal value, were constructed by consistently applying a growth rate "g" for EBITDA of 1% annually, applied to EBITDA in the final year of the Plan. Annual investments were estimated consistently on the basis of the last year of the Plan (€43.6 million): this amount is believed to be representative of the normalised investments needed to maintain existing fixed assets. Moreover, the change in net working capital was taken as zero: this was believed to be reasonable in light of the specific business in which the CGI operates, assuming a balance in the long term between i) trade receivables and payables and ii) inventories.
- the discount rate (WACC) used to estimate the present value of cash flows is 7.0%, determined on the basis of the following assumptions: i) the risk-free rate used is equal to the average over one month (compared with 31 January 2015) of yields on 10-year Italian government bonds; ii) the equity risk

premium is 5.5%, an average rate in line with both the results of long-term analyses of industrialised countries and professional practices; iii) the beta coefficient was estimated based on a panel of comparable listed companies operating in the retail clothing segment; iv) the cost of financial debt (4.1%) was estimated as the 1-month average for the 10-year EurIRS rate, plus a spread of 300 bps; and v) and the debt-to-equity ratio used was calculated on the basis of average data from a panel of comparable companies.

Based on the above considerations, the value in use of the OVS CGU at 31 January 2016 was €1,878.1 million. The comparison between the VIU (€1,878.1 million) and the carrying amount (net invested capital) of the OVS CGU (€968.6 million) shows that the value in use of the CGI is higher than its carrying amount: therefore, there is no impairment to be recognised.

b) Upim CGU

Although no goodwill amount has been allocated to the Upim CGU, the Group has carried out impairment testing on it, in view of the fact that it includes an amount allocated to the brand of €13.3 million, with an indefinite useful life.

The estimated value in use of the Upim operating segment for the purposes of impairment testing is based on the discounting of provisional data for the Upim CGU, determined on the basis of the following assumptions:

- the projected cash flows for the Upim operating segment were extrapolated from the business plan for the three years from 2016 to 2018, drawn up by management. Provisional cash flows for the Upim CGU were determined according to growth levels of turnover and EBITDA, based on both past operating and profit performance and on future projections;
- projected future cash flows, standardized to be used for the terminal value, were constructed by consistently applying a growth rate "g" for EBITDA of 1% annually, applied to EBITDA in the final year of the Plan. Annual investments were estimated consistently on the basis of the last year of the Plan (€15.4 million): this amount is believed to be representative of the normalised investments needed to maintain existing fixed assets. Moreover, the change in net working capital was taken as zero: this was believed to be reasonable in light of the specific business in which the CGI operates, assuming a balance in the long term between i) trade receivables and payables and ii) inventories.
- the discount rate (WACC) used to estimate the present value of cash flows is 7.0%, determined on the basis of the following assumptions: i) the risk-free rate used is equal to the average over one month (compared with 31 January 2015) of yields on 10-year Italian government bonds; ii) the equity risk premium is 5.5%, an average rate in line with both the results of long-term analyses of industrialised countries and professional practices; iii) the beta coefficient was estimated based on a panel of comparable listed companies operating in the retail clothing segment; iv) the cost of financial debt (4.1%) was estimated as the 1-month average for the 10-year EurIRS rate, plus a spread of 300 bps; and

v) and the debt-to-equity ratio used was calculated on the basis of average data from a panel of comparable companies.

Based on the above considerations, the value in use of the Upim CGU at 31 January 2016 was €119.1 million. The comparison between the VIU (€119.1 million) and the carrying amount (net invested capital) of the Upim CGU (€78.2 million) shows that the value in use of the CGI is higher than its carrying amount: therefore, there is no impairment to be recognised.

Impairment testing of store licences

Licences relating to OVS and Upim stores indicating impairment were tested for impairment by calculating value in use for each store.

The key assumptions used to determine the value in use of the CGUs concern the discounting rate and the growth rate. Specifically, the post-tax discount rate (WACC) used was 7.0% and no growth rate was predicted for the period following the 2016 Budget.

Based on the analysis performed, in the current year the store licences for one store in the OVS segment and five stores in the Upim segment were written down, while write-backs were recorded for two OVS stores and one Upim store for previous years, resulting in an overall net total write-down of €555 thousand.

		31.01.2016	31.01.2015	change
10	**Equity investments**	**136**	136	0

This balance exclusively includes the value of the equity investment of 31.63% held by OVS S.p.A. in the Centomilacandele S.c.p.A. consortium.

		31.01.2016	31.01.2015	change
11	**Current financial liabilities**	**7,355**	780,312	(772,957)
11	**Non-current financial liabilities**	**371,601**	3,888	367,713

The breakdown of the "Current financial liabilities" and "Non-current financial liabilities" items at 31 January 2016 and 31 January 2015 is shown below:

(amounts in thousands of euros)	31.01.2016	31.01.2015
Current bank payables	0	79,595
Current portion of non-current debt	5,102	673,931
Other current financial payables	2,253	26,786
Current financial liabilities	**7,355**	**780,312**
Non-current bank payables	370,380	281
Other non-current financial payables	1,221	3,607
Non-current financial liabilities	**371,601**	**3,888**

Current and non-current bank payables and the current portion of long-term debt

The OVS Group's current and non-current bank payables at 31 January 2016 are shown below:

(amounts in thousands of euros)	Maturity date	Interest rate	At 31 January 2016		
			Total	of which non-current portion	of which current portion
Facility B	2020	Euribor + 3.00%	375,000	375,000	-
Due for financial expenses			4,812	-	4,812
Finance costs			(4,620)	(4,620)	-
Bank loans to foreign companies			290	-	290
Non-current bank payables			**375,482**	**370,380**	**5,102**

The lines of credit available to the Group, at 31 January 2016, refer to the loan agreement signed on 23 January 2015 and disbursed on 2 March 2015 (the New Loan Agreement) totalling €475,000,000. This agreement provides for the granting of a medium-/long-term line of credit of €375,000,000, which, together with the income from the capital increase servicing the global offer, was intended to repay the pre-existing debt of the Issuer and to pay costs associated with the listing process (the "Senior Loan"), and a revolving line of credit of €100,000,000 that may be drawn down in different currencies (the "Revolving Line of Credit").

The Senior Loan was disbursed as trading of the Company's shares began on the MTA. On the date when trading in the shares started on the MTA, the Company therefore fully repaid the previous loan agreement (which therefore ceased to be effective).

The applicable interest rate for both the senior loan and the revolving line of credit is equal to the sum of (i) the margin of 3% per annum (the "Margin") and (ii) the Euribor or, if the currency used is not the euro, the Libor (the "Interest"). The Interest will be calculated on a quarterly or half-yearly basis for the senior loan, and on a monthly or quarterly or half-yearly basis for the revolving line of credit (unless otherwise agreed between the parties).

The Margin may decrease or increase according to the ratio of average total net debt to EBITDA (as contractually specified), calculated on the basis, depending on the case, of the consolidated financial statements (audited) at 31 January and the consolidated half-year report (unaudited) at 31 July, drawn up pursuant to IFRS. Specifically, the New Loan Agreement stipulates that:

- if the ratio is greater than or equal to 3.00:1, the applicable Margin will be 3.50%;

- if the ratio is less than 3.00:1 but greater than or equal to 2.00:1, the applicable Margin will be 3.00%;
- if the ratio is less than 2.00:1 but greater than or equal to 1.50:1, the applicable Margin will be 2.50%; and
- if the ratio is less than 1.50:1, the applicable Margin will be 2.00%;

At 31 January 2016, the ratio of average financial debt to EBITDA was 1.87. The Margin will therefore be 2.50% as of the third business day after the date of receipt of the Compliance Certificate by the Agent Bank, which is scheduled to take place by 31 May 2016.

The final due date of the New Loan Agreement, which also coincides with the repayment date for the lines of credit, is fixed as the fifth anniversary of the date at which the Senior Loan was initially disbursed.

The New Loan Agreement provides for mandatory early repayment if one of the following circumstances, *inter alia*, should occur:

- the lending banks are unable to maintain the commitments provided for under the New Loan Agreement due to an illegal event; and
- there is a change in control in the Issuer, intended to mean the acquisition by one party (or several parties acting in concert) (i) of a percentage of voting rights that is sufficient, directly or indirectly, to result in a mandatory public tender offer for shares of the Issuer and/or (ii) of the power to appoint or dismiss all, or the majority, of the Issuer's directors.

The New Loan Agreement provides that, to ensure that the relative obligations are met, the following guarantees are made in favour of the banking syndicate on their movable property, infra-group loans, patents, current accounts and trade and insurance receivables, whose terms and conditions are in line with those previously provided for under similar guarantees supporting the Old Loan Agreement, and in particular:

1. the assignment as collateral of receivables arising from any infra-group loan for which OVS S.p.A. is the lending party;
2. the assignment as collateral of trade and insurance receivables (mainly receivables for the provision of products to the franchising affiliates and insurance receivables);
3. a lien on some corporate assets (mainly furnishings and equipment related to the business of OVS) owned by the Group;
4. a pledge on 100% of the shares of OVS Hong Kong Sourcing Limited (f/k/a Oriental Buying Services Limited) held by OVS S.p.A.;
5. a pledge on 100% of the shares of the other subsidiaries of OVS S.p.A. that will fall under the definition of "Material Company" pursuant to the New Loan Agreement. A Material Company is intended to mean any new company that will be controlled by OVS S.p.A. in the future and which is material, pursuant to the New Loan Agreement, according to the revenues it generates in proportion to Group EBITDA;
6. a pledge on some brands owned by OVS S.p.A. (specifically on the OVS and Upim brands);
7. a pledge on some current accounts held by OVS S.p.A..

OVS S.p.A. undertakes to announce the occurrence of any significant adverse events or default events that could restrict and/or impede the ability of OVS S.p.A. or any guarantor to meet its contractual obligations under the New Loan Agreement.
In terms of financial obligations, the only parameter that OVS S.p.A. is committed to comply with is the leverage ratio, i.e. the OVS Group's ratio of net debt to EBITDA, on a consolidated basis. From 31 July 2015, this parameter must be equal to or less than 3.50:1 for each 12-month period ending in a reporting date (i.e. 31 January and 31 July of each year), according to a calculation based on the consolidated financial statements and consolidated half-year reports of OVS Group, with the exception of the tests of July 2015 and January 2016, in which average financial debt will be calculated on the final value of each month that has actually passed since the date of disbursement. As previously mentioned, at 31 January 2016, the ratio of average financial debt to EBITDA was 1.87. The obligation is therefore completely fulfilled.
The New Loan Agreement is governed by UK law and any disputes relating thereto are under the exclusive jurisdiction of the UK courts.

Any violation in accordance with the contractual covenants is an event of default that the Group has the power to heal within 15 working days from the maturity of the obligation of sending the Compliance Certificate related to the calculation period. However, the default can be prevented by an intervention of the shareholders so that the new calculation of the covenants at the reporting date can observe the contractual limits if the intervention of the partners is carried out before that date. The intervention of the shareholders may take the form, for example, of subordinated loan or newly issued shares of OVS.
If the default is not healed, Unicredit as Agent Bank has the option (but not the obligation) to request early payment of the loan also exercising the activation of granted guarantees.

The breakdown of the consolidated net financial debt of the OVS Group at 31 January 2016 and 31 January 2015, determined according to the provisions of the Consob Communication of 28 July 2006 and pursuant to the ESMA/2013/319 Recommendations, is shown below:

(amounts in thousands of euros)	31.01.2016	31.01.2015
Net debt		
A. Cash	125,636	40,334
B. Cash equivalents	-	-
C. Securities held for trading	-	-
D. Liquid assets (A)+(B)+(C)	**125,636**	**40,334**
E. Current financial receivables	**16,308**	**118,376**
F. Current bank payables	(5,102)	(753,526)
G. Current portion of non-current debt	-	-
H. Other current financial payables	(2,253)	(26,786)
I. Current debt (F)+(G)+(H)	**(7,355)**	**(780,312)**
J. Net current debt (I)+(E)+(D)	**134,589**	**(621,602)**
K. Non-current bank payables	(370,380)	(281)
L. Bonds issued	-	-
M. Other non-current financial payables	(1,221)	(3,607)
N. Non-current debt (K)+(L)+(M)	**(371,601)**	**(3,888)**
O. Net debt (J)+(N)	**(237,012)**	**(625,490)**
Non-current financial receivables	**1,988**	**1,111**
Net financial position	**(235,024)**	**(624,379)**

Other current and non-current financial payables

The following table shows the breakdown of other current and non-current financial payables at 31 January 2016 and 31 January 2015.

(amounts in thousands of euros)	31.01.2016	31.01.2015
Interest rate swaps (IRS)	-	1,256
Payables for finance leases	2,145	2,953
Financial payable from parent company	-	22,338
Payables to factoring companies	-	130
Other loans and minor financial payables	108	109
Other current financial payables	**2,253**	**26,786**
Interest rate swaps (IRS)	-	-
Payables for finance leases	1,166	3,444
Other loans and minor financial payables	55	163
Other non-current financial payables	**1,221**	**3,607**

The item "Financial debt to parent company" shown at 31.01.2015 refers to net payables to Gruppo Coin S.p.A. (€22.3 million) for the management of payments made on behalf of OVS S.p.A. in the period after the Transferral. This debt, which carried market interest rates, was settled on 12 February 2015.

The breakdown by maturity of minimum payments and principal amounts on finance leases is shown below:

	Minimum payments owed for finance leases		Principal amount	
	31 Jan 2016	31 Jan 2015	31 Jan 2016	31 Jan 2015
Within 1 year	2,371	3,406	2,145	2,953
From 1 to 5 years	1,500	3,872	1,166	3,444
Beyond 5 years	0	0	0	0
Total	**3,871**	**7,278**	**3,311**	**6,397**

The reconciliation between the minimum payments owed to the leasing company and their present value (principal) is as follows:

	31 Jan 2016	31 Jan 2015
Minimum payments owed for finance leases	3,871	7,278
(Future financial expenses)	(560)	(881)
Present value of payables for finance leases	3,311	6,397

The Group leases equipment and fittings. The weighted average duration of the leases is around eight years.

The interest rates are set at the date on which the contract is entered into and are indexed to the 3-month Euribor. All lease agreements are repayable in equal instalments, and no restructuring of the original repayment plan is provided for contractually.

All the agreements are denominated in the accounting currency (Euro).

Payables to leasing companies are guaranteed to the lessor by means of rights over the leased assets.

	31.01.2016	31.01.2015	change
12 Trade payables	**368,834**	374,403	(5,569)

The breakdown of the "Trade payables" item at 31 January 2016 and 31 January 2015 is provided below:

(amounts in thousands of euros)	31.01.2016	31.01.2015	change
Payables to third-party suppliers	367,027	370,226	(3,199)
Payables to related parties	1,807	4,177	(2,370)
Trade payables	**368,834**	**374,403**	**(5,569)**

This item includes payables relating to the OVS Group’s normal course of operations, in respect of the supply of goods, assets and services.

The balance includes trade payables to foreign suppliers (mainly in Asia) amounting to €170,276 thousand; it also includes exposure in foreign currency (mainly USD) amounting to USD149,998 thousand, already net of USD15 thousand for advances.

Also note that at these dates there were no payables with a residual life of more than five years in the statement of financial position.

		31.01.2016	31.01.2015	change
13	**Current tax liabilities**	**23,771**	16,836	6,935

The amount shown includes IRES (corporation tax) payables of €23.3 million and IRAP (regional production tax) payables of €0.1 million (net of payments on account of €5.3 million), as well as taxes paid by the foreign companies for the year.

		31.01.2016	31.01.2015	change
14	**Other current payables**	**101,895**	88,820	13,075
14	**Other non-current payables**	**11,776**	9,396	2,380

The breakdown of the "Other payables" item into current and non-current at 31 January 2016 and at 31 January 2015 is shown below:

	31.01.2016	31.01.2015	change
Payables to employees for unused leave and related contributions	7,755	6,883	872
Payables to employees for deferred salaries, overtime, bonuses and related contributions	19,172	16,406	2,766
Payables to Directors and Auditors for emoluments	384	434	(50)
Other payables	5,788	4,987	801
Payables to pension and social security institutions	6,495	6,066	429
VAT payables	37,019	34,662	2,357
Other tax payables	2,918	2,709	209
Other payables - to customers	102	70	32
Accrued expenses/deferred income - rents and leasing	7,539	6,639	900
Accrued expenses and deferred income - utilities	2,610	2,231	379
Accrued expenses and deferred income - insurance	94	50	44
Accrued expenses and deferred income - other	12,019	7,683	4,336
Total current payables	**101,895**	**88,820**	**13,075**
Linearisation of rents	10,237	8,556	1,681
Accrued expenses and deferred income - other	1,539	840	699
Total non-current payables	**11,776**	**9,396**	**2,380**

"Payables to employees" relates to benefits accrued and not paid out at 31 January 2016.

"Other payables" mainly refers to customer advances to book goods and purchases of goods vouchers for €3,349 thousand, payables for deposits received from customers as guarantees for an affiliation agreement for €1,986 thousand, and payables to a former Upim S.r.l. supplier for a legal dispute amounting to €340 thousand.

The increase in payables to pension and social security institutions reflects payables to the INPS.

At the reporting date the Group had a VAT payable deriving from retail and wholesale sales and to a lesser extent from the sale of goods and services.

The "Other tax payables" item includes IRPEF (personal tax) on employees, payables to tax offices and payables for unpaid withholding tax.
It should be noted that the "Other accrued expenses/deferred income" item includes €3,797 thousand in accrued expenses for local taxes, €984 thousand for travel expenses, €446 thousand for banking expenses, as well as €5,774 thousand in deferred income for contributions payable by partners and lessors.
It also includes €240 thousand relating to the current portion of the extension of software usage rights to Gruppo Coin S.p.A. for a five-year period (the non-current portion, recognised under "Other accrued expenses/deferred income - non-current", amounts to €600 thousand).

Non-current payables refer, in the amount of €10,237 thousand, to the recognition of the payable due to the linearisation of leases with payment instalments that increase throughout the life of the lease. The same item includes the €600 thousand already mentioned in the previous item and €939 thousand relating to the deferral of the contribution deriving from investments in new capital goods, which benefited from the "Tremonti-quater" exemption. Note that investments were booked including the contribution amount, which was spread throughout the period of depreciation of the goods concerned.

		31.01.2016	31.01.2015	change
15	**Employee benefits**	**40,529**	44,445	(3,916)

The item mainly includes the provisions made by the Group for accrued employee severance benefits. Post-employment benefits are guaranteed by the Group as part of its defined benefit plans. The defined benefit plans include the provision for employee severance benefits accrued at 31 December 2006, the date since which, due to the reform that has taken place, the provision has been identified as a defined contribution provision.
As already mentioned, from 1 January 2007, the 2007 Budget and the associated implementing decrees introduced significant amendments to the rules on employee severance benefits, including options for employees with regard to the allocation of their accruing severance benefits. Specifically, new flows of severance benefits may be directed by the employee to preselected or company pension schemes (in the latter case, the company will pay severance benefit contributions into a treasury account set up with the INPS (the Italian social security and welfare institution).

The change in the "Employee benefits" item is shown below.

(amounts in thousands of euros)	31 Jan 2016	31 Jan 2015
Balance at start of year	**44,445**	**42,497**
Increase in period	872	186
Actuarial (gains)/losses	(2,239)	3,706
Contributions made/benefits paid	(2,549)	(1,944)
Balance at end of year	**40,529**	**44,445**

The item also includes €79 thousand relating to the pension provision, which is disbursed when employees retire. Like the employee severance benefits, the provision is calculated on an actuarial basis using the projected unit credit method.

The economic and demographic assumptions used for actuarial evaluation are listed below:

Demographic assumptions:

- for the expectation of death, the IPS55 demographic, broken down by gender;
- for the expectation of disability, the assumptions used by the INPS model for projections to 2010. Expectations are constructed starting with the distribution by age and gender of pensions in force at 1 January 1987 starting in 1984, 1985 and 1986 relating to personnel in the credit unit;
- for the age of retirement of the general working population, achievement of the first retirement requirement applicable for Mandatory General Insurance was assumed;
- for the probability of leaving employment for reasons other than death, based on statistics provided by the Group, an annual frequency rate of 5.00% was assumed;
- for the probability of early retirement, an year-on-year figure of 3.00% was assumed.

Economic and financial assumptions:

Annual discount rate	1.80%
Annual inflation rate	1.75%
Annual increase in employee severance benefits	2.81%

The iBoxx Eurozone Corporates AA 10+ at the calculation date was used as the benchmark for the discount rate. This expiry relates to the average remaining period of service at the company of the employees of Group Companies, weighted with the expected payment.

Sensitivity analysis

As required by the revised version of IAS 19, a sensitivity analysis was carried out on changes in the key actuarial assumptions included in the calculation model.

The above scenario was used as the baseline scenario; from this, the most significant assumptions - i.e. the average annual discount rate, the average inflation rate and the turnover rate - were increased and decreased by one half, one quarter and two percentage points respectively. The results obtained are summarised in the following table (millions of euros):

	Annual discount rate		Annual inflation rate		Annual turnover rate	
	+0.50%	-0.50%	+0.25%	-0.25%	+2.00%	-2.00%
OVS	39.3	49.2	41.6	40.5	40.8	41.3

Future cash flows

As required by the revised version of IAS 19, the expected payment flows for the next few years were calculated, as the following table shows (in millions of euros):

years	Cash flow
0 - 1	3.0
1 - 2	2.8
2 - 3	2.7
3 - 4	2.8
4 - 5	2.9
5 - beyond	34.3

The average number of personnel during the year just ended was 77 managers, 6,037 white-collar workers and 246 blue-collar workers.

At 31 January 2016, the Group had 83 managers, 6,141 white-collar workers and 254 blue-collar workers in its own employ.

	31.01.2016	31.01.2015	change
16 Provisions for risks and charges	**8,216**	9,395	(1,179)

Changes in the "Provision for risks and charges" item are shown below:

(amounts in thousands of euros)	31 Jan 2016	31 Jan 2015
Balance at start of year	**9,395**	**9,249**
Allocations in the period	0	237
Exchange rates effect	0	26
Utilisations in the period	(1,179)	(117)
Balance at end of year	**8,216**	**9,395**

The provision is made for the risk of disputes with suppliers in relation to product sales and marketing, public entities, former employees and third parties of various kinds.

The outcome of these risks cannot be defined with certainty, and the amount recorded therefore represents the best estimate of the presumed charge at year-end.

		31.01.2016	31.01.2015	change
17	**Deferred tax liabilities**	**142,733**	168,506	(25,773)

The change in the "Deferred tax liabilities" item is shown below.

(amounts in thousands of euros)	Balance at 31.01.2015	Allocated/ released to income statement	Allocated/ released to statement of comprehensive income	Allocated/ released to reserve	IRES rate adjustment effect	Balance at 31.01.2016
Provision for stock write-downs	5,824	1,096				6,920
Appropriation for local taxes	899	100				999
Provisions for risks and charges	2,511	(252)				2,259
Doubtful accounts	2,360	383			(49)	2,694
Tangible and intangible assets	(179,390)	(49)			20,076	(159,363)
Currency hedging derivatives	(7,303)	0	7,303			0
Employee severance benefits calculated according to IAS 19	1,019	0	(616)			403
Other minor	5,574	(4,828)		2,879	(270)	3,355
Total net prepaid (deferred)	**(168,506)**	**(3,550)**	**6,687**	**2,879**	**19,757**	**(142,733)**

The same details are shown for the previous year:

(amounts in thousands of euros)	Value as at contribution date	Allocated/ released to income statement	Allocated/ released to statement of comprehensive income	Balance at 31.01.2015
Provision for stock write-downs	2,259	3,565		5,824
Appropriation for local taxes	88	811		899
Provisions for risks and charges	2,544	(33)		2,511
Doubtful accounts	2,633	(273)		2,360
Tangible and intangible assets	(176,674)	(2,716)		(179,390)
Currency hedging derivatives	(104)	104	(7,303)	(7,303)
Derivatives on exchange rates	642	(642)		0
Employee severance benefits calculated according to IAS 19	28	(28)	1,019	1,019
Other minor	923	4,651		5,574
Total net prepaid (deferred)	**(167,661)**	**5,439**	**(6,284)**	**(168,506)**

Deferred tax liabilities related to the higher value of intangible assets in the financial statements were mainly due to their recognition at fair value according to the acquisition method at the time of the business combination.

The "IRES rate adjustment effect" column includes changes in the recalculation of deferred tax following the reduction as of 2017 of the IRES rate from 27.5% to 24%, pursuant to the 2016 Stability Law (208/2015).

SHAREHOLDERS' EQUITY

Shareholders' equity came in at €825.1 million.
Details of changes in the items included in shareholders' equity are provided in the relative accounting schedule.

18 Share capital

At 31 January 2016, the share capital of OVS S.p.A. amounted to €227,000,000, comprising 227,000,000 ordinary shares with no par value.
OVS was incorporated on 14 May 2014 with share capital of €10,000.
The Transferral of the OVS-Upim Business Unit by sole shareholder Gruppo Coin (an operation which has been described several times), which took effect from 31 July 2014, entailed a share capital increase from €10,000 to €140,000,000, with a premium of €249,885,000.
Lastly, on 24 February 2015, the global offer for subscription and sale of ordinary shares of OVS S.p.A., with the aim of listing this company on the MTA, was successfully completed.
The subscription operation entailed a capital increase of €87,000,000, taking the share capital from €140,000,000 to €227,000,000, divided into 227,000,000 ordinary shares with no par value.

18 Other reserves

The breakdown of other reserves is as follows:

The **share premium reserve**, amounting to €512.0 million, derives from increases in the capital of OVS S.p.A., as previously mentioned, and is shown net of listing costs of €7,590 thousand (gross costs of €10,469 thousand and deferred tax of €2,879 thousand).
With regard to the accounting treatment applied to these costs, pursuant to IAS 32, following the positive outcome of the listing process, the ratio between the number of new shares/number of shares post-listing determined the percentage of charges registered as a direct reduction in shareholders' equity, while the remainder was recognised under costs in the income statement. In 2015, costs for the period recognised in the income statement on the basis of the above criteria amounted to €1.8 million, while in 2014 they came to €2.3 million.
There are also **other reserves** with a negative net balance of €0.6 million, mainly including the effects of booking directly to equity the actuarial gains/(losses) relating to employee severance benefits and the translation reserve.
Changes in shareholders' equity during the year include the recognition of management incentive plans in accordance with IFRS 2 (see note 22 ("Staff costs")).
For further details on changes during the year, please see the consolidated statement of changes in

shareholders' equity.

Changes in the cash flow hedging reserve were as follows:

(amounts in thousands of euros)	2015	2014
Value at start of year/at transfer date	**19,255**	**0**
Release to cost of sales of the portion relating to instruments for which the hedging relationship was entered into	(25,615)	(212)
Deferred tax effect	7,044	58
Release to change in inventories of the portion relating to instruments for which the hedging relationship was entered into	(5,138)	(2,023)
Deferred tax effect	1,413	556
Release to income statement of fair value on instruments for which the hedging relationship has ended	0	11,083
Deferred tax effect	0	(3,048)
Change in fair value	4,195	17,710
Deferred tax effect	(1,154)	(4,869)
Total change	(19,255)	19,255
Value at the end of the year	**0**	**19,255**

Changes in the reserve for actuarial gains/(losses) were as follows:

(amounts in thousands of euros)	2015	2014
Value at start of year/at transfer date	**(2,687)**	**0**
Change in provision for employee severance benefits under IAS 19	2,240	(3,706)
Deferred tax effect	(616)	1,019
Total change	1,624	(2,687)
Value at the end of the year	**(1,063)**	**(2,687)**

For further details on changes during the year, please see the consolidated statement of changes in shareholders' equity.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

We will now provide details of some income statement items (values are expressed in thousands of euros). Note that the amounts compared include the economic balances of Gruppo OVS from the date of incorporation to the end of the year, i.e. from 14 May 2014 to 31 January 2015; in particular, Gruppo OVS acquired the OVS-Upim Business Unit by transferral with effect from 31 July 2014.

19 Revenues

The breakdown of the "Revenues" item is provided below:

	31.01.2016	31.01.2015
Revenues from retail sales	1,425,220	716,945
VAT on retail sales	(257,484)	(129,666)
Net sales	**1,167,736**	**587,279**
Revenues from sales to affiliates, administered and wholesale	151,606	69,641
Subtotal net sales	**1,319,342**	**656,920**
Revenues from services	138	65
Total	**1,319,480**	**656,985**

20 Other operating income and revenues

The breakdown of the "Other operating income and revenues" item is provided below:

	31.01.2016	31.01.2015
Revenues from services rendered	38,486	18,924
Rental and leasing revenues	16,999	8,682
Damages	1,922	28
Capital gains from asset disposals	33	33
Other revenues	3,293	5,062
Total	**60,733**	**32,729**

Revenues from services provided mainly relate to the recovery of transport expenses, the recovery of advertising expenses, promotional contributions and charges for staff costs and other services provided, including fees from commercial partners in concessions at the OVS Group’s points of sale.

The item "Rental income and leases" mainly includes rent from concession partners at OVS and Upim points of sale.

The "Other revenues" item mainly includes contributions from suppliers and lessors, repayment of start-up costs and various contingent assets.

21 Purchases of raw materials, consumables and goods

Purchases of raw materials, supplies, consumables and goods mainly consists of purchases of products for sale and amounts to €576,127 thousand.

These break down as follows:

	31.01.2016	31.01.2015
Purchases of raw materials, consumables and goods	578,224	297,704
Change in inventories	(2,097)	(7,561)
Total	**576,127**	**290,143**

The consideration in euros for purchases abroad, mainly in dollars, including ancillary costs, is €479,338 thousand.

22 Staff costs

The breakdown of the "Staff costs" item is provided below:

	31.01.2016	31.01.2015
Wages and salaries	191,637	91,036
Social security charges	57,286	27,994
Employee severance benefits	11,691	5,550
Other staff costs	530	288
Directors' fees	786	358
Total	**261,930**	**125,226**

The number of employees, expressed as the "full-time equivalent" headcount, was 5,639 at the end of the year, compared with 5,475 at 31 January 2015.

MANAGEMENT INCENTIVE PLANS

Approval of the Stock Option Plan

On 26 May 2015, the shareholders' meeting approved the 2015-2020 Stock Option Plan (hereinafter, the "Plan") which will be implemented through the allocation of free options for subscription to ordinary newly issued shares of OVS S.p.A.. The Plan is reserved for directors who are also employees, managers with strategic responsibilities and/or other employees of OVS S.p.A. and its subsidiaries. The Plan is intended to create value for shareholders by improving long-term corporate performance and attracting personnel that play a key role in the Company's development.

The Plan provides for the issue of up to 5,107,500 options, which will be freely allocated to the beneficiaries if certain performance targets are met, and confers on each of them the right to subscribe to one ordinary share of the Company for each option assigned.

The same meeting was also convened in an extraordinary session to resolve upon the proposal to give the Board of Directors, for a period of five years from the date of the resolution, the power to increase the share capital, pursuant to Article 2443 of the Italian Civil Code, in tranches, excluding option rights pursuant to Article 2441, paragraph 8 of the Italian Civil Code, for a total maximum nominal amount of €35,000,000, through the issue, in one or more tranches, of up to 5,107,500 ordinary shares with no par value, to be reserved for the beneficiaries of the "2015-2020 Stock Option Plan", with the consequent amendment of Article 5 of the Articles of Association.

Implementation of the "2015-2020 Stock Option Plan"

On 8 June 2015, the Board of Directors, implementing the resolutions passed by the shareholders' meeting of 26 May 2015, resolved to execute the mandate to increase the share capital, pursuant to Article 2443 of the Italian Civil Code, granted to the Board of Directors by the extraordinary shareholders' meeting of 26 May 2015, and, for this purpose, resolved upon a capital increase to service the stock option plan named the "2015-2020 Stock Option Plan", which was approved by the same shareholders' meeting. In particular, pursuant to the mandate granted by the extraordinary shareholders' meeting of 26 May 2015, the Board of Directors resolved to carry out a paid share capital increase by the deadline of 8 June 2025, by issuing, in one or more tranches, up to 5,107,500 new ordinary shares of OVS, constituting 2.25% of the current share capital of OVS S.p.A., subscribed and paid up, with no par value, with the same characteristics as the ordinary shares outstanding on the issue date, with ordinary rights, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the aforementioned stock option plan called the "2015-2020 Stock Option Plan".

The key elements of the Stock Option Plan are as follows.

The reasons for the adoption of the 2015-2020 Stock Option Plan, which was approved by the shareholders' meeting of 26 May 2015, are the need to offer, on conditions that take account of the current value from time to time of the OVS stock, a system of remuneration that incentives managers and key personnel of the Company and the Subsidiaries, linking the variable portion of the remuneration to the Company's actual performance and the creation of new value for shareholders, as well as an incentive system designed to attract individuals who are highly qualified in management.

The Stock Option Plan is reserved for individuals who, at the option grant date, hold the role of executive directors and/or will have an employment relationship of indefinite duration with one of the Group's companies. This Plan provides for the free granting of options (the "Options") that will give beneficiaries the right to subscribe to ordinary shares of OVS (in the ratio of 1 (one) ordinary share for every 1 (one) Option exercised) arising from the paid share capital increase in tranches described above, for a nominal amount of up to €35,000,000, excluding option rights pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code, through the issue of up to 5,107,500 new ordinary shares of OVS.

For each beneficiary and for the first cycle of options granted under the Plan, the exercise price of the shares is set at €4.88 per share. The exercise price for the first cycle of options, established by the Company's Board of Directors on 22 April 2015 after consultation with the Appointments and Remuneration Committee, is equal to the definitive unit price at which OVS shares were placed under the global offer between 16 February 2015 and 24 February 2015, which comprised a public offer to the general public in Italy and an institutional placement for qualified investors in Italy and institutional investors abroad, for the purpose of listing shares of OVS, as of 2 March 2015, on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., ("MTA"), at €4.10 for each OVS share subject to the global offer, plus 19.1%.

The exercise of the Options is subject to the achievement of predetermined and measurable performance targets, which include, *inter alia*, the parameter of EBITDA, as indicated by the Board of Directors after consultation with the Remuneration Committee, for the reference period under the Group's business plan and/or budget.

The Stock Option Plan authorises beneficiaries to exercise the options early if certain events occur, including:

- a change of control within the meaning of Article 93 of the TUF, including if this does not entail a public tender offer obligation;
- a public tender offer for the Company's shares pursuant to Articles 102 *et seq*. of the TUF; or
- resolutions on transactions that could result in the delisting of ordinary shares of OVS.

The Stock Option Plan also requires, as a condition for participation in the plan itself, that the employee relationship of indeterminate duration or executive management with OVS or a subsidiary, depending on the type of beneficiary (the "Relationship"), be maintained.

In particular, the Stock Option Plan provides that, on termination of the Relationship due to a "bad leaver" scenario, all Options awarded to the beneficiary, including Options that have become effective but have not yet been exercised, will automatically lapse and will have no effect or validity.

The following events are regarded as "bad leaver" scenarios, depending on the case: (i) dismissal of the beneficiary, termination of the post as director and/or the powers of the beneficiary, or non-renewal of the position as board member and/or the powers of the beneficiary, all of the above for just cause; and (ii) termination of the Relationship due to voluntary resignation by the beneficiary not justified by a "good leaver" scenario.

If the Relationship is terminated due to a "good leaver" scenario, the beneficiary or his/her heirs, provided that the obligations, terms and conditions set out in the Stock Option Plan are adhered to, will retain the right to exercise the Options granted, taking account of the time at which the Relationship was terminated in accordance with the procedures set out in the Plan.

The following events are regarded as "good leaver" scenarios, depending on the case: (i) dismissal without just cause; (ii) termination of the post of director or non-renewal of the post of board member without just cause; (iii) resignation as a board member when the beneficiary, without just cause, suffers a termination

or non-confirmation of powers, so that his/her relationship with the Company or the Subsidiary is substantially altered; and (iv) resignation from the post or withdrawal from the employment relationship in the event of any one of the following cases: (a) permanent physical or psychological incapacity (due to illness or accident) of the beneficiary; or (b) decease of the beneficiary.
The Stock Option Plan will end on 31 December 2010 and provides for a vesting period for the Options granted to the beneficiary.

As already mentioned, the Stock Option Plan will end on 8 June 2025 (the expiration date, by which the exercisable Options must be exercised on penalty of forfeiture). There are three vesting periods for the Options granted to the beneficiaries, with the following scope and terms:

- 1/3 of the Options are exercisable after 36 months from the grant date (First Vesting Period);
- 1/3 of the Options are exercisable after 48 months from the grant date (Second Vesting Period);
- 1/3 of the Options are exercisable after 60 months from the grant date (Third Vesting Period).

At 31 January 2016, 5,101,375 option rights had been granted in a single tranche, by resolution of the Board of Directors at its meeting of 8 June 2015.
The Plan described above is defined as equity-settled pursuant to IFRS 2. In accordance with this accounting standard, the fair value of the Plan was estimated at the grant date, using the Black-Scholes method.
The portion of the overall fair value of the Plan pertaining to the reporting period has therefore been recognised in the consolidated income statement. In particular, staff costs attributable to the granting of OVS shares, amounting to €1,393 thousand, were recognised with a contra-entry in shareholders' equity.
For further details of the Plan, see the Report of the Board of Directors and the information memorandum, pursuant to Article 84-*bis* of Consob Regulation 11971/1999, which is available on the Company website at www.ovscorporate.it, in the Governance/Shareholders' Meeting section.

Also note that, as part of the operation to acquire an equity investment in Gruppo Coin by funds assisted by BC Partners, which was completed on 30 June 2011, Icon 1 S.A., a holding company operating under Luxembourg law, issued a series of financial instruments to serve the acquisition, assigned to a range of classes of persons, including some managers at Gruppo Coin and now at the OVS Group.

For details of the characteristics of these financial instruments and the related accounting treatment used by the conferrer Gruppo Coin S.p.A., please see the information provided in the section of the prospectus on the carve-out balances (chapter 20.1.3) published in the "Investor Relations" section of the Company's website.

Note that, when another three managers became shareholders of Icon 1 S.A., the characteristics of these instruments were redefined, partly with the aim of rebalancing the position of the managers, which had been prejudiced by the issue by Icon 1 S.A. of a special financial instrument. These changes did not affect the OVS Group's financial position and profit performance, given that in June 2015 the managers added to the initial payments made based on the fair value of the financial instruments, recalculated at the effective date of the changes.

23 Depreciation, amortisation and write-downs of assets

The breakdown of the "Depreciation, amortisation and write-downs of assets" item is provided below:

	31.01.2016	31.01.2015
Amortisation of intangible assets	14,118	6,995
Depreciation of tangible assets	40,437	19,545
Write-downs of tangible and intangible assets	3,638	4,031
Total	**58,193**	**30,571**

Note that the amount relating to write-downs of tangible and intangible assets in the appendices in question was included in the amounts shown in the "Disposals" and "Write-downs" columns.
Write-downs refer to assets written down due to store closures that have already taken place or are planned, and/or the results of impairment testing.

24 Other operating expenses: Service costs

Service costs, which reflect the Group's use of external resources, can be broken down as follows:

	31.01.2016	31.01.2015
Advertising	25,440	11,949
Utilities	33,265	18,261
Miscellaneous sales costs	41,290	21,449
Professional and consulting services	19,000	8,924
Travel and other employee expenses	12,464	5,063
Insurance	3,345	1,461
Maintenance, cleaning and security	32,114	14,845
Other services	4,454	2,550
Board of Statutory Auditors' fees / Supervisory Body	188	76
Total	**171,560**	**84,578**

25 Other operating expenses: Costs for the use of third-party assets

Costs for the use of third-party assets break down as follows:

	31.01.2016	31.01.2015
Rental costs and ancillary charges	180,843	89,312
Leasing of plant, equipment and vehicles	4,405	1,950
Total	**185,248**	**91,262**

The item "Rental expenses and related charges" mainly includes rents and service charges generated by the sales network. The leases were signed at arm's length conditions.

26 Other operating expenses: Write-downs and provisions

The breakdown of the "Write-downs and provisions" item is provided below:

	31.01.2016	31.01.2015
Doubtful accounts	1,800	1,580
Provisions for risks	0	237
Total	**1,800**	**1,817**

For details of the amounts described above, please see the details for the respective items of the allowance for bad debt and the provision for risks and charges.

27 Other operating expenses: Other operating charges

Other operating charges break down as follows:

	31.01.2016	31.01.2015
Materials and equipment for offices and stores	7,407	3,174
Taxes	9,969	4,905
Capital losses	930	460
Donations	446	110
Corporate expenses	461	161
Other general and administrative expenses	2,618	608
Other operating expenses	1,528	733
Total	**23,359**	**10,151**

The "Other operating expenses" item mainly comprises €593 thousand relating to rebates, fines and rounding liabilities and €34 thousand for discounts on partner goods distributed to customers during special events; the same item also includes transactional agreements with lessors and suppliers for €173 thousand, and miscellaneous reimbursements for expenses.

28 Financial income (expenses)

FINANCIAL INCOME

	31.01.2016	31.01.2015
Financial income on bank current accounts	63	16
Financial income from miscellaneous sources	55	6
Income from parent company	0	3,660
Total	**118**	**3,682**

FINANCIAL EXPENSES

	31.01.2016	31.01.2015
Financial expenses to parent company	0	1,973
Financial expenses on bank current accounts	59	21
Financial expenses on loans	21,164	43,141
Financial expenses payable to other lenders	314	265
Interest cost on provision for employee severance benefits	539	186
Other financial expenses/fees	4,850	2,926
Total	**26,926**	**48,512**

Other financial expenses on loans mainly include fees associated with existing loans.

Financial expenses included €6.8 million relating to the writing off of the effect of amortised cost on the Old Loan Agreement that existed at the reporting date but was fully repaid on 2 March 2015, when shares of OVS S.p.A. were listed on the MTA, and included, as shown below, among non-recurring expenses.

EXCHANGE RATE GAINS AND LOSSES

	31.01.2016	31.01.2015
Foreign exchange gains	16,386	3,185
Foreign exchange losses	(461)	(14,609)
Gains (losses) on the change in fair value of currency derivatives	15,619	2,670
Gains (losses) on the change in fair value of currency derivatives in hedge accounting	(8,271)	5,565
Total	**23,273**	**(3,189)**

GAINS (LOSSES) FROM EQUITY INVESTMENTS

This amount, totalling €47 thousand, refers to dividends received by Centomilacandele S.c.p.A..

29 Taxes

The following is a breakdown of the charge to the income statement:

	31.01.2016	31.01.2015
IRES tax	23,327	11,059
IRAP tax	5,451	5,351
Tax on foreign companies	490	768
Deferred tax (net change)	(17,387)	(5,439)
Total	**11,881**	**11,739**

The following table shows the reconciliation of the theoretical tax charge with the effective tax charge:

(amounts in thousands of euros)	31.01.2016	%	31.01.2015	%
Net result for the year before tax	98,508		7,947	
Theoretical income tax (IRES)	(27,090)	(27.5)%	(2,185)	(27.5)%
IRAP	(5,457)	(5.5)%	(5,466)	(68.8)%
Tax effect of permanent differences and other differences	909	0.9%	(4,088)	(51.4)%
IRES rate adjustment effect	19,757	20.1%		
Taxes	**(11,881)**		**(11,739)**	
Effective tax rate		**(12.1)%**		**(147.7)%**

The amount of €19,757 thousand derives from the recalculation of deferred tax at the close of the year, based on the lower IRES rate of 24% (rather than 27.5%) defined in the 2016 Stability Law, which will come into force in 2017. Net of this effect, the tax rate at 31 January 2016 was 32.1%.

Also note that the IRAP burden was reduced due to a higher deduction from the tax base for staff costs, pursuant to Law 190 of 2014.

EARNINGS PER SHARE

As previously indicated, after the Company was listed the current share capital was divided into 227,000,000 with no par value.

Earnings per share was calculated by dividing profit for the year by the average weighted number of shares of the Company outstanding in the period. The following table provides details of the calculation:

	31.01.2016	31.01.2015
Result for the year (in thousands of euros)	86,627	(3,792)
Number of ordinary shares at end of year	227,000,000	140,000,000
Average weighted number of shares outstanding for the calculation of basic earnings per share	220,087,671	140,000,000
Basic earnings per share (in euros)	**0.39**	**(0.03)**
Diluted earnings per share (in euros)	**0.39**	**(0.03)**

There were no significant dilutive effects at 31 January 2016 deriving from the stock option plan: the figure for diluted net earnings is therefore the same as for basic net earnings.

RELATIONS WITH RELATED PARTIES

Relations with related parties mainly concern the parent company, Gruppo Coin S.p.A., and its subsidiaries. The following table summarises Gruppo OVS's lending and borrowing relationships with related parties, as defined by IAS 24:

(amounts in thousands of euros)	Related parties									
	Gruppo Coin S.p.A.	COSI - Concept Of Style Italy S.p.A.	Excelsior Verona S.r.l.	GCF S.p.A.	Gruppo Coin Internatio-nal S.A.	Centomila-candele S.c.p.a.	Directors and managers with strategic responsibilities	Total	Total balance sheet item	Percentage of balance sheet item
Trade receivables										
At 31 January 2016	3,181	717	33	23	1	-	-	3,955	71,025	5.6%
At 31 January 2015	7,474	40	2	3	-	-	-	7,519	73,015	10.3%
Current financial assets										
At 31 January 2016	-	-	-	-	-	-	-	0	16,308	n.a.
At 31 January 2015	81,988	-	-	-	-	-	-	81,988	118,376	69.3%
Current financial liabilities										
At 31 January 2016	-	-	-	-	-	-	-	0	(7,355)	n.a.
At 31 January 2015	(22,338)	-	-	-	-	-	-	(22,338)	(780,312)	2.9%
Trade payables										
At 31 January 2016	(147)	-	-	-	-	(1,660)	-	(1,807)	(368,834)	0.5%
At 31 January 2015	(2,718)	(25)	-	(2)	-	(1,432)	-	(4,177)	(374,403)	1.1%
Current tax liabilities										
At 31 January 2016	(23,506)	-	-	-	-	-	-	(23,506)	(23,771)	98.9%
At 31 January 2015	(11,059)	-	-	-	-	-	-	(11,059)	(16,836)	65.7%
Other current payables										
At 31 January 2016	-	-	-	-	-	-	(2,701)	(2,701)	(101,895)	2.7%
At 31 January 2015	-	-	-	-	-	-	(863)	(863)	(88,820)	1.0%

At 31 January 2016, financial relationships with Gruppo Coin mainly concerned the supply of goods and consumables for points of sale, goods brokerage fees, charged-back employee expenses and the provision of product purchasing services.

Relationships with Centomilacandele S.c.p.A. relate to the provision of services for the purchase of electricity. Centomilacandele S.c.p.A. is a non-profit consortium company, engaged in the supply of electricity and natural gas under the best possible conditions to the consortium entities.

The following table summarises the economic relationships of Gruppo OVS with related parties:

(amounts in thousands of euros)	Related parties							
	Gruppo Coin S.p.A.	COSI - Concept Of Style Italy S.p.A.	GCF S.p.A.	Centomila-candele S.c.p.a.	Directors and managers with strategic responsibilities	Total	Total balance sheet item	Percentage of balance sheet item
Year ended 31 January 2016								
Revenues	3,675	586	-	-	-	4,261	1,319,480	0.3%
Other operating income and revenues	252	-	-	-	-	252	60,733	0.4%
Purchases of raw materials, consumables and goods	111	-	-	-	-	111	(576,127)	0.0%
Staff costs	-	-	-	-	(5,751)	(5,751)	(261,930)	2.2%
Service costs	4,329	-		(18,390)	-	(14,061)	(171,560)	8.2%
Costs for the use of third-party assets	953	-	-	-	-	953	(185,248)	(0.5)%
Other operating charges	(15)	-	(6)	-	-	(21)	(23,359)	0.1%

(amounts in thousands of euros)	Related parties							
	Gruppo Coin S.p.A.	COSI - Concept Of Style Italy S.p.A.	GCF S.p.A.	Centomila-candele S.c.p.a.	Directors and managers with strategic responsibilities	Total	Total balance sheet item	Percentage of balance sheet item
Year ended 31 January 2015								
Revenues	2,302	-	-	-	-	2,302	656,985	0.4%
Other operating income and revenues	535	16	-	-	-	551	32,729	1.7%
Purchases of raw materials, consumables and goods	(2,358)	-	-	-	-	(2,358)	(290,143)	0.8%
Staff costs	96	-	-	-	(1,611)	(1,515)	(125,226)	1.2%
Service costs	2,423	-	-	(10,606)	-	(8,183)	(84,578)	9.7%
Costs for the use of third-party assets	355	-	-	-	-	355	(91,262)	(0.4)%
Financial income	3,660	-	-	-	-	3,660	3,682	99.4%
Financial expenses	(1,973)	-	-	-	-	(1,973)	(48,512)	4.1%

The main economic relationships with related parties are as follows:

- goods brokerage fees for services provided by subsidiary OVS Hong Kong Sourcing Ltd to Gruppo Coin, included in the "Revenues" item;
- the provision of goods and consumables to Gruppo Coin, included in the "Revenues" item;
- recharges to Gruppo Coin of costs for central IT, logistics and leasing services incurred by the OVS Group, included in the "Service costs" item;
- purchases of goods made from Gruppo Coin by Gruppo OVS, included in the item "Purchases of raw materials, consumables and goods";
- the provision of services relating to the purchase of electricity by Centomilacandele S.c.p.A., included in the “Service costs” items;

and

- interest accrued on financial receivable/payable relationships in respect of Gruppo Coin, included under "Financial income and expenses".

The cash flows shown in the following table represent the actual payments and receipts registered with related parties, rather than changes during the year in the balance sheet items to which they relate:

(amounts in thousands of euros)	Related parties							
	Gruppo Coin S.p.A.	COSI - Concept Of Style Italy S.p.A.	GCF S.p.A.	Centomila-candele S.c.p.a.	Directors and managers with strategic responsibilities	Total	Total cash flow from the cash flow statement	Percentage of balance sheet item
Year ended 31 January 2016								
Cash flow generated (absorbed) by operating activities	9,271	17	(6)	(22,257)	(2,995)	(15,970)	129,708	(12.3)%
Cash flow generated (absorbed) by financing activities	59,650	0	0	0	0	59,650	27,745	215.0%
Year ended 31 January 2015								
Cash flow generated (absorbed) by operating activities	(25,074)	0	0	(11,507)	(1,387)	(37,968)	130,554	(29.1)%
Cash flow generated (absorbed) by financing activities (*)	14,453	0	0	0	0	14,453	(57,290)	(25.2)%

(*) The cash-in from transferral of the OVS-Upim Business Unit was fully allocated to the transferor, Gruppo Coin S.p.A., although €1,881 thousand is attributable to the cash-in of the transferred subsidiaries.

The transactions listed above took place under arm's length conditions.

OTHER INFORMATION

Contingent liabilities

As well as the events described in note 16 ("Provisions for risks and charges"), note that on 4 September 2015, Gruppo Coin S.p.A. and OVS S.p.A. received a summons from the extraordinary administration of Bernardi Group S.p.A., in which the plaintiff requested that the Court of Rome revoke the deed of transfer for the sale, completed in August 2012, of stores by Bernardi Group S.p.A. to Gruppo Coin S.p.A. that were subsequently transferred from Gruppo Coin S.p.A. to OVS S.p.A. in July 2014. The plaintiff requested that the Court revoke the transfer of stores sold to Gruppo Coin S.p.A. and the transfer of these to OVS S.p.A., and, as a secondary request, damages of approximately €8,600,000, which is the alleged price of the assets sold to Gruppo Coin S.p.A.. The potential maximum liability for the transferring companies, in the unlikely event that the case is lost, is not expected to exceed approximately €4,500,000, in consideration of the debt assumed at the time of the sale by Gruppo Coin S.p.A.. Gruppo Coin S.p.A. and OVS S.p.A. immediately instructed their lawyers to safeguard their interests in court. At the first hearing, which took place on 22 January 2016, the judge assigned the required term for filing statements pursuant to Article 183 of the Code of Civil Procedure, and set the date of the next hearing as 11 November 2016.

Sureties and guarantees granted to third parties

These came to €53,190 thousand (€47,698 thousand at 31 January 2015) and were granted on behalf of the Group by banks or insurance companies, mainly to guarantee Italian leases.

Other commitments

Commitments for lease payments on stores and warehouses to be settled within the contractual deadlines, with or without a termination clause. In the vast majority of contracts, this clause is assumed to cover a period of 12 months. The consequent commitment relates to one year’s rent and amounts to €165.8 million.

Directors' and Statutory Auditors' fees

The following table shows the fees payable to Directors and Statutory Auditors for positions held at the Group:

(amounts in thousands of euros)	Directors	Auditors
Year ended 31 January 2016	625	152
Year ended 31 January 2015	288	76

RECONCILIATION OF SHAREHOLDERS' EQUITY AND RESULT FOR THE YEAR OF THE PARENT COMPANY WITH CONSOLIDATED SHAREHOLDERS' EQUITY AND RESULT FOR THE YEAR

(amounts in thousands of euros)	Result for the year	Shareholders' equity
Financial statements of OVS S.p.A. at 31 January 2016, prepared according to the international reporting standards (IFRS)	81,838	810,626
Shareholders' equity and profit for the year of the fully consolidated subsidiaries, net of the carrying amount of the equity investments	20,394	7,468
Elimination of infra-group dividends	(16,178)	0
Elimination of unrealised infra-group results net of the relative tax effect	(37)	(248)
Exchange rate gains or losses from the translation of financial statements in foreign currencies	0	440
Elimination of inter-company write-downs	610	6,770
Consolidated financial statements of OVS Group at 31 January 2016, prepared according to the international reporting standards (IFRS)	**86,627**	**825,056**

Transactions arising from atypical and/or unusual operations

In accordance with the Consob Communication of 28 July 2006, note that in 2015, no atypical and/or unusual operations were entered into as defined by the Communication.

Significant non-recurring events and operations

In accordance with the Consob Communication of 28 July 2006, note that the Group's results for 2015 were influenced by non-recurring net income of €9,857 thousand.

(thousands of euros)	31 Jan 2016	31 Jan 2015
Other revenues	(49)	(24)
Purchases of raw materials, consumables and goods	0	9,118
Staff costs	301	641
Service costs	2,053	3,027
Costs for the use of third-party assets	1,017	309
Write-downs and provisions	0	317
Other operating charges	3,559	880
Financial expenses	6,774	16,983
Taxes	(23,512)	(6,036)
Total	**(9,857)**	**25,215**

Non-recurring charges mainly refer to:

- €1,882 thousand for consulting and legal fees relating to the IPO process, recognised under "Service costs";
- €1,017 thousand connected to leasing costs for stores closed for restructuring, recognised under "Costs for the use of third-party assets";
- €1,736 thousand for charges relating to marketing and roadshow costs incurred for the IPO process and reorganisation charges, recognised under "Other operating charges";
- €6,774 thousand relating to the writing off of amortised costs on the Old Loan Agreement, which was fully repaid on 2 March 2015, when the shares of the Company were listed on the MTA. This item is recognised under "Financial expenses".

Other hand, an amount of €19,757 thousand was included in non-recurring tax assets, due to the IRES adjustment from 27.5% to 24%, which will come into force on 1 January 2017.

Significant events after the period

For a description of significant events after the reporting date, please see the Report on Operations.

APPENDICES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following documents contain additional information on the consolidated financial statements for the year ended 31 January 2016.

Appendices:

- 1: Property, plant and equipment at 31 January 2016,
- 2: Intangible assets at 31 January 2016,
- 3: Property, plant and equipment at 31 January 2015,
- 4: Intangible assets at 31 January 2015.

APPENDIX 1

Property, plant and equipment
The composition and changes during the period were as follows (amounts in thousands of euros):

	Situation at 31.01.2015	Movements during the year: Purchases	Sales/disposals	Amortisation/ write-downs	Situation at 31.01.2016
Leasehold improvements					
initial cost	191,492	12,059	(6,838)	0	196,713
write-downs	(149)	0	149	0	0
amortisation	(140,975)	0	5,815	(8,440)	(143,600)
net	**50,368**	**12,059**	**(874)**	**(8,440)**	**53,113**
Land and buildings					
initial cost	33,563	338	0	0	33,901
write-downs	0	0	0	0	0
amortisation	(7,226)	0	0	(708)	(7,934)
net	**26,337**	**338**	**0**	**(708)**	**25,967**
Plant and machinery					
initial cost	262,954	26,186	(10,429)	0	278,711
write-downs	0	0	0	0	0
amortisation	(188,216)	0	8,803	(12,426)	(191,839)
net	**74,738**	**26,186**	**(1,626)**	**(12,426)**	**86,872**
Industrial and commercial equipment					
initial cost	298,176	22,474	(14,177)	0	306,473
write-downs	(48)	0	48	0	0
amortisation	(215,445)	0	12,193	(17,109)	(220,361)
net	**82,683**	**22,474**	**(1,936)**	**(17,109)**	**86,112**
Other assets					
initial cost	56,813	2,425	(5,193)	0	54,045
write-downs	0	0	0	0	0
amortisation	(52,414)	0	4,994	(1,754)	(49,174)
net	**4,399**	**2,425**	**(199)**	**(1,754)**	**4,871**
Assets under construction and payments on account					
initial cost	2,992	2,504	(2,348)	0	3,148
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**2,992**	**2,504**	**(2,348)** (1)	**0**	**3,148**
Total					
initial cost	845,990	65,986	(38,985)	0	872,991
write-downs	(197)	0	197	0	0
amortisation	(604,276)	0	31,805	(40,437)	(612,908)
net	**241,517**	**65,986**	**(6,983)** (2)	**(40,437)**	**260,083**

(1) Of this amount, €2,348 thousand represents assets under construction at 31/01/2015, reclassified to the specific asset categories in 2015.
(2) Includes €3,251 thousand relating to fixed assets disposed of and written down in the period due to the closure of p.o.s.

APPENDIX 2

Intangible assets
The composition and changes during the period were as follows (amounts in thousands of euros):

		Movements during the year			
	Situation at 31.01.2015	Purchases	Sales/disposals	Amortisation/ write-downs	Situation at 31.01.2016
Rights to industrial patents and intellectual property rights					
initial cost	109,708	8,618	(739)	0	117,587
write-downs	0	0	0	0	0
amortisation	(96,593)	0	635	(5,309)	(101,267)
net	**13,115**	**8,618**	**(104)**	**(5,309)**	**16,320**
Concessions, licences and trademarks					
initial cost	519,593	1,195	(2,394)	0	518,394
write-downs	(7,240)	0	1,743	(355)	(5,852)
amortisation	(3,821)	0	19	(979)	(4,781)
net	**508,532**	**1,195**	**(632)**	**(1,334)**	**507,761**
Assets under construction and payments on account					
initial cost	808	700	(808)	0	700
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**808**	**700**	**(808)** (1)	**0**	**700**
Other intangible assets					
initial cost	162,630	176	0	0	162,806
write-downs	0	0	0	0	0
amortisation	(35,345)	0	0	(7,830)	(43,175)
net	**127,285**	**176**	**0**	**(7,830)**	**119,631**
Total					
initial cost	792,739	10,689	(3,941)	0	799,487
write-downs	(7,240)	0	1,743	(355) (3)	(5,852)
amortisation	(135,759)	0	654	(14,118)	(149,223)
net	**649,740**	**10,689**	**(1,544)** (2)	**(14,473)**	**644,412**
Goodwill					
initial cost	452,541	0	0	0	452,541
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**452,541**	**0**	**0**	**0**	**452,541**

(1) Of this amount, €808 thousand represents assets under construction at 31/01/2015, reclassified to the specific asset categories in 2015.

(2) Includes €32 thousand relating to fixed assets disposed of and written down in the period due to the closure of p.o.s.

(3) Includes €355 thousand relating to assets written down after impairment testing of the p.o.s.

APPENDIX 3

Property, plant and equipment
The composition and changes during the period were as follows (amounts in thousands of euros):

	Balance at transfer date	Movements during the year: Purchases	Sales/disposals	Amortisation/ write-downs	Situation at 31.01.2015
Leasehold improvements					
initial cost	190,482	2,664	(1,654)	0	191,492
write-downs	0	0	0	(149)	(149)
amortisation	(138,186)	0	1,486	(4,275)	(140,975)
net	**52,296**	**2,664**	**(168)**	**(4,424)**	**50,368**
Land and buildings					
initial cost	33,466	97	0	0	33,563
write-downs	0	0	0	0	0
amortisation	(6,869)	0	0	(357)	(7,226)
net	**26,597**	**97**	**0**	**(357)**	**26,337**
Plant and machinery					
initial cost	257,772	7,236	(2,054)	0	262,954
write-downs	0	0	0	0	0
amortisation	(184,088)	0	1,809	(5,937)	(188,216)
net	**73,684**	**7,236**	**(245)**	**(5,937)**	**74,738**
Industrial and commercial equipment					
initial cost	281,432	21,115	(4,371)	0	298,176
write-downs	0	0	0	(48)	(48)
amortisation	(211,424)	0	4,071	(8,092)	(215,445)
net	**70,008**	**21,115**	**(300)**	**(8,140)**	**82,683**
Other assets					
initial cost	56,498	1,035	(720)	0	56,813
write-downs	0	0	0	0	0
amortisation	(51,934)	0	404	(884)	(52,414)
net	**4,564**	**1,035**	**(316)**	**(884)**	**4,399**
Assets under construction and payments on account					
initial cost	4,775	2,098	(3,881)	0	2,992
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**4,775**	**2,098**	**(3,881)** (1)	**0**	**2,992**
Total					
initial cost	824,425	34,245	(12,680)	0	845,990
write-downs	0	0	0	(197) (3)	(197)
amortisation	(592,501)	0	7,770	(19,545)	(604,276)
net	**231,924**	**34,245**	**(4,910)** (2)	**(19,742)**	**241,517**

(1) Of this amount, €3,881 thousand represents assets under construction at 31/07/2014, reclassified to the specific asset categories in 2014.
(2) Includes €524 thousand relating to fixed assets disposed of and written down in the period due to the closure of p.o.s.
(3) Includes €197 thousand relating to assets written down after impairment testing or projected disposal of the p.o.s.

APPENDIX 4

Intangible assets

The composition and changes during the period were as follows (amounts in thousands of euros):

	Balance at transfer date	Movements during the year			Situation at 31.01.2015
		Purchases	Sales/disposals	Amortisation/ write-downs	
Rights to industrial patents and intellectual property rights					
initial cost	105,528	4,186	(6)	0	109,708
write-downs	0	0	0	0	0
amortisation	(93,979)	0	2	(2,616)	(96,593)
net	**11,549**	**4,186**	**(4)**	**(2,616)**	**13,115**
Concessions, licences and trademarks					
initial cost	522,586	12	(3,005)	0	519,593
write-downs	(5,244)	0	1,314	(3,310)	(7,240)
amortisation	(3,373)	0	33	(481)	(3,821)
net	**513,969**	**12**	**(1,658)**	**(3,791)**	**508,532**
Assets under construction and payments on account					
initial cost	1,688	484	(1,364)	0	808
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**1,688**	**484**	**(1,364)** (1)	**0**	**808**
Other intangible assets					
initial cost	162,444	186	0	0	162,630
write-downs	0	0	0	0	0
amortisation	(31,447)	0	0	(3,898)	(35,345)
net	**130,997**	**186**	**0**	**(3,898)**	**127,285**
Total					
initial cost	792,246	4,868	(4,375)	0	792,739
write-downs	(5,244)	0	1,314	(3,310) (2)	(7,240)
amortisation	(128,799)	0	35	(6,995)	(135,759)
net	**658,203**	**4,868**	**(3,026)**	**(10,305)**	**649,740**
Goodwill					
initial cost	452,541	0	0	0	452,541
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**452,541**	**0**	**0**	**0**	**452,541**

(1) Of this amount, €1,364 thousand represents assets under construction at 31/07/2014, reclassified to the specific asset categories in 2014.

(2) Includes €3,310 thousand relating to assets written down after impairment testing of the p.o.s.

Certification of the consolidated financial statements pursuant to article 81-*ter* of Consob Regulation 11971 of May 14, 1999, as subsequently amended and supplemented.

1. We, the undersigned, Stefano Beraldo, as the Chief Executive Officer, and Nicola Perin, as the Director responsible for preparing the corporate accounting statements of OVS S.p.A., hereby declare, also taking account of article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:

   - the adequacy with respect to the characteristics of the Company and
   - the effective application

   of the administrative and accounting procedures for the preparation of the consolidated financial statements for the year ended January 31, 2016.

2. The adequacy of the administrative and accounting procedures for preparing the consolidated financial statements as at January 31, 2016 was based on a process defined by OVS S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents a benchmark framework for the internal control system generally accepted at international level.

3. Moreover:

   3.1 the consolidated financial statements:

   a) were prepared in compliance with the international accounting standards recognised by the European Community pursuant to (EC) Regulation 1606/2002 of the European Parliament and of the Council of July 19, 2002;
   b) correspond to the accounting books and records;
   c) are suitable to provide a true and fair representation of the financial position and profit performance of the issuer and all the companies included within the scope of consolidation.

   3.2 The Report on Operations includes a reliable analysis of the performance and operating results, as well as the situation, of the issuer and all the companies included within the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

Venice - Mestre, April 14, 2016

Stefano Beraldo
Chief Executive Officer

Nicola Perin
Director responsible for preparing
the corporate accounting statements

Separate financial statements of OVS S.p.A.

at 31 January 2016

Statement of financial position

(euro units)

ASSETS	Note	31.01.2016	of which related parties	31.01.2015	of which related parties
Current assets					
Cash and banks	*1*	123,261,225		38,288,592	
Trade receivables	*2*	74,555,013	7,778,509	76,315,091	11,369,571
Inventories	*3*	288,304,172		286,072,065	
Financial assets	*4*	16,308,048		118,376,346	81,988,242
Current tax assets	*5*	922,632		296,338	
Other receivables	*6*	33,052,718		35,519,151	
Total current assets		**536,403,808**	**7,778,509**	**554,867,583**	**93,357,813**
Non-current assets					
Property, plant and equipment	*7*	259,004,939		239,839,532	
Intangible assets	*8*	644,393,706		649,715,725	
Goodwill	*9*	452,540,909		452,540,909	
Equity investments	*10*	9,935,988		8,852,503	
Financial assets	*4*	1,988,167		1,110,936	
Other receivables	*6*	4,906,999		2,537,600	
Total non-current assets		**1,372,770,708**	**0**	**1,354,597,205**	**0**
TOTAL ASSETS		**1,909,174,516**	**7,778,509**	**1,909,464,788**	**93,357,813**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31.01.2016	of which related parties	31.01.2015	of which related parties
Current liabilities					
Financial liabilities	*11*	7,064,876		779,936,912	22,338,415
Trade payables	*12*	389,310,687	22,993,484	390,867,608	21,541,787
Current tax liabilities	*13*	23,635,636	23,326,915	16,410,080	11,059,160
Other payables	*14*	100,646,084	2,701,361	88,026,280	863,417
Total current liabilities		**520,657,283**	**49,021,760**	**1,275,240,880**	**55,802,779**
Non-current liabilities					
Financial liabilities	*11*	371,600,717		3,606,774	
Employee benefits	*15*	40,488,766		44,402,469	
Provisions for risks and charges	*16*	11,179,359		11,985,693	
Deferred tax liabilities	*17*	142,846,674		168,916,177	
Other payables	*14*	11,775,592		9,396,000	
Total non-current liabilities		**577,891,108**	**0**	**238,307,113**	**0**
TOTAL LIABILITIES		**1,098,548,391**	**49,021,760**	**1,513,547,993**	**55,802,779**
SHAREHOLDERS' EQUITY					
Share capital	*18*	227,000,000		140,000,000	
Other reserves	*18*	501,788,025		266,453,267	
Net result for the year		81,838,100		(10,536,472)	
TOTAL SHAREHOLDERS' EQUITY		**810,626,125**	**0**	**395,916,795**	**0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,909,174,516**	**49,021,760**	**1,909,464,788**	**55,802,779**

Income statement

(euro units)

	Note	31.01.2016	of which non-recurring	of which related parties	31.01.2015	of which non-recurring	of which related parties
Revenues	*19*	1,314,088,503		7,530,919	651,966,638		3,079,703
Other operating income and revenues	*20*	60,242,889	49,083	480,339	31,987,747	23,992	242,842
Total revenues		**1,374,331,392**	**49,083**	**8,011,258**	**683,954,385**	**23,992**	**3,322,545**
Purchases of raw materials, consumables and goods	*21*	606,127,366		30,795,896	301,213,733	8,909,186	15,222,568
Staff costs	*22*	254,183,103	300,657	5,751,164	121,720,816	641,385	1,514,580
Depreciation, amortisation and write-downs of assets	*23*	57,204,682			29,741,609		
Other operating expenses							
Service costs	*24*	168,894,488	2,053,617	14,109,671	82,837,519	3,027,304	8,182,813
Costs for the use of third-party assets	*25*	182,397,679	1,017,063	(953,202)	89,637,373	219,014	(354,284)
Write-downs and provisions	*26*	1,800,000			1,500,000		
Other operating charges	*27*	22,569,415	3,559,095	21,204	9,880,183	526,153	
Result before net financial expenses and taxes		**81,154,659**	**(6,881,349)**	**(41,713,475)**	**47,423,152**	**(13,299,050)**	**(21,243,132)**
Financial income	*28*	92,909			3,672,125		3,660,290
Financial expenses		(26,826,067)	(6,774,118)		(48,443,967)	(16,982,800)	(1,973,244)
Exchange rate gains and losses		20,769,206			(328,669)		
Gains (losses) from equity investments		18,055,715			(1,837,000)		
Net result for the year before tax		**93,246,422**	**(13,655,467)**	**(41,713,475)**	**485,641**	**(30,281,850)**	**(19,556,086)**
Taxes	*29*	(11,408,322)	23,511,964		(11,022,113)	6,036,000	
Net result for the year		**81,838,100**	**9,856,497**	**(41,713,475)**	**(10,536,472)**	**(24,245,850)**	**(19,556,086)**

Statement of comprehensive income

(thousands of euros)

	31.01.2016	31.01.2015
Net result for the year (A)	**81,838**	**(10,536)**
Other gains (losses) that will not be subsequently reclassified in the income statement:		
- Actuarial gains (losses) for employee benefits	2,240	(3,706)
- Tax on items recognised in the reserve for actuarial gains (losses)	(616)	1,019
Total other comprehensive gains (losses) that will not be subsequently reclassified in the income statement	**1,624**	**(2,687)**
Other gains (losses) that will be subsequently reclassified in the income statement:		
- Gains (losses) on cash flow hedging instruments	(26,558)	26,558
- Tax on items recognised in the cash flow hedging reserve	7,303	(7,303)
Total other comprehensive gains (losses) that will be subsequently reclassified in the income statement	**(19,255)**	**19,255**
Total other items of comprehensive income (B)	**(17,631)**	**16,568**
Total comprehensive income for the period (A) + (B)	**64,207**	**6,032**

Statement of cash flows

(thousands of euros)

	Note	31.01.2016	31.01.2015
Operating activities			
Net result for the year		81,838	(10,536)
Provision for taxes	*29*	11,408	11,022
Adjusted for:			
Net depreciation, amortisation and write-downs of fixed assets	*23*	57,205	29,742
Net capital gains (losses) on fixed assets		770	511
Impairment of equity investments	*31*	828	1,837
Losses (gains) from equity investments	*28*	(18,884)	0
Net financial expenses (income)	*28*	26,733	44,772
Expenses (income) from foreign exchange differences and currency derivatives	*28*	(13,563)	8,564
Loss (gain) on derivatives due to change in fair value	*28*	(7,206)	(8,235)
Allocations to provisions	*15-16*	0	0
Utilisation of provisions	*15-16*	(3,465)	(2,061)
Cash flows from operating activities before changes in working capital		**135,664**	**75,616**
Cash flow generated by change in working capital	*2-3-5-6-12-13-14-17*	5,224	69,008
Taxes paid		(20,484)	0
Net interest received (paid)		(27,836)	(14,511)
Realised foreign exchange differences and cash flows from currency derivatives		12,968	(1,536)
Dividends received		18,884	0
Other changes		1,393	0
Cash flow generated (absorbed) by operating activities		**125,813**	**128,577**
Investment activities			
(Investments in) fixed assets	*7-8-9*	(68,586)	(33,542)
Disposals of fixed assets	*7-8-9*	1,368	723
(Increase) decrease in equity investments	*10*	(1,801)	(986)
Cash flow generated (absorbed) by investment activities		**(69,019)**	**(33,805)**
Financing activities			
Net change in financial assets and liabilities	*4-11*	(320,932)	(69,065)
Incorporation of Parent Company OVS S.p.A.		0	10
Increase in share capital and reserves		349,110	0
Net cash-in from the transfer of the OVS-Upim Business Unit		0	12,572
Cash flow generated (absorbed) by financing activities		**28,178**	**(56,483)**
Increase (decrease) in cash and cash equivalents		**84,972**	**38,289**
Cash and cash equivalents at start of period		**38,289**	**0**
Cash and cash equivalents at end of period		**123,261**	**38,289**

The effects of relations with related parties are described in the section "Relations with related parties" in the notes to these separate financial statements.

Statement of changes in shareholders' equity

(thousands of euros)

	Share capital	Share premium reserve	Cash flow hedging reserve	Reserve for actuarial gains (losses)	IFRS 2 reserve	Retained earnings	Net result for the year	Total shareholders' equity attributable to the
Balance at 14 May 2014	**10**	**-**	**-**	**-**	**-**	**-**	**-**	**10**
Capital increase for the transfer of the OVS-Upim Business Unit	139,990	249,885	-	-	-	-	-	389,875
Relations with Shareholders	**139,990**	**249,885**	**-**	**-**	**-**	**-**	**-**	**389,875**
Net result for the year	-	-	-	-	-	-	(10,536)	(3,792)
Other items of comprehensive income	-	-	19,255	(2,687)	-	-	-	16,568
Total comprehensive income for the period	**-**	**-**	**19,255**	**(2,687)**	**-**	**-**	**(10,536)**	**6,032**
Balance at 31 January 2015	**140,000**	**249,885**	**19,255**	**(2,687)**	**0**	**0**	**(10,536)**	**395,917**
Balance at 01 February 2015	**140,000**	**249,885**	**19,255**	**(2,687)**	**0**	**0**	**(10,536)**	**395,917**
Allocation of earnings for financial year 2014	-	-	-	-	-	(10,536)	10,536	0
Increase in share capital and reserves less listing costs	87,000	262,110	-	-	-	-	-	349,110
Management incentive plan	-	-	-	-	1,393	-	-	1,393
Relations with Shareholders	**87,000**	**262,110**	**-**	**-**	**1,393**	**(10,536)**	**10,536**	**350,503**
Net result for the year	-	-	-	-	-	-	81,838	81,838
Other items of comprehensive income	-	-	(19,255)	1,624	-	-	-	(17,631)
Total comprehensive income for the period	**-**	**-**	**(19,255)**	**1,624**	**-**	**-**	**81,838**	**64,207**
Balance at 31 January 2016	**227,000**	**511,995**	**0**	**(1,063)**	**1,393**	**(10,536)**	**81,838**	**810,627**

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

OVS S.p.A. (hereinafter also the "Company") is a company incorporated on 14 May 2014, domiciled in Italy and organised under the laws of the Italian Republic, with its registered office at 17, via Terragio, Mestre, Venice, Italy.

OVS S.p.A. came about due to a corporate reorganisation process that entailed the carving out of a group of assets and liabilities (the "OVS-Upim Business Unit" (together with the Company and hereinafter, the "OVS Group") by means of the transferral of this business unit (the "Transferral") by Gruppo Coin S.p.A. (hereinafter "Gruppo Coin") to a newly created Company wholly owned by Gruppo Coin (OVS S.p.A.), by means of a capital increase in kind subscribed by Gruppo Coin, with effect from 31 July 2014. Specifically, as previously announced, on 23 July 2014 OVS S.p.A.'s extraordinary general meeting resolved to increase the share capital by €139,990,000, from €10,000 to €140,000,000 (140,000,000 shares with no par value) with a premium of €249,885,000, to be paid in through the Transferral of the OVS-Upim Business Unit by sole shareholder Gruppo Coin, which subscribed for the entire capital increase and executed it immediately, with the Transferral taking effect as of the final instant of 31 July 2014.

The Transferral procedure was configured as a "business combination involving entities or businesses under common control". This operation is not governed by IFRS 3, which applies to methods of accounting for business combinations, nor by any other IFRS. In the absence of a benchmark accounting standard, it was believed that the methods used for the accounting representation of the operation still had to meet the requirements of IAS 8: i.e., a reliable and faithful representation of the operation. Moreover, the accounting standard chosen to represent operations "under common control" had to reflect the economic substance of such operations, regardless of their legal form. The notion of economic substance was therefore a key guiding factor for the choice of methods used to account for the operations in question. Economic substance must refer to a generation of value-added that effectively results in significant changes in the cash flows of the net assets transferred. The interpretations and current guidelines were also considered for the accounting recognition of the operation, specifically the Assirevi (Italian Association of Auditors) Preliminary Guidelines on IFRS (OPI 1), relating to the "accounting treatment of business combinations of entities under common control in the separate financial statements and the consolidated financial statements". The net assets transferred were therefore recognised at the carrying amounts that they had in the acquired company, or, if available, the amounts recorded in the consolidated financial statements of the company with common control. The Company therefore recognised the net assets transferred at the carrying amounts recorded in the consolidated financial statements of the parent company (Gruppo Coin).

The corporate reorganization process described above was carried out with the strategy of listing the newly formed OVS S.p.A.. In this respect, Borsa Italiana, with Provision 8006 of 10 February 2015, approved the admission to trading of the Company's shares on the Mercato Telematico Azionario (MTA), organised and managed by Borsa Italiana S.p.A.

Consequently, on 24 February 2015, the global offer for subscription and sale of ordinary shares of the Company, with the aim of listing it on the MTA, was successfully completed, with requests made for 226,832,292 shares by 5,233 requesters and demand of around twice the quantity of shares on offer.

Based on the offer price of €4.10 per share, the Company's market capitalisation was around €930.7 million.

The start of trading on the MTA was set by Borsa Italiana for Monday, 2 March 2015. The subscription operation entailed a capital increase of €87,000,000, taking the share capital from €140,000,000 to €227,000,000, divided into 227,000,000 ordinary shares with no par value.

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

The separate financial statements of OVS S.p.A. at 31 January 2016 were prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board. "IFRS" is intended to mean all the revised International Accounting Standards (IAS), and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC). At the reporting date for the separate financial statements, these had been approved by the European Union under the procedure set forth in (EC) Regulation 1606/2002 of the European Parliament and the European Council of 19 July 2002.

The Company's separate financial statements comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity and the notes to the financial statements. The amounts shown in the statement of financial position and the income statement are expressed in euros, while the amounts shown in the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity and the notes to the financial statements, unless otherwise specified, are expressed in thousands of euros.

These separate financial statements were prepared on a going concern basis, as the directors have verified the absence of any financial, operational or other indicators that could signal problems with the Company's ability to meet its obligations in the foreseeable future, and particularly in the next 12 months.

With regard to procedures for the presentation of the accounting schedules, in the context of transactions provided for by IAS 1, OVS S.p.A. has opted for the following types of accounting schedules:

- Statement of financial position: assets and liabilities are classified with current and non-current items shown separately;

- Income statement: prepared separately from the statement of comprehensive income with operating costs classified by nature;
- Statement of comprehensive income: includes, as well as net profit, changes in shareholders' equity related to items of an economic nature which, by express provision of the international accounting standards, are recognised as components of shareholders' equity;
- Statement of cash flows: shows the cash flows from operating, investment and financial activities. The indirect method was used to prepare this statement;
- Statement of changes in shareholders' equity: shows net profit and each item of income and expense not posted to the income statement but recognised directly in equity pursuant to specific IAS/IFRS.

The schedules used, as specified above, provide the best representation of the Company's financial position and profit performance.

These notes analyse, expand upon and comment on the amounts shown in OVS S.p.A.'s separate financial statements. They are accompanied by additional information deemed necessary to give a true and fair view of the Company's financial position and results.

Changes in the items recognised under assets and liabilities together with profit and loss are elaborated upon when they are significant.

The separate financial statements were prepared using the conventional historical cost method, altered as required for the valuation of some derivatives.

Please see the Report on Operations for information on the nature of the Company's activity and significant events taking place after the reporting date.

The financial statements have been audited by PricewaterhouseCoopers S.p.A.

ACCOUNTING POLICIES AND VALUATION CRITERIA

The main accounting policies and valuation criteria used by OVS S.p.A. are described below.

Business combinations

The Company recognises business combinations using the acquisition method pursuant to IFRS 3 - Business Combinations.

Under this method, the consideration transferred to a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and the liabilities assumed at the acquisition date. The ancillary costs of the transaction are usually recognised in the income statement when they are incurred.

Goodwill is determined as the excess of the sum of the considerations transferred to the business combination, shareholders' equity attributable to third parties and the fair value of any equity investment previously held in the acquiree, over the fair value of the net assets acquired and liabilities assumed at the acquisition date.

If a business combination takes place in stages with successive purchases of shares, each phase is valued separately, using the cost and information on the fair value of the assets, liabilities and contingent liabilities at the date of each operation to determine the amount of any difference. When a subsequent purchase means that control of a company is obtained, the stake previously held is re-presented based on the fair value of the identifiable assets, liabilities and contingent liabilities determined at the date that control is taken, and the difference is recognised in the income statement.

Goodwill

Goodwill is recognised at cost, less any accumulated impairment.

Goodwill acquired as part of a business combination is determined as the excess of the sum of the considerations transferred to the business combination, shareholders' equity attributable to third parties and the fair value of any equity investment previously held in the acquiree, over the net assets acquired and liabilities assumed at the acquisition date.

If the value of the net assets acquired and liabilities assumed exceeds, at the acquisition date, the sum of the considerations transferred, shareholders' equity attributable to third parties and the fair value of any equity investment previously held in the acquiree, this excess amount is immediately recognised in the income statement as income.

Goodwill is not amortised, but is tested annually, and whenever events or circumstances indicate the possibility of impairment, for recoverability pursuant to IAS 36 - Impairment of Assets.

If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount. If goodwill is allocated to a cash-generating unit that is partially transferred/disposed of, the goodwill associated with this unit is used to determine any gain/loss arising from the operation.

Brands

Brands deriving from business combinations are recognised at fair value at the date of the combination, according to the acquisition method. They are not amortised as they have an indefinite useful life, but are tested annually, and whenever events or circumstances indicate the possibility of impairment, for recoverability pursuant to IAS 36 - Impairment of Assets. After initial recognition, the brands are valued at cost less any cumulative impairment.

Intangible assets

Intangible assets consist of non-monetary items, identifiable and without physical substance, which can be controlled by the Company, can generate future economic benefits and whose cost can be reliably determined. These items are recognised at cost, less amortisation, calculated using the straight-line method for a period corresponding to the useful life, and any impairment. Useful life is reviewed annually. Specifically:

Licences – Licences deriving from business combinations are recognised at fair value at the date of the combination, according to the acquisition method. After initial recognition, licences are valued at cost less amortisation and any cumulative impairment. Amortisation is calculated based on the difference between the cost and the residual value at the end of their useful life, on a straight line basis over their useful life (defined as 40 years).
Please see note 8 - "Intangible assets" for a description of the criteria used to define useful life and residual value at the end of useful life.

Software – The costs of software licences, including ancillary costs, are capitalised and recognised in the financial statements net of amortisation and any cumulative impairment. The amortisation rate used is 20%.

Other intangible assets – These assets are measured at acquisition cost, less amortisation calculated on a straight-line basis throughout their useful life and cumulative impairment.
The value of the franchising network recognised post business combination is amortised on the basis of a useful life of 20 years.

Property, plant and equipment

Property, plant and equipment is measured at acquisition cost, including ancillary costs booked directly, less depreciation and cumulative impairment. Land is not depreciated even if acquired at the same time as buildings.

Depreciation is booked from the month in which the assets enter into operation.
Depreciation rates are charged on a monthly basis at constant rates that allow assets to be depreciated until their useful life is ended or, in the case of disposals, until the last month of use.
The depreciation rates used are as follows:

Buildings	3-6%
Light construction	10%
Plant and equipment for lifting, loading, unloading and weighing	7.5%
Miscellaneous machinery, appliances and equipment	11.1%
Special facilities for communications and remote signalling	25%
Furnishings	11.1%
Alarm systems	11.1%
Specific bar, restaurant and canteen facilities	8%
Bar, restaurant and canteen furnishings	25%
Office furniture and ordinary machinery	12%
Electromechanical and electronic office equipment	20%
Cash registers	20%
Motor vehicles and internal transport	20-25%

Ordinary maintenance costs are charged in full to the income statement in the period in which they are incurred.
Leasehold improvements are classified as property, plant and equipment. The amortisation period is the lesser of the remaining useful life of the tangible asset and the remaining term of the lease.

Assets assumed through finance leases, through which all the risks and rewards of ownership are substantially transferred to the Company, are recognised under tangible assets at their current value, or, if lower, the present value of the minimum lease payments, with a contra-entry of financial debt to the lessor.
This debt is progressively reduced according to the plan for repayment of principal amounts included in the contractually established payments, while the value of the asset recognised under tangible assets is systematically depreciated according to the economic and technical life of the asset.

Impairment of tangible and intangible assets

IAS 36 stipulates that impairment of tangible and intangible assets must be measured if there are indicators suggesting that such a problem might exist.

Impairment testing takes place at least once a year in the case of goodwill, other intangible assets with an indefinite useful life and assets not available for use.

The recoverability of the amounts recognised is assessed by comparing the carrying amount with the higher of fair value (current realisable value) less the costs of disposal and the value in use of the asset. Value in use is defined by discounting the expected cash flows generated by the asset.

To determine value in use, expected future cash flows are discounted using a rate that reflects current market valuations of the time value of money, compared with the investment period and the specific risks associated with the activity.

For the purposes of assessing impairment, assets are analysed starting from the lowest level for which there are separately identifiable independent cash flows (cash generating units). Within the Company, the individual OVS and Upim stores have been identified as cash generating units.

If the recoverable amount of an asset is lower than the carrying amount, the carrying amount is reduced to the recoverable amount. This reduction constitutes impairment and is charged to the income statement.

If there is an indicator of reversal of the impairment loss, the recoverable amount of the asset is recalculated and the carrying amount is increased to this new amount. The increase in the carrying amount may not, however, exceed the net carrying amount that the asset would have had if the impairment had not arisen.

Goodwill impairment cannot be reversed.

Other equity investments

Other equity investments, if any, (i.e. other than in subsidiaries, associates and companies under common control) are included among non-current assets, or among current assets if they will remain among the assets of the Company, for a period of, respectively, more than one year and no longer than one year.

Other equity investments constituting financial assets available for sale are measured at fair value, if this can be determined, and any gains or losses deriving from changes in the fair value are entered directly under other comprehensive gains/(losses), until they are transferred or undergo impairment, at which time the other comprehensive gains/(losses) previously recognised in equity are recognised in the income statement for the period.

Other equity investments for which fair value is not available are recognised at cost, written down for any impairment.

Financial assets

Financial assets are recognised under current and non-current assets based on maturity and expectations of when they will be converted into monetary assets. Financial assets include equity investments in other companies (other than subsidiaries, associates and companies under common control), derivatives, receivables, and cash and cash equivalents.

a) Classification

For the purposes of measurement, the Company subdivides financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, financial assets held to maturity and financial assets available for sale. Classification depends on the purpose for which the financial asset was acquired. Financial assets are classified at the time of initial recognition.

i. Financial assets measured at fair value through profit or loss

This category includes both financial assets held for trading and derivatives that do not meet the criteria for hedge accounting.

ii. Loans and receivables

Loans and receivables comprise non-derivative financial assets with fixed or determinable maturities. They are recognised under current assets, except for the portion falling due beyond the 12-month period after the reporting date, which are classified as non-current assets.

iii. Financial assets held to maturity

Financial assets held to maturity comprise non-derivative assets with fixed or determinable payments that the Company intends to hold to maturity. Classification to current or non-current assets depends on whether they are expected to be realised within or beyond the 12-month period after the reporting date.

iv. Financial assets available for sale

Financial assets available for sale represent a residual category comprising financial instruments that are not derivatives or not attributable to any of the above categories of financial instruments. These assets are included among non-current assets, unless there is an intention to dispose of them within the 12-month period after the reporting date.

b) Recognition and measurement

Financial assets, regardless of how they are classified, are initially recognised at fair value, with possible additions for ancillary acquisition costs.

After initial recognition, financial assets at fair value through profit or loss and financial assets available for sale are recognised at fair value. In the first case, changes in fair value are posted to the income statement in the period in which they take place; in the second, they are posted to the statement of comprehensive income.

Loans and receivables and financial assets held to maturity are recognised using the amortised cost criterion and the effective interest rate method after initial recognition. Any impairment is recorded in the income statement to offset the value of the asset. The value of assets previously written down for impairment is reversed if the circumstances that led to the write-down no longer exist.
Financial assets are eliminated from the financial statements when the rights to receive the cash flows associated with the financial assets expire or have been transferred to third parties and the Company has substantially transferred all the risks and benefits of ownership.

For the treatment of derivatives, please see the relevant section below.

Inventories

Inventories are recognised at the lower of acquisition cost and net realisable value.
The purchase cost is determined by configuring the weighted average cost for the reporting period. The cost also includes ancillary costs directly attributable to the purchase of goods.
Goods relating to the collections are written down according to the presumed possibility of their future realisation, by recognising a specific adjustment provision.

Cash and cash equivalents

Cash and cash equivalents includes available cash and credit balances of bank current accounts with no limits or restrictions.
Cash in foreign currency is valued according to period-end exchange rates.

Provision for risks and charges

Provisions for risks and charges are allocated for current obligations, legal or constructive, arising from a past event in respect of third parties for which the utilisation of resources, the amount of which can be reliably estimated, is probable.
The amount recognised as a provision is the best estimate of the expenditure required to settle the current obligation fully. Risks for which the emergence of a liability is only possible are disclosed in the explanatory notes, and no provision is made.

Employee benefits

a) Pension schemes

Post-employment benefits are defined under either "defined contribution" plans or "defined benefit" plans. Defined benefit plans, such as the provision for employee severance benefits accrued before the entry into force of the 2007 Budget, are plans with guaranteed benefits for employees that are paid out at the end of the employment relationship. The liability relating to defined benefit plans is determined on the basis of actuarial assumptions and booked on an accruals basis in line with the service required to obtain the benefits; the liability is measured annually by independent actuaries.

Employee severance benefits and pension provisions, which are determined using an actuarial method, provide for the recognition in the income statement under employment cost of the rights accrued during the year, while the figurative cost is included among net financial income (expenses). Actuarial gains and losses that reflect the effects of changes in the actuarial assumptions used are instead fully recognised in shareholders' equity and immediately booked in the statement of comprehensive income in the year in which they arise.

From 1 January 2007, the 2007 Budget and the associated implementing decrees introduced significant amendments to the rules on employee severance benefits, including options for employees, to be exercised by 30 June 2007, with regard to the allocation of their accruing severance benefits. Specifically, new flows of severance benefits may be directed by the employee to preselected or company pension schemes (in the latter case, the company will pay severance benefit contributions into a treasury account set up with the INPS (the Italian social security and welfare institution).

As a result of these amendments, the provision for employee severance benefits accrued since the date of the employee option (defined benefit plan) has been recalculated by independent actuaries to exclude the component relating to future pay increases.

The portion of the employee severance benefits that has accrued since the option date (30 June 2007) is regarded as a defined benefit plan, and the accounting treatment is similar to that used for all other contribution payments.

Employee benefits also include pension provisions and similar obligations. This provision mainly includes liabilities and rights accrued by the employees of the former Standa, in relation to supplementary pension schemes; the liability associated with such defined-benefit programmes is determined on the basis of actuarial assumptions and the amount recognised in the financial statements represents the present value of the Company's obligation.

b) Share-based payments

The Company provides additional benefits to certain employees and consultants through equity participation plans in the form of stock options such as "equity-settled". In accordance with IFRS 2 - Share-based payments - the current value of the stock options calculated at the grant date using the "Black & Scholes" method is recognized in the income statement under staff costs on a straight-line basis over the period between the grant date of stock options and the vesting date, and directly recorded in equity.

The effects of the granting conditions not related to the market, are not considered in the assessment of the fair value of options granted but are relevant in the evaluation of the number of options expected to be exercised.

At the balance sheet date the Company reviews its estimates on the number of options that are expected to be exercised. The impact of the revision of the original estimates is recognized in the income statement over the vesting period and directly in equity.

Upon exercise of the stock options the amounts received by the employee, net of costs directly attributable to the transaction, are credited to share capital for an amount equal to the nominal value of the issued shares and share premium reserve for the remaining part.

Financial liabilities, trade and other payables

Payables and other financial and/or trade liabilities are initially recognised at fair value, less any transaction costs incurred in relation to obtaining financing. They are subsequently carried at amortised cost; any difference between the amount received (less transaction costs) and the total repayment amount is recognised in the income statement over the period of the loan, using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for 12 months after the reporting date; in this case, only the portion falling due within 12 months of the reporting date is classified as a current liability.

Derivatives

Derivatives are assets and liabilities recognised at fair value.

The Company uses derivatives to hedge exchange rate risk or interest rate risk.

Pursuant to IAS 39, derivatives may only be booked using hedge accounting methods when:

- at the beginning of the hedge there is formal designation and documentation of the hedging relationship;
- it is assumed that the hedge is highly effective;
- effectiveness can be reliably measured;
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

When derivatives meet the criteria for hedge accounting, the following accounting treatments apply:

• if the derivatives hedge the risk of changes in the fair value of the assets or liabilities being hedged (fair value hedge, e.g. hedging of fluctuations in the fair value of fixed-rate assets/liabilities), the derivatives are recognised at fair value through profit or loss; correspondingly, the assets or liabilities being hedged are adjusted to reflect changes in fair value associated with the hedged risk;

• if the derivatives hedge the risk of changes in the cash flows of the assets or liabilities being hedged (cash flow hedge, e.g. hedging of changes in the cash flows of assets/liabilities due to variations in interest rates), changes in the fair value of the derivatives are initially recognised in equity and subsequently to profit or loss in line with the economic effects of the hedged transaction.

If hedge accounting cannot be applied, gains or losses arising from the measurement of the derivative at fair value are immediately recognised in the income statement.

Revenues and costs

Revenues from the sales of directly operated stores are recognized when the customer makes the payment. Revenues from sales of goods are recognized in the income statement upon transfer to the customer of the risks and benefits related to the product sold, usually coinciding with the delivery or shipment of the goods to the customer; those for services are recognized in the period in which the services are rendered, by reference to completion of the service provided and in relation to the total services still to be rendered.

Revenues are recognized at the fair value of the consideration received. Revenue is recognized net of VAT, the expected returns, any trade discounts, reductions and rebates granted.

Costs are recognized when they relate to goods and services sold or used during the year, while in the case of multi-year use the costs are systematically spread.

Income and costs deriving from leases

Income and costs deriving from operating leases are recognised on a straight-line basis over the duration of the leases to which they relate.

Income tax

Current income tax for the year is calculated by applying the current tax rates on reasonably estimated taxable income, determined in accordance with the tax regulations in force. The expected payable, net of payments on account and withholding taxes, is recognised in the statement of financial position under "Current tax liabilities", or under "Current tax assets" if the payments on account made and the withholdings exceed the expected payable.

Deferred tax assets and deferred tax liabilities are determined on the basis of taxable temporary differences between the carrying amount of assets and liabilities and their value for tax purposes, except for goodwill, which is not tax deductible, and are classified under non-current assets and liabilities.
Income tax is recognised in the income statement, except in relation to items directly credited to or debited from equity, in which case the tax effect is recognised directly in equity.

Deferred tax assets, including those relating to any previous tax losses, are recognised to the extent that it is probable that future taxable income will be available in respect of which they can be recovered.
The value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to use all or part of this receivable.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates in force and tax rates that have been enacted or substantively enacted at the reporting date.

OVS S.p.A., Gruppo Coin S.p.A. and COSI S.p.A. have joined the tax consolidation scheme.
Relations arising from participating in the tax consolidation scheme are regulated by specific contractual agreements approved and signed by the member parties.

Exchange rate gains and losses

Foreign exchange transactions are recognised at the current exchange rate at the date of completion of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the current exchange rate at the reporting date and recognised in the income statement under exchange rate gains and losses.

Dividends

Dividends are recognised at the date of approval by the general meeting.

Use of estimates

The preparation of the separate financial statements in accordance with the IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. The final results may differ from these estimates. Estimates are used to recognise provisions for doubtful accounts, inventory obsolescence, depreciation and amortisation, impairment of assets, employee benefits, restructuring provisions, deferred tax assets, other provisions for risk and valuations of derivatives. Estimates and assumptions are reviewed periodically and the effects of any changes are immediately reflected in the income statement.

Impairment of tangible and intangible assets

Goodwill and the brands are tested annually, and whenever events or circumstances indicate the possibility of impairment, for recoverability pursuant to IAS 36 - Impairment of Assets. If the recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount (defined as the greater of its value in use and its fair value). Verification of the amount requires subjective judgements to be made, based on information available within the Company and from the market, as well as past experience. In addition, if potential impairment is identified, it is determined using evaluation techniques regarded as appropriate. The same verifications of value and the same evaluation techniques are applied to intangible and tangible assets with a definite useful life when there are indicators suggesting that recovery of the relative net carrying amount through use might be difficult. The correct identification of indicators of potential impairment and estimates to determine this depend on factors that may vary over time, with an effect on the valuations and estimates made by the Company.

Depreciation and amortisation

Depreciation and amortisation reflect the best estimate of the expected useful life of assets with a finite life.

This estimate is based on the possibility of using these assets and their capacity to contribute to the Company's results in future years.

Inventory obsolescence

The Company develops and sells items of clothing that change according to customer taste and trends in the world of fashion. The provision for inventory write-downs therefore reflects estimated expected impairment of the collections in stock, taking account of the Company's capacity to sell items of clothing through a range of distribution channels.

Provisions for doubtful accounts

The provision for doubtful accounts reflects the best estimate of losses relating to the portfolio of trade receivables. This estimate is based on the losses expected by the Company, determined on the basis of past experience with similar receivables, current and previous receivables falling due, the careful monitoring of credit quality and projections of economic and market conditions.

Deferred tax assets

Deferred tax assets are booked based on expectations of taxable income in future years for the purpose of recovering them. The evaluation of expected taxable income for the accounting of deferred tax assets depends on factors that may vary over time and have significant effects on the recoverability of the deferred tax assets.

Pension funds and other employee benefits

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rate of return on investments, future salary increases, mortality rates and future pension increases. Because of the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are provided in note 15.

The costs recognized in the income statement in relation to the incentive plans for managers (please refer to note 22 “Staff costs”) is mainly influenced by the estimated timing of the occurrence of the event generating the maturation, as well as the effective possibility of the occurrence of the event and of the presumed reference value of the plan. Therefore, this estimate depends on factors that may vary over time and variables that could hardly be predictable and determinable by administrators. The variation of these components can significantly influence the assessments made by management and therefore to determine changes in estimates.

Provisions for risks and charges

Provisions representing the risk of a negative outcome are recognised for legal and tax risks. The amount of provisions recorded in the financial statements in relation to these risks represents the best estimate to deal with potential risks. This estimate entails the use of assumptions that depend on factors that might change over time and that might therefore have significant effects compared with the current estimates used to prepare the financial statements.

Valuation of derivatives

The determination of the fair value of unlisted financial assets, such as derivatives, takes place using commonly used valuation techniques that require basic assumptions and estimates. These assumptions may not occur within the time frames and in the manner envisaged. Estimates of derivatives may therefore differ from the final figures.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS WITH EFFECT FROM 2015

The new and/or revised standards of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), the application of which is mandatory as of financial year 2015, are set out below.

Description	Approved at the date of this document	Effective date under the standard
IFRIC 21 - Levies	Yes	Years starting on or after 17 June 2014
Amendment to IAS 19 regarding defined benefit plans	Yes	Years starting on or after 1 February 2015
Annual improvement cycle 2012	Yes	Years starting on or after 1 February 2015
Annual improvement cycle 2013	Yes	Years starting on or after 01 January 2015

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

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE COMPANY

The international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB, indicating whether they are endorsed or not endorsed for adoption in Europe at the approval date of this document, are set out below:

Description	Approved at the date of this document	Effective date under the standard
Amendment to IAS 16 - Property, plant and equipment and IAS 38 - Intangible assets	No	Years starting on or after 01 January 2016
Amendment to IFRS 11 - Joint arrangements on acquisition of an interest in a joint operation	No	Years starting on or after 01 January 2016
IFRS 14 - Regulatory deferral accounts	No	Years starting on or after 01 January 2016
IFRS 9 - Financial instruments – classification and measurement	No	Years starting on or after 01 January 2018
IFRS 15 - Revenue from Contracts with Customers	No	Years starting on or after 01 January 2018
Amendment to IAS 27 - Equity method in separate financial statements	No	Years starting on or after 01 January 2016
Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures	No	Years starting on or after 01 January 2016
Amendment to IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture, regarding bearer plants	No	Years starting on or after 01 January 2016
Amendment to IAS 1 - Presentation of Financial Statements on the Disclosure Initiative	No	Years starting on or after 01 January 2016
Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception	No	Years starting on or after 01 January 2016
Annual Improvements cycles 2012-2014	No	Years starting on or after 01 January 2016

Note that no accounting standards and/or interpretations for which application is mandatory for periods beginning on or after 01 February 2015 have been applied.

OVS S.p.A. is assessing the effects of applying the above standards; they are currently not regarded as likely to have an impact.

INFORMATION ON FINANCIAL RISKS

The main corporate risks identified, monitored and - as specified below - actively managed by OVS are as follows:

- market risk (defined as foreign exchange risk and interest rate risk);
- credit risk (relating both to normal commercial relationships with customers and to financing activity); and
- liquidity risk (relating to the availability of financial resources and access to the credit market, and to financial instruments in general).

OVS aims to maintain balanced management of its financial exposure over time, to ensure that its liability structure is in balance with the composition of its balance-sheet assets and to provide the necessary operational flexibility through the use of cash generated by current operating assets and bank loans.
Management of the relative risks is centrally guided and monitored. Specifically, the central finance function is responsible for evaluating and approving projected financial requirements, monitoring progress and establishing appropriate corrective action if necessary.
The financial instruments most used by OVS are as follows:

- medium/long-term loans to cover investments in non-current assets;
- short-term loans and use of credit lines on current accounts to fund working capital.

In addition, OVS has signed financial instruments to hedge the risk of interest rate fluctuations, which have affected the medium/long-term financial debt burden and consequently also the financial results of OVS, as well as derivatives to reduce exchange rate risk against the US dollar.
The following section provides qualitative and quantitative information on the impact of these risks on OVS's business.

Credit risk

Credit risk represents OVS's exposure to the risk of potential losses arising from default by counterparties.
In the year under review, there were no significant concentrations of credit risk, as this risk is mitigated by the fact that credit exposure is spread over a large number of customers, mainly in Italy.
To reduce credit risk, the OVS also obtains guarantees in the form of sureties in respect of loans granted for the supply of merchandise. At 31 January 2016, total guarantees amounted to €37.9 million, including €15.1 million in overdue receivables (€27.4 million at 31 January 2015, including €12.9 million in overdue receivables).
Trade receivables are recognised net of write-downs calculated on the basis of the risk of counterparty default, determined by using available information on the solvency of the customer and taking historical data into account. Positions that are particularly significant, and that are objectively partially or totally

irrecoverable, are written down individually. Trade receivables totalled €74.6 million at 31 January 2016 (€76.3 million at 31 January 2015).

Written-down receivables amounted to €7.5 million at 31 January 2016 (€9.0 million at 31 January 2015).

Overdue receivables not written down, as the situation with regard to collection is not critical, amounted to €26.8 million (€28.4 million at 31 January 2015).

The following tables provide a breakdown of trade receivables at 31 January 2016 and at 31 January 2015, grouped according to maturity and net of the provision for doubtful accounts:

(amounts in millions of euros)	At 31 January 2016	Not yet matured	Matured within 90 days	Matured between 90 and 180 days	Matured beyond 180 days
Trade receivables	82.1	44.0	24.0	2.6	11.5
Provision for doubtful accounts	(7.5)	-	-	-	(7.5)
Net value	74.6	44.0	24.0	2.6	4.0

(amounts in millions of euros)	At 31 January 2015	Not yet matured	Matured within 90 days	Matured between 90 and 180 days	Matured beyond 180 days
Trade receivables	85.3	47.9	23.0	1.9	12.5
Provision for doubtful accounts	(9.0)	-	-	-	(9.0)
Net value	76.3	47.9	23.0	1.9	3.5

Liquidity risk

Liquidity risk can arise through an inability to access, under economically viable conditions, the financial resources necessary for OVS to operate. The two main factors influencing OVS's liquidity levels are:

- the financial resources generated or absorbed by operating and investment activities;
- the expiry and renewal of financial debt.

OVS's liquidity requirements are monitored by the treasury function, in order to guarantee effective access to financial resources and adequate liquidity investment/yield levels.

Management believes that the funds and credit lines currently available, in addition to those generated by operating and financing activities, will enable OVS to meet its requirements in respect of investment activities, management of working capital and the repayment of debt when it is contractually due.

The following table breaks down financial liabilities (including trade and other payables): in particular, all the flows shown are nominal future undiscounted cash flows, calculated with reference to residual contractual maturities (for both the principal portion and the interest portion). Loans have been included based on the contractual maturity of the repayment.

(amounts in millions of euros)	Balance at 31 January 2016	< 1 year	1-5 years	> 5 years	Total
Trade payables	389.3	384.9	4.4	-	389.3
Payables to banks (*)	379.8	4.8	375.0	-	379.8
Other financial payables	3.4	2.3	1.1	-	3.4
Financial payables to Group Companies	-	-	-	-	-
Financial expenses payable to banks (**)	54.5	13.2	41.3	-	54.5
Total	**827.0**	**405.2**	**421.8**	**-**	**827.0**

(*) The amount includes interest accrued but not yet paid at 31 January 2016.

(**)The amount was calculated by applying the amortization plan of loans the forward curve as at 31 January 2016. For the Revolving Line, it was assumed an average rate of 50%. The aggregate also includes the nominal value of the interest on lease agreements until maturity and the value arising from future cash flows generated by those derivative contracts that have a negative fair value at the reporting date.

The same breakdown for 31 January 2015 is as follows:

(amounts in millions of euros)	Balance at 31 January 2015	< 1 year	1-5 years	> 5 years	Total
Trade payables	390.9	385.3	5.6	-	390.9
Payables to banks (*)	758.6	758.6	-	-	758.6
Other financial payables	6.8	3.2	3.6	-	6.8
Financial payables to Group Companies	22.3	22.3	-	-	22.3
Financial expenses payable to banks (**)	5.4	4.9	0.5	-	5.4
Total	**1,184.0**	**1,174.3**	**9.7**	**-**	**1,184.0**

(*) The amount includes interest accrued but not yet paid at 31 January 2015.

(**) The amount was calculated on the basis of interest accrued and actually paid from 1 February 2015 until the extinction date of the loan. The aggregate also includes the nominal value of interest on lease agreements until maturity and the value arising from future cash flows generated by those derivative contracts that have a negative fair value at the reporting date.

Derivatives

A breakdown of the derivative contracts entered into by OVS is shown in the tables below:

(amounts in millions of euros)	2015 Assets	2015 Liabilities	2014 Assets	2014 Liabilities
Interest rate swaps - cash flow hedging	-	-	-	(1.3)
Forward contracts - cash flow hedging	-	-	26.4	-
Forward contracts - trading	18.3	-	11.1	-
Total	**18.3**	**-**	**37.5**	**(1.3)**
Current portion:				
Interest rate swaps - cash flow hedging	-	-	-	(1.3)
Forward contracts - cash flow hedging	-	-	26.4	-
Forward contracts - trading	16.3	-	10.0	-
Total current portion	**16.3**	**-**	**36.4**	**(1.3)**
Non-current portion:				
Forward contracts - trading	2.0	-	1.1	-
Total non-current portion	**2.0**	**-**	**1.1**	**-**

Market risk

Interest rate risk

OVS uses external financial resources in the form of debt and employs liquidity available in bank deposits. Fluctuations in market interest rates affect the cost and yield of various forms of financing and investment, thus affecting OVS's level of financial expenses and income.

To manage these risks, OVS uses interest rate derivatives ("caps") with the aim of mitigating, under economically acceptable conditions, the potential impact of changes in interest rates on the income statement.

The financial instrument (cap) in place at 31 January 2016 refers to a contract entered into in August 2015 with four banks, in equal proportions, for a total of €187.5 million, equal to 50% of the notional amount of the B term bond and maturing on 2 September 2017.

As stipulated in this contract, the "cap strike rate" is 1.00%.

The main features of the contract are summarised below:

(amounts in thousands of euros) Derivative contracts	Date entered into	Maturity date	Value nominal at 31-Jan-16	fair value at 31-Jan-16
Cap	03 August 2015	02 September 2017	187,500	7

Sensitivity analysis

OVS's exposure to interest rate risk was measured using a sensitivity analysis that shows the effects on the income statement and on shareholders' equity of a hypothetical change in market rates to 40 bps higher or lower than the hypothetical forward rate curve at 31 January 2016. This analysis is based on the assumption of a general and instantaneous change in benchmark interest rates.

Excluding the effect of derivatives on interest rates and the amortised cost of loans, the results of this hypothetical, instant and favourable (unfavourable) change in the short-term interest rates applied to OVS's variable-rate financial liabilities are shown in the following table:

Effect of change on financial expenses - income statement

(amounts in millions of euros)	- 40 bps	+ 40 bps
At 31 January 2016	0	1.10

No effects on shareholders' equity have been recorded in relation to the single cap instrument in existence; it was not expected for it the application of hedge accounting method.

The same figure at 31 January 2015 is shown below:

Effect of change on financial expenses - income statement		
(amounts in millions of euros)	- 40 bps	+ 40 bps
At 31 January 2015	1.6	(1.6)

Exchange rate risk

Exposure to the risk of exchange rate fluctuations derives from OVS's commercial activities that are also conducted in currencies other than the euro. Revenues and costs denominated in foreign currencies can be affected by exchange rate fluctuations, with an impact on sales margins (economic risk), and payables and receivables in foreign currencies may be affected by the conversion rates used, with an impact on the income statement (transactional risk).

The only exchange rate to which OVS is significantly exposed is the EUR/USD, in relation to purchases in dollars made in the Far East and on other markets in which the dollar is the trading currency.

Exchange rate fluctuations may result in the realisation or reporting of positive or negative exchange rate differences. OVS also hedges orders that are highly probable although not acquired, pursuing the management aim of minimising the risks to which OVS is exposed.

Forward contracts are mainly used to insure against the risk of appreciation in the foreign currency (US dollar). The following table summarises key information relating to exchange rate hedging derivatives:

(amounts in thousands of euros)	Transaction date	Maturity date	Notional in USD	Strike price	Notional in EUR	Fair value
At 31 January 2016	dal 16/01/2015 al 15/12/2015	dal 01/02/2016 al 04/12/2017	539,500	da 1,1029 a 1,1860	494,048	18,289

In the year under review, the nature and structure of exposure to foreign exchange risk and the hedging policies followed by OVS did not change substantially.

It is pointed out that for the above derivatives, existing at 31 January 2016, the Company does not apply anymore the hedge accounting method.

Sensitivity analysis

To perform the exchange rate sensitivity analysis, items in the statement of financial position (financial assets and liabilities) denominated in currencies other than the function currency of OVS.

The effects of a 5% appreciation and depreciation in the US dollar against the euro are summarised below:

Effect of change on result and shareholders' equity

(amounts in millions of euros)	- 5%	+ 5%
At 31 January 2016	18.6	(16.8)

The same analysis at 31 January 2015 is as follows:

Effect of change on result and shareholders' equity

(amounts in millions of euros)	- 5%	+ 5%
At 31 January 2015	1.7	(1.6)

The impact on derivatives of a 5% appreciation/depreciation in the EUR/USD exchange rate is summarised in the following table:

Effect of change on cash flow hedge reserve - shareholders' equity

(amounts in millions of euros)	- 5%	+ 5%
At 31 January 2016	-	-

The same figure at 31 January 2015 is as follows:

Effect of change on cash flow hedge reserve - shareholders' equity

(amounts in millions of euros)	- 5%	+ 5%
At 31 January 2015	12.5	(11.3)

Fair value estimates

The fair value of financial instruments traded in an active market is based on market prices at the reporting date. The fair value of instruments that are not traded in an active market is measured using valuation techniques based on a series of methods and assumptions linked to market conditions at the reporting date.

The fair value classification for financial instruments based on hierarchical levels is shown below:

• Level 1: fair value is measured with reference to quoted prices (unadjusted) in active markets for identical financial instruments;

• Level 2: fair value is measured using valuation techniques with reference to variables observable on active markets;

• Level 3: fair value is measured using valuation techniques with reference to variables unobservable on active markets;

The financial instruments shown at fair value by OVS are classified as Level 2, and the general criterion used to calculate it is the present value of future cash flows expected from the instrument being valued.

Liabilities relating to bank borrowings are measured using the "amortised cost" criterion.

Trade receivables and payables were measured at their carrying value as this is deemed to be close to the fair value.

In addition to the information on financial risk, the following is a reconciliation between classes of financial assets and liabilities as identified in OVS S.p.A.'s statement of financial position, and the types of financial assets and liabilities identified pursuant to IFRS 7 at 31 January 2016:

	Financial assets/liabilities at fair value through profit or loss	Loans and borrowings	Held to maturity	Assets available for sale	Liabilities measured at amortised cost	Liabilities measured according to IAS 17	Total
Current assets							
Cash and banks	-	123,261	-	-	-	-	123,261
Trade receivables	-	74,555	-	-	-	-	74,555
Financial assets	16,308	-	-	-	-	-	16,308
Non-current assets							
Financial assets	1,988	-	-	-	-	-	1,988
Current liabilities							
Financial liabilities	-	-	-	-	4,920	2,145	7,065
Trade payables	-	-	-	-	389,311	-	389,311
Non-current liabilities							
Financial liabilities	-	-	-	-	370,435	1,166	371,601

The same reconciliation for 31.01.2015 is as follows:

	Financial assets/liabilities at fair value through profit or loss	Loans and borrowings	Held to maturity	Assets available for sale	Liabilities measured at amortised cost	Liabilities measured according to IAS 17	Total
Current assets							
Cash and banks	-	38,289	-	-	-	-	38,289
Trade receivables	-	76,315	-	-	-	-	76,315
Financial assets	36,388	81,988	-	-	-	-	118,376
Non-current assets							
Financial assets	1,111	-	-	-	-	-	1,111
Current liabilities							
Financial liabilities	1,256	22,338	-	-	753,390	2,953	779,937
Trade payables	-	-	-	-	390,868	-	390,868
Non-current liabilities							
Financial liabilities	-	-	-	-	163	3,444	3,607

NOTES TO THE STATEMENT OF FINANCIAL POSITION

Details of the content and changes of the most significant items are provided below.

		31.01.2016	31.01.2015	change
1	**Cash and banks**	**123,261,225**	38,288,592	84,972,633

The balance represents cash and cash equivalents at the reporting date and breaks down as follows (in thousands of euros):

		31.01.2016	31.01.2015	change
1)	Bank and post office deposits	116,477	32,290	84,187
2)	Cheques	0	449	(449)
3)	Cash and cash equivalents on hand	6,784	5,550	1,234
Total		**123,261**	**38,289**	**84,972**

Cash and cash equivalents consists of cash, bank and post office deposits, cheques and cash on hand at the head office and shops in the direct sales network.

It should also be noted that at 31 January 2016, ordinary current accounts were set up as pledges to secure the New Loan Agreement (described in note 11 below), in the amount of €47,128 thousand, and foreign currency current accounts in the amount of USD10,963 thousand, corresponding to €10,087 thousand, whose balance is though in the full availability of the Company.

		31.01.2016	31.01.2015	change
2	**Trade receivables**	**74,555,013**	76,315,091	(1,760,078)

The breakdown of trade receivables was as follows:

	31.01.2016	31.01.2015	change
Trade receivables			
Receivables for retail sales	572	613	(41)
Receivables for wholesale sales	64,055	55,328	8,727
Receivables for services rendered	3,366	9,037	(5,671)
Disputed receivables	6,261	6,085	176
Trade receivables from related parties	7,779	14,274	(6,495)
Subtotal	**82,033**	**85,337**	**(3,304)**
(Provision for doubtful accounts)	(7,478)	(9,022)	1,544
Total	**74,555**	**76,315**	**(1,760)**

Receivables for wholesale sales derive from sales to affiliates.

Receivables from services mainly include charges for department management and subletting to external managers.

Disputed receivables mainly consist of receivables for problem loans. Most of these receivables are written down by recognising a specific provision for doubtful accounts.

The write-downs relate to receivables from affiliates or business partners, for whom collection is presumed to be difficult, or for disputes, or, in the majority of cases, for legal proceedings in progress against customers.

Receivables from related parties were as follows (thousands of euros):

	31.01.2016	31.01.2015	change
Gruppo Coin S.p.A.	1,847	5,754	(3,907)
COSI S.p.A.	717	40	677
GCF S.p.A.	24	2	22
Excelsior Verona S.r.l.	33	2	31
Gruppo Coin International S.A.	1	0	1
OVS Department Stores d.o.o.	1,359	1,361	(2)
OVS Maloprodaja d.o.o.	2,316	2,500	(184)
OVS Bulgaria EOOD	1,454	1,656	(202)
Primavera Sas	0	2,905	(2,905)
OVS Hong Kong Sourcing Limited	28	54	(26)
Total	**7,779**	**14,274**	**(6,495)**

Receivables from controlling company Gruppo Coin S.p.A. relate to the sale of goods and provision of services, mainly consultancy pertaining to the products and services provided by the Information Technology department, as well as charges relating to the cost of the registered office space occupied by the controlling company.

Receivables from other companies relate mainly to sales of goods by OVS S.p.A. Receivables from Primavera Sas were written off for the full amount.

Also note that trade receivables (mainly for the provision of products to the franchising affiliates) amounting to €70.4 million were also transferred to secure the New Loan Agreement at 31 January 2016.

The provision for doubtful accounts amounted to €7,478 thousand. At 31 January 2016, €3,344 thousand had been used and the provision amounted to €1,800 thousand.

Changes in the provision for doubtful accounts are shown below:

(amounts in thousands of euros)	
Balance at 31 January 2015	**9,022**
Allocations in the period	1,800
Utilisations in the period	(3,344)
Balance at 31 January 2016	**7,478**

The change in the provision for doubtful accounts in the previous year is as follows:

(amounts in thousands of euros)	
Balance at transfer date	**9,577**
Allocations in the period	1,500
Utilisations in the period	(2,055)
Balance at 31 January 2015	**9,022**

The allocation to the "Provision for doubtful accounts" expresses the presumed realisable amount of receivables that are still collectable at the closing date of the year. The draw-downs for the period relate to receivable positions for which elements of certainty and accuracy, or the presence of competitive procedures, determine the removal of the position itself. The carrying amount of the trade receivables is believed to approximate their fair value.

Given the types of products and services sold by the Company, there is no significant concentration of revenues and trade receivables with individual customers.

		31.01.2016	31.01.2015	change
3	**Inventories**	**288,304,172**	286,072,065	2,232,107

The breakdown of inventories is shown in the following table:

(amounts in thousands of euros)	31.01.2016	31.01.2015
Goods	313,466	307,252
Gross stock	**313,466**	**307,252**
Provision for depreciation	(15,261)	(13,122)
Provision for inventory differences	(9,901)	(8,058)
Total provision for stock write-downs	**(25,162)**	**(21,180)**
Total	**288,304**	**286,072**

This item includes stocks of merchandise at warehouses and stores at the reporting date.

The amount is largely in line with the amounts that would be obtained by valuing the inventories at current cost at the reporting date.

The provision for depreciation reflects management's best estimate based on the breakdown by type and season of inventories, considerations arising from past experience and the outlook for sales volumes. The provision for inventory differences includes the estimate of inventory differences at the end of each of the periods under review, in view of the fact that the Company carries out a physical inventory in June of every year. These provisions are based on the management best estimate and are therefore believed by management to be consistent with their respective purposes.

Changes in the provision for depreciation and the provision for inventory differences for the period ended 31 January 2016 are shown below:

(amounts in thousands of euros)	Provision for depreciation	Provision for inventory differences	Total
Balance at 31 January 2015	**13,122**	**8,058**	**21,180**
Allocation	13,678	19,249	32,927
Utilisation	(11,539)	(17,406)	(28,945)
Balance at 31 January 2016	**15,261**	**9,901**	**25,162**

The change in the same provisions for the previous period is as follows:

(amounts in thousands of euros)	Provision for depreciation	Provision for inventory differences	Total
Balance at transfer date	**7,234**	**981**	**8,215**
Allocation	10,872	9,621	20,493
Utilisation	(4,984)	(2,544)	(7,528)
Balance at 31 January 2015	**13,122**	**8,058**	**21,180**

		31.01.2016	31.01.2015	change
4	**Current financial assets**	**16,308,048**	118,376,346	(102,068,298)
4	**Non-current financial assets**	**1,988,167**	1,110,936	877,231

The breakdown of the "Financial assets" item into current and non-current at 31 January 2016 and at 31 January 2015 is shown below:

(amounts in thousands of euros)	31.01.2016	31.01.2015
Derivatives (current portion)	16,308	36,388
Balancing receivable from the controlling company for Transferral	0	81,988
Total current financial assets	**16,308**	**118,376**
Derivatives (non-current portion)	1,988	1,111
Total non-current financial assets	**1,988**	**1,111**
Total	**18,296**	**119,487**

Derivatives include the fair value of hedge derivatives on purchases of merchandise in currencies other than the euro.

The amount relating to the "balancing receivable from the controlling company for Transferral" for the previous year referred to the receivable from the transferor, Gruppo Coin, arising from the differences in the balance sheet items between the reference date for the Transferral situation (31 January 2014) and the effective Transferral date (31 July 2014). On 12 February 2015, €22.3 million of the balancing receivable was settled by offsetting the financial payables of OVS S.p.A. to Gruppo Coin, and the remaining amount was settled on 2 March 2015, the starting date for trading in OVS shares on the MTA, by using part of the income from the placement of OVS shares owned by Gruppo Coin proposed as a secondary offering. Interest was calculated on the amount of €79.8 million at market rates for a total of €2.2 million, which was also settled on 2 March 2015.

The amount of **non-current financial assets** refers exclusively to the market values of derivatives.

		31.01.2016	31.01.2015	change
5	**Current tax assets**	**922,632**	296,338	626,294

This consists mainly of receivables for withholding tax on fees (€916 thousand) and other tax receivables and receivables for tax withheld at source. As already mentioned, OVS S.p.A., Gruppo Coin S.p.A. and COSI S.p.A. took up the option of joining the tax consolidation scheme, with the consolidating entity being Gruppo Coin S.p.A. After the option was taken up, the companies in question entered into specific agreements governing their conduct and providing for the transferral of IRES payables/receivables.

		31.01.2016	31.01.2015	change
6	**Other current receivables**	**33,052,718**	35,519,151	(2,466,433)
6	**Other non-current receivables**	**4,906,999**	2,537,600	2,369,399

Other receivables break down as follows (thousands of euros):

	31.01.2016	31.01.2015	change
Other receivables	1,043	1,541	(498)
Receivables from insurance companies for claims reimbursements	292	2,597	(2,305)
Receivables from employees	1,432	649	783
Accrued income and prepaid expenses - rents and service charges	22,460	20,744	1,716
Accrued income and prepaid expenses - insurance	3,083	3,047	36
Accrued income and prepaid expenses - interest on security deposits	25	20	5
Accrued income and prepaid expenses - other	4,718	6,921	(2,203)
Total current receivables	**33,053**	**35,519**	**(2,466)**
Tax receivables	1,069	0	1,069
Security deposits	2,784	2,499	285
Minor investments	20	20	0
Other receivables	1,034	19	1,015
Total non-current receivables	**4,907**	**2,538**	**2,369**

The "Other current receivables" item relates to guarantee deposits made for new leases amounting to €262 thousand, receivables for business unit disposals amounting to €210 thousand, while the remainder refers to social security receivables and advances to suppliers and shippers.

Receivables from insurance companies mainly comprise the scheduled reimbursement for fire damage to stores in Genoa (€90 thousand) and Nettuno (Rome) (€41 thousand) in 2015, and damage to goods in transit (€56 thousand).

The item "Accrued income and prepaid expenses - other" primarily includes prepayments of advertising and marketing services for €1,897 thousand and the share of deferred financial fees (€353 thousand) incurred to obtain medium/long-term revolving lines of credit and to obtain lines of credit described in more detail in the "Financial liabilities" section below.

The same item includes accrued income (€337 thousand) relating to revenues from partners for royalties

and fees and the recovery of expenses for sub-letters at the points of sale; the residual amount relates primarily to prepayments of utility costs, costs for service provision and reimbursement of start-up costs.
Also note that, to serve as collateral for the New Loan Agreement, at 31 January 2016 insurance receivables were sold by warranty for €0.3 million.

"Other non-current receivables" included security deposits that relate mainly to securities paid under leases, utilities and deposits with customs to guarantee goods imports.
The "Minor investments" item mainly includes equity investments in consortia recognised at cost.
The "Other non-current receivables" item includes receivables from affiliates due beyond 12 months for €90 thousand and the medium-/long-term portion of deferred financial fees for €944 thousand.

		31.01.2016	31.01.2015	change
7	Property, plant and equipment	259,004,939	239,839,532	19,165,407

Appendix 1 shows the historical cost for each item, the accumulated depreciation and amortisation, changes during the year and the final balances.
Investments in the period mainly related to:

- sales plant and fittings for €33,976 thousand;
- energy-efficient lighting for €1,515 thousand;
- upgrading the main logistics depot to improve distribution efficiency, for €12,555 thousand;
- store restructuring and improvements for €12,025 thousand.

Pursuant to IAS 36, for businesses showing signs of impairment OVS assessed the recoverability of the relative assets using the discounted cash flow method.
The analysis did not show any impairment during the year.

Also note that, pursuant to the New Loan Agreement, at 31 January 2016 a lien was created on property in the amount of €164.0 million.

		31.01.2016	31.01.2015	change
8	**Intangible assets**	**644,393,706**	649,715,725	(5,322,019)

Appendix 2 of these explanatory notes shows the change in each item during the year.

Intangible assets at 31 January 2016 mainly include the amounts allocated to the OVS Group deriving from the acquisition of Gruppo Coin by Icon.

At 31 January 2016, these amounts included:

- The OVS brand for €377.5 million, with an indefinite life (included under "Concessions, licences and brands");
- The Upim brand for €13.3 million, with an indefinite life (included under "Concessions, licences and brands");
- The OVS franchising network for €85.1 million, amortised over 20 years (included under "Other intangible assets");
- The Upim franchising network for €33.8 million, amortised over 20 years (included under "Other intangible assets");
- Licences relating to OVS stores for €93.1 million, amortised over 40 years (included under "Concessions, licences and brands");
- Licences relating to Upim stores for €17.6 million, amortised over 40 years (included under "Concessions, licences and brands");
- Licences relating to former Bernardi points of sale for €4.4 million, amortised over 40 years (included under "Concessions, licences and brands");

The brands attributed to the Company are regarded as having an indefinite useful life.

To establish this, a management analysis was performed on all relevant factors (legal, judicial, contractual, competitive, economic and other) relating to the brands. The conclusion was reached that there is no foreseeable time limit for the generation of cash inflows for OVS S.p.A.

The recoverability of the value of these brands was measured using the discounted cash flow method for the CGUs to which these brands are allocated. Please see the following section, "Impairment testing", for the outcome of the assessments carried out.

Note that the useful life of the licences is 40 years.

This was estimated on the basis of historical analyses carried out within the Company.

It should be noted, in this regard, that the time limit placed on the duration of the leases is insignificant. In fact, there are protections provided to the tenant in market practice and under specific legal provisions; in addition, a strategy of gradual further expansion of the network is being implemented by the OVS S.p.A., as it is usual to renew leases before they expire naturally. All these factors have resulted over time in the almost completely successful implementation of the renovation policy. Also note that we have identified a component of residual value (non-amortised residual value at the end of the useful life) calculated over 18 monthly rental payments, representing the amount payable by the lessor if the lease is not renewed for a reason not attributable to OVS S.p.A.

The remainder of the item mainly consists of rights to industrial patents and intellectual property rights relating to investments in software programmes.

Also note that, pursuant to the New Loan Agreement, at 31 January 2016 a lien was created on OVS Group brands in the amount of €390.8 million.

		31.01.2016	31.01.2015	change
9	**Goodwill**	**452,540,909**	452,540,909	0

The goodwill allocated to OVS S.p.A. mainly relates to the acquisition of Gruppo Coin by Icon on 30 June 2011, for €451,778 thousand.
Goodwill was tested for impairment: the results are shown in the "Impairment testing" section below.

Impairment testing

Pursuant to IAS 36, the Company verifies the recoverability of intangible assets with an indefinite useful life (goodwill and brands) when indicators of impairment are identified, and in any event at the closing date of the year, while for tangible assets and other assets with a finite useful life this takes place when indicators of impairment are identified. The recoverable amount of the cash-generating units (CGUs) to which the individual assets are allocated is verified by calculating their value in use and/or fair value.

b) OVS CGU

Impairment testing entailed the comparison of the carrying amount of the cash generating unit (CGU) and its value in use (VIU). Note that the carrying amount of the OVS CGU includes goodwill, entirely allocated to the CGU, of €452.5 million, and the OVS brand for €377.5 million, both with an indefinite useful life.
The cash generating units identified by management coincide with the OVS and Upim operating segments, which include all services and products provided to customers.
The estimated value in use of the OVS operating segment for the purposes of impairment testing is based on the discounting of provisional data for the OVS CGU, determined on the basis of the following assumptions:

- the projected cash flows for the OVS operating segment were extrapolated from the business plan for the three years from 2016 to 2018, drawn up by management. Provisional cash flows for the OVS CGU were determined according to growth levels of turnover and EBITDA, based on both past operating and profit performance and on future projections;

- projected future cash flows, standardized to be used for the terminal value, were constructed by consistently applying a growth rate "g" for EBITDA of 1% annually, applied to EBITDA in the final year of the Plan. Annual investments were estimated consistently on the basis of the last year of the Plan (€43.6 million): this amount is believed to be representative of the normalised investments needed to maintain existing fixed assets. Moreover, the change in net working capital was taken as zero: this was believed to be reasonable in light of the specific business in which the CGI operates, assuming a balance in the long term between i) trade receivables and payables and ii) inventories.
- the discount rate (WACC) used to estimate the present value of cash flows is 7.0%, determined on the basis of the following assumptions: i) the risk-free rate used is equal to the average over one month (compared with 31 January 2015) of yields on 10-year Italian government bonds; ii) the equity risk premium is 5.5%, an average rate in line with both the results of long-term analyses of industrialised countries and professional practices; iii) the beta coefficient was estimated based on a panel of comparable listed companies operating in the retail clothing segment; iv) the cost of financial debt (4.1%) was estimated as the 1-month average for the 10-year EurIRS rate, plus a spread of 300 bps; and v) and the debt-to-equity ratio used was calculated on the basis of average data from a panel of comparable companies.

Based on the above considerations, the value in use of the OVS CGU at 31 January 2016 was €1,878.1 million. The comparison between the VIU (€1,878.1 million) and the carrying amount (net invested capital) of the OVS CGU (€968.6 million) shows that the value in use of the CGI is higher than its carrying amount: therefore, there is no impairment to be recognised.

b) Upim CGU

Although no goodwill amount has been allocated to the Upim CGU, the Company has carried out impairment testing on it, in view of the fact that it includes an amount allocated to the brand of €13.3 million, with an indefinite useful life.

The estimated value in use of the Upim operating segment for the purposes of impairment testing is based on the discounting of provisional data for the Upim CGU, determined on the basis of the following assumptions:

- the projected cash flows for the Upim operating segment were extrapolated from the business plan for the three years from 2016 to 2018, drawn up by management. Provisional cash flows for the Upim CGU were determined according to growth levels of turnover and EBITDA, based on both past operating and profit performance and on future projections;
- projected future cash flows, standardized to be used for the terminal value, were constructed by consistently applying a growth rate "g" for EBITDA of 1% annually, applied to EBITDA in the final year of the Plan. Annual investments were estimated consistently on the basis of the last year of the Plan (€15.4 million): this amount is believed to be representative of the normalised investments needed to maintain existing fixed assets. Moreover, the change in net working capital was taken as zero: this was believed to

be reasonable in light of the specific business in which the CGI operates, assuming a balance in the long term between i) trade receivables and payables and ii) inventories.

- the discount rate (WACC) used to estimate the present value of cash flows is 7.0%, determined on the basis of the following assumptions: i) the risk-free rate used is equal to the average over one month (compared with 31 January 2015) of yields on 10-year Italian government bonds; ii) the equity risk premium is 5.5%, an average rate in line with both the results of long-term analyses of industrialised countries and professional practices; iii) the beta coefficient was estimated based on a panel of comparable listed companies operating in the retail clothing segment; iv) the cost of financial debt (4.1%) was estimated as the 1-month average for the 10-year EurIRS rate, plus a spread of 300 bps; and v) and the debt-to-equity ratio used was calculated on the basis of average data from a panel of comparable companies.

Based on the above considerations, the value in use of the Upim CGU at 31 January 2016 was €119.1 million. The comparison between the VIU (€119.1 million) and the carrying amount (net invested capital) of the Upim CGU (€78.2 million) shows that the value in use of the CGI is higher than its carrying amount: therefore, there is no impairment to be recognised.

Impairment testing of store licences

Licences relating to OVS and Upim stores indicating impairment were tested for impairment by calculating value in use for each store.

The key assumptions used to determine the value in use of the CGUs concern the discounting rate and the growth rate. Specifically, the post-tax discount rate (WACC) used was 7.0% and no growth rate was predicted for the period following the 2016 Budget.

Based on the analysis performed, in the current year the store licences for one store in the OVS segment and five stores in the Upim segment were written down, while write-backs were recorded for two OVS stores and one Upim store for previous years, resulting in an overall net total write-down of €555 thousand.

		31.01.2016	31.01.2015	change
10	**Equity investments**	**9,935,988**	8,852,503	1,083,485

Appendix 6 shows the breakdown of, and changes in, equity investments in subsidiaries and associates during the year.

Key information on equity investments in subsidiaries and associates at 31 January 2016 is provided in Appendix 7.

Due to the losses being accrued by subsidiary OVS Department Stores d.o.o. (Serbia), OVS S.p.A. made a payment of €301 thousand; the company also paid €1,500 thousand to OVS Maloprodaja d.o.o. (Croatia) to cover losses for the previous year.

In addition, when assessing the recoverability of its investments, the Company wrote down its respective equity investments in OVS Department Stores d.o.o. (Serbia) for €394 thousand and in OVS Maloprodaja d.o.o. (Croatia) for €324 thousand. For addition information on the valuation of equity investments, see note 16 to the item "Provisions for risks and charges".

		31.01.2016	31.01.2015	change
11	**Current financial liabilities**	**7,064,876**	779,936,912	(772,872,036)
11	**Non-current financial liabilities**	**371,600,717**	3,606,774	367,993,943

The breakdown of the "Current financial liabilities" and "Non-current financial liabilities" items at 31 January 2016 and 31 January 2015 is shown below:

(amounts in thousands of euros)	31.01.2016	31.01.2015
Current bank payables	0	79,595
Current portion of non-current debt	4,812	673,556
Other current financial payables	2,253	26,786
Current financial liabilities	**7,065**	**779,937**
Non-current bank payables	370,380	0
Other non-current financial payables	1,221	3,607
Non-current financial liabilities	**371,601**	**3,607**

Current and non-current bank payables and the current portion of long-term debt

The Company's current and non-current bank payables at 31 January 2016 are shown below:

(amounts in thousands of euros)	Maturity date	Interest rate	At 31 January 2016 Total	of which non-current portion	of which current portion
Facility B	2020	Euribor + 3,00%	375,000	375,000	-
Due for financial expenses			4,812	-	4,812
Finance costs			(4,620)	(4,620)	-
Non-current bank payables			**375,192**	**370,380**	**4,812**

The lines of credit available to the Group, at 31 January 2016, refer to the loan agreement signed on 23 January 2015 and disbursed on 2 March 2015 (the New Loan Agreement) totalling €475,000,000. This agreement provides for the granting of a medium-/long-term line of credit of €375,000,000, which, together with the income from the capital increase servicing the global offer, was intended to repay the pre-existing debt of the Issuer and to pay costs associated with the listing process (the "Senior Loan"), and a revolving line of credit of €100,000,000 that may be drawn down in different currencies (the "Revolving Line of Credit").

The Senior Loan was disbursed as trading of the Company's shares began on the MTA. On the date when trading in the shares started on the MTA, the Company therefore fully repaid the previous loan agreement (which therefore ceased to be effective).

The applicable interest rate for both the senior loan and the revolving line of credit is equal to the sum of (i) the margin of 3% per annum (the "Margin") and (ii) the Euribor or, if the currency used is not the euro, the Libor (the "Interest"). The Interest will be calculated on a quarterly or half-yearly basis for the senior loan, and on a monthly or quarterly or half-yearly basis for the revolving line of credit (unless otherwise agreed between the parties).

The Margin may decrease or increase according to the ratio of average total net debt to EBITDA (as contractually specified), calculated on the basis, depending on the case, of the consolidated financial statements (audited) at 31 January and the consolidated half-year report (unaudited) at 31 July, drawn up pursuant to IFRS. Specifically, the New Loan Agreement stipulates that:

- if the ratio is greater than or equal to 3.00:1, the applicable Margin will be 3.50%;
- if the ratio is less than 3.00:1 but greater than or equal to 2.00:1, the applicable Margin will be 3.00%;
- if the ratio is less than 2.00:1 but greater than or equal to 1.50:1, the applicable Margin will be 2.50%; and
- if the ratio is less than 1.50:1, the applicable Margin will be 2.00%;

At 31 January 2016, the ratio of average financial debt to EBITDA was 1.87. The Margin will therefore be 2.50% as of the third business day after the date of receipt of the Compliance Certificate by the Agent Bank, which is scheduled to take place by 31 May 2016.

The final due date of the New Loan Agreement, which also coincides with the repayment date for the lines of credit, is fixed as the fifth anniversary of the date at which the Senior Loan was initially disbursed.

The New Loan Agreement provides for mandatory early repayment if one of the following circumstances, *inter alia*, should occur:

- the lending banks are unable to maintain the commitments provided for under the New Loan Agreement due to an illegal event; and
- there is a change in control in the Issuer (intended to mean the acquisition by one party (or several parties acting in concert) (i) of a percentage of voting rights that is sufficient, directly or indirectly, to result in a mandatory public tender offer for shares of the Issuer and/or (ii) of the power to appoint or dismiss all, or the majority, of the Issuer's directors.

The New Loan Agreement provides that, to ensure that the relative obligations are met, the following guarantees are made in favour of the banking syndicate on their movable property, infra-group loans, patents, current accounts and trade and insurance receivables, whose terms and conditions are in line with those previously provided for under similar guarantees supporting the Old Loan Agreement, and in particular:

1. the assignment as collateral of receivables arising from any infra-group loan for which OVS S.p.A. is the lending party;
2. the assignment as collateral of trade and insurance receivables (mainly receivables for the provision of products to the franchising affiliates and insurance receivables);
3. a lien on some corporate assets (mainly furnishings and equipment related to the business of OVS) owned by the Group;
4. a pledge on 100% of the shares of OVS Hong Kong Sourcing Limited (f/k/a Oriental Buying Services Limited) held by OVS S.p.A.;
5. a pledge on 100% of the shares of the other subsidiaries of OVS S.p.A. that will fall under the definition of "Material Company" pursuant to the New Loan Agreement. A Material Company is intended to mean any new company that will be controlled by OVS S.p.A. in the future and which is material, pursuant to the New Loan Agreement, according to the revenues it generates in proportion to Group EBITDA;
6. a pledge on some brands owned by OVS S.p.A. (specifically on the OVS and Upim brands);
7. a pledge on some current accounts held by OVS S.p.A.

OVS S.p.A. undertakes to announce the occurrence of any significant adverse events or default events that could restrict and/or impede the ability of OVS S.p.A. or any guarantor to meet its contractual obligations under the New Loan Agreement.

In terms of financial obligations, the only parameter that OVS S.p.A. is committed to comply with is the leverage ratio, i.e. the OVS Group's ratio of net debt to EBITDA, on a consolidated basis. From 31 July 2015, this parameter must be equal to or less than 3.50:1 for each 12-month period ending in a reporting date (i.e. 31 January and 31 July of each year), according to a calculation based on the consolidated financial statements and consolidated half-year reports of OVS Group, with the exception of the tests of July 2015 and January 2016, in which average financial debt will be calculated on the final value of each month that has actually passed since the date of disbursement. As previously mentioned, at 31 January 2016, the ratio of average financial debt to EBITDA was 1.87. The obligation is therefore completely fulfilled.

The New Loan Agreement is governed by UK law and any disputes relating thereto are under the exclusive jurisdiction of the UK courts.

Any violation in accordance with the contractual covenants is an event of default that the Company has the power to heal within 15 working days from the maturity of the obligation of sending the Compliance Certificate related to the calculation period. However, the default can be prevented by an intervention of the shareholders so that the new calculation of the covenants at the reporting date can observe the contractual limits if the intervention of the partners is carried out before that date. The intervention of the shareholders may take the form, for example, of subordinated loan or newly issued shares of OVS.

If the default is not healed, Unicredit as Agent Bank has the option (but not the obligation) to request early payment of the loan also exercising the activation of granted guarantees.

The breakdown of the net financial debt of OVS S.p.A. at 31 January 2016 and at 31 January 2015, determined according to the provisions of the Consob Communication of 28 July 2006 and pursuant to the ESMA/2013/319 Recommendations, is shown below:

(amounts in thousands of euros)	31.01.2016	31.01.2015
Net debt		
A. Cash	123,261	38,289
B. Cash equivalents	-	-
C. Securities held for trading	-	-
D. Liquid assets (A)+(B)+(C)	**123,261**	**38,289**
E. Current financial receivables	**16,308**	**118,376**
F. Current bank payables	(4,811)	(753,151)
G. Current portion of non-current debt	-	-
H. Other current financial payables	(2,253)	(26,786)
I. Current debt (F)+(G)+(H)	**(7,064)**	**(779,937)**
J. Net current debt (I)+(E)+(D)	**132,505**	**(623,272)**
K. Non-current bank payables	(370,380)	-
L. Bonds issued	-	-
M. Other non-current financial payables	(1,221)	(3,607)
N. Non-current debt (K)+(L)+(M)	**(371,601)**	**(3,607)**
O. Net debt (J)+(N)	**(239,096)**	**(626,879)**
Non-current financial receivables	**1,988**	**1,111**
Net financial position	**(237,108)**	**(625,768)**

Other current and non-current financial payables

The following table shows the breakdown of other current and non-current financial payables at 31 January 2016 and 31 January 2015.

(amounts in thousands of euros)	31.01.2016	31.01.2015
Interest rate swaps (IRS)	-	1,256
Payables for finance leases	2,145	2,953
Financial payable from parent company	-	22,338
Payables to factoring companies	-	130
Other loans and minor financial payables	108	109
Other current financial payables	**2,253**	**26,786**
Interest rate swaps (IRS)	-	-
Payables for finance leases	1,166	3,444
Other loans and minor financial payables	55	163
Other non-current financial payables	**1,221**	**3,607**

The item "Financial debt to parent company" shown at 31.01.2015 refers to net payables to Gruppo Coin S.p.A. (€22.3 million) for the management of payments made on behalf of OVS S.p.A. in the period after the Transferral. This debt, which carried market interest rates, was settled on 12 February 2015.

The breakdown by maturity of minimum payments and principal amounts on finance leases is shown below (thousands of euros):

	Minimum payments owed for finance leases		Principal amount	
	31 Jan 2016	31 Jan 2015	31 Jan 2016	31 Jan 2015
Within 1 year	2,371	3,406	2,145	2,953
From 1 to 5 years	1,500	3,872	1,166	3,444
Beyond 5 years	0	0	0	0
Total	**3,871**	**7,278**	**3,311**	**6,397**

The reconciliation between the minimum payments owed to the leasing company and their present value (principal) is as follows (thousands of euros):

	31 Jan 2016	31 Jan 2015
Minimum payments owed for finance leases	3,871	7,278
(Future financial expenses)	(560)	(881)
Present value of payables for finance leases	3,311	6,397

OVS S.p.A. leases fittings and equipments. The weighted average duration of the leases is around eight years.

The interest rates are set at the date on which the contract is entered into and are indexed to the 3-month Euribor. All lease agreements are repayable in equal instalments, and no restructuring of the original repayment plan is provided for contractually.

All the agreements are denominated in the accounting currency (euro).

Payables to leasing companies are guaranteed to the lessor by means of rights over the leased assets.

		31.01.2016	31.01.2015	change
12	**Trade payables**	**389,310,687**	390,867,608	(1,556,921)

The breakdown of the "Trade payables" item at 31 January 2016 and 31 January 2015 is provided below:

(amounts in thousands of euros)	31.01.2016	31.01.2015	change
Payables to third-party suppliers	366,318	369,326	(3,008)
Payables to related parties	22,993	21,542	1,451
Trade payables	**389,311**	**390,868**	**(1,557)**

This item includes payables relating to the Company's normal course of operations, in respect of the supply of goods, assets and services.

The balance includes trade payables to foreign suppliers (mainly in Asia) amounting to €170,276 thousand; it also includes exposure in foreign currency (mainly USD) amounting to USD149,998 thousand, already net of USD15 thousand for advances.

Also note that at these dates there were no payables with a residual life of more than five years in the statement of financial position.

The balance also includes payables to related companies totalling €22,993 thousand, breaking down as follows (thousands of euros):

	31.01.2016	31.01.2015	change
Gruppo Coin S.p.A.	142	2,246	(2,104)
COSI S.p.A.	0	24	(24)
GCF S.p.A.	0	2	(2)
OVS Hong Kong Sourcing Limited	21,191	17,837	3,354
Centomilacandele S.c.p.A.	1,660	1,433	227
Total	**22,993**	**21,542**	**1,451**

Payables to subsidiary OVS Hong Kong Sourcing Ltd relate to a range of services provided to OVS for the purpose of purchasing and importing goods from the Far East, while payables to Gruppo Coin mainly relate to the purchase of goods and provision of services.

		31.01.2016	31.01.2015	change
13	**Current tax liabilities**	**23,635,636**	16,410,080	7,225,556

The amount shown represents the payable for IRES and IRAP, calculated on accrued income at 31 January 2016.

As already mentioned, OVS S.p.A., Gruppo Coin S.p.A. and COSI S.p.A. took up the option of joining the tax consolidation scheme, with the consolidating entity being Gruppo Coin S.p.A.

After the option was taken up, the companies in question entered into specific agreements governing their conduct and providing for the transferral of IRES payables/receivables.

Pursuant to the above regulation, OVS S.p.A. will transfer to the consolidating company the IRES owed, in the amount of €23.3 million.

		31.01.2016	31.01.2015	change
14	**Other current payables**	**100,646,084**	88,026,280	12,619,804
14	**Other non-current payables**	**11,775,592**	9,396,000	2,379,592

The breakdown of the "Other payables" item into current and non-current at 31 January 2016 and at 31 January 2015 is shown below (thousands of euros):

	31.01.2016	31.01.2015	change
Payables to employees for unused leave and related contributions	7,755	6,883	872
Payables to employees for deferred salaries, overtime, bonuses and related contributions	18,677	15,927	2,750
Payables to Directors and Auditors for emoluments	384	434	(50)
Other payables	5,786	4,987	799
Payables to pension and social security institutions	6,482	6,054	428
VAT payables	36,819	34,635	2,184
Other tax payables	2,900	2,675	225
Other payables - to customers	102	70	32
Accrued expenses/deferred income - rents and leasing	7,539	6,639	900
Accrued expenses and deferred income - utilities	2,610	2,231	379
Accrued expenses and deferred income - insurance	94	50	44
Accrued expenses and deferred income - other	11,498	7,441	4,057
Total current payables	**100,646**	**88,026**	**12,620**
Linearisation of rents	10,237	8,556	1,681
Accrued expenses and deferred income - other	1,539	840	699
Total non-current payables	**11,776**	**9,396**	**2,380**

"Payables to employees" relates to benefits accrued and not paid out at 31 January 2016.

"Other payables" mainly refers to customer advances to book goods and purchases of goods vouchers for €3,349 thousand, payables for deposits received from customers as guarantees for an affiliation agreement for €1,986 thousand, and payables to a former Upim S.r.l. supplier for a legal dispute amounting to €340 thousand.

The increase in payables to pension and social security institutions reflects payables to the INPS.

At the reporting date, OVS S.p.A. had a VAT payable deriving from retail and wholesale sales and to a lesser extent from the sale of goods and services.

The "Other tax payables" item includes IRPEF (personal tax) on employees, payables to tax offices and payables for unpaid withholding tax.

It should be noted that the "Other accrued expenses/deferred income" item includes €3,789 thousand in accrued expenses for local taxes, €984 thousand for travel expenses, €446 thousand for banking expenses, as well as €5,774 thousand in deferred income for contributions payable by partners and lessors.

It also includes €240 thousand relating to the current portion of the extension of software usage rights to Gruppo Coin S.p.A. for a five-year period (the non-current portion, recognised under "Other accrued expenses/deferred income - non-current", amounts to €600 thousand).

Non-current payables refer, in the amount of €10,237 thousand, to the recognition of the payable due to the linearisation of leases with payment instalments that increase throughout the life of the lease. The same item includes the €600 thousand already mentioned in the previous item and €939 thousand relating to the deferral of the contribution deriving from investments in new capital goods, which benefited from the "Tremonti-quater" exemption. Note that investments were booked including the contribution amount, which was spread throughout the period of depreciation of the goods concerned.

		31.01.2016	31.01.2015	change
15	**Employee benefits**	**40,488,766**	44,402,469	(3,913,703)

The amount mainly includes the provisions made by the OVS S.p.A. for accrued employee severance benefits. Post-employment benefits are guaranteed by the Company as part of its defined benefit plans. The defined benefit plans include the provision for employee severance benefits accrued at 31 December 2006, the date since which, due to the reform that has taken place, the provision has been identified as a defined contribution provision.

As already mentioned, from 1 January 2007, the 2007 Budget and the associated implementing decrees introduced significant amendments to the rules on employee severance benefits, including options for employees with regard to the allocation of their accruing severance benefits. Specifically, new flows of severance benefits may be directed by the employee to preselected or company pension schemes (in the latter case, the company will pay severance benefit contributions into a treasury account set up with the INPS (the Italian social security and welfare institution).

The change in the "Employee benefits" item is shown below.

(amounts in thousands of euros)	31.01.2016	31.01.2015
Balance at start of year	**44,402**	**42,454**
Increase in period	875	186
Actuarial (gains)/losses	(2,239)	3,706
Contributions made/benefits paid	(2,549)	(1,944)
Balance at end of year	**40,489**	**44,402**

The item also includes €38 thousand relating to the pension provision for former Standa employees. The provision is scheduled for disbursement when the employee is pensioned off. Like the employee severance benefits, the provision is calculated on an actuarial basis using the Projected Unit Credit method.

The economic and demographic assumptions used for actuarial evaluation are listed below:

Demographic assumptions:

- for the expectation of death, the IPS55 demographic, broken down by gender;
- for the expectation of disability, the assumptions used by the INPS model for projections to 2010. Expectations are constructed starting with the distribution by age and gender of pensions in force at 1 January 1987 starting in 1984, 1985 and 1986 relating to personnel in the credit unit;
- for the age of retirement of the general working population, achievement of the first retirement requirement applicable for Mandatory General Insurance was assumed;
- for the probability of leaving employment for reasons other than death, based on statistics provided by the Group, an annual frequency rate of 5.00% was assumed;
- for the probability of early retirement, an year-on-year figure of 3.00% was assumed.

Economic and financial assumptions:

Annual discount rate	1.80%
Annual inflation rate	1.75%
Annual increase in employee severance benefits	2.81%

The iBoxx Eurozone Corporates AA 10+ at the calculation date was used as the benchmark for the discount rate. This expiry relates to the average remaining period of service at the company of the employees of the Company, weighted with the expected payments.

Sensitivity analysis

As required by the revised version of IAS 19, a sensitivity analysis was carried out on changes in the key actuarial assumptions included in the calculation model.

The above scenario was used as the baseline scenario; from this, the most significant assumptions - i.e. the average annual discount rate, the average inflation rate and the turnover rate - were increased and decreased by one half, one quarter and two percentage points respectively. The results obtained are summarised in the following table (millions of euros):

	Annual discount rate		Annual inflation rate		Annual turnover rate	
	+0,50%	-0,50%	+0,25%	-0,25%	+2,00%	-2,00%
OVS	39.3	49.2	41.6	40.5	40.8	41.3

Future cash flows

As required by the revised version of IAS 19, the expected payment flows for the next few years were calculated, as the following table shows (in millions of euros):

years	Cash Flow
0 - 1	3.0
1 - 2	2.8
2 - 3	2.7
3 - 4	2.8
4 - 5	2.9
5 - beyond	34.3

The average number of personnel during the year just ended was 56 managers, 5,901 white-collar workers and 51 blue-collar workers.

At 31 January 2016, OVS S.p.A. had 61 managers, 6,008 white-collar workers and 50 blue-collar workers in its own employ.

		31.01.2016	31.01.2015	change
16	**Provisions for risks and charges**	**11,179,359**	11,985,693	(806,334)

The change in provisions was as follows:

(amounts in thousands of euros)	31.01.2016	31.01.2015
Balance at start of year / transfer date	**11,986**	**10,854**
Allocations in the period	110	1,249
Utilisations in the period	(917)	(117)
Balance at end of year	**11,179**	**11,986**

The provision is made to recognise risks for disputes with suppliers, public institutions, former employees and third parties of various kinds, for disputes over tax and to cover the losses of foreign subsidiaries.

Specifically, the balance at 31 January 2016 includes €2,964 thousand relating to the foreign subsidiaries OVS Bulgaria EOOD (€1,420 thousand), OVS Maloprodaja d.o.o. (€1,344 thousand) and OVS Department Stores d.o.o. (€200 thousand).

The total allocation for the period was €110 thousand, attributable to foreign subsidiary OVS Bulgaria EOOD.

The decrease of €917 thousand refers to utilisations of previous provisions made for store restructuring and various legal reasons.

		31.01.2016	31.01.2015	change
17	**Deferred tax liabilities**	**142,846,674**	168,916,177	(26,069,503)

The change in the "Deferred tax liabilities" item is shown below.

(amounts in thousands of euros)	Balance at 31.01.2015	Allocated/ released to income statement	Allocated/ released to statement of comprehensive income	Allocated/released to reserve	IRES rate adjustment effect	Balance at 31.01.2016
Provision for stock write-downs	5,824	1,096				6,920
Appropriation for local taxes	899	100				999
Provisions for risks and charges	2,511	(252)				2,259
Doubtful accounts	2,360	383			(49)	2,694
Tangible and intangible assets	(179,390)	(49)			20,076	(159,363)
Currency hedging derivatives	(7,303)	0	7,303			0
Employee severance benefits calculated according to IAS 19	1,019	0	(616)			403
Other minor	5,164	(4,532)		2,879	(270)	3,241
Total net prepaid (deferred)	**(168,916)**	**(3,254)**	**6,687**	**2,879**	**19,757**	**(142,847)**

The same details are shown for the previous year:

(amounts in thousands of euros)	Value at transferral date	Allocated/ released to income statement	Allocated/ released to statement of comprehensive income	Allocated/released to reserve	IRES rate adjustment effect	Balance at 31.01.2015
Provision for stock write-downs	2,259	3,565				5,824
Appropriation for local taxes	88	811				899
Provisions for risks and charges	2,544	(33)				2,511
Doubtful accounts	2,633	(273)				2,360
Tangible and intangible assets	(176,674)	(2,716)				(179,390)
Currency hedging derivatives	(104)	104	(7,303)			(7,303)
Interest rates hedging derivatives	642	(642)				0
Employee severance benefits calculated according to IAS 19	28	(28)	1,019			1,019
Other minor	564	4,600				5,164
Total net prepaid (deferred)	**(168,020)**	**5,388**	**(6,284)**	**0**	**0**	**(168,916)**

Deferred tax liabilities related to the higher value of intangible assets in the financial statements were mainly due to their recognition at fair value according to the acquisition method at the time of the business combination.

The "IRES rate adjustment effect" column includes changes in the recalculation of deferred tax following the reduction as of 2017 of the IRES rate from 27.5% to 24%, pursuant to the 2016 Stability Law (208/2015).

SHAREHOLDERS' EQUITY

Shareholders' equity came in at €810.6 million.
Details of changes in the items included in shareholders' equity are provided in the relative accounting schedule.

18 Share capital

At 31 January 2016, the share capital of OVS S.p.A. amounted to €227,000,000, comprising 227,000,000 ordinary shares with no par value.
OVS was incorporated on 14 May 2014 with share capital of €10,000.
The Transferral of the OVS-Upim Business Unit by sole shareholder Gruppo Coin (an operation which has been described several times), which took effect from 31 July 2014, entailed a share capital increase from €10,000 to €140,000,000, with a premium of €249,885,000.
Lastly, on 24 February 2015, the global offer for subscription and sale of ordinary shares of OVS S.p.A., with the aim of listing this company on the MTA, was successfully completed.
The subscription operation entailed a capital increase of €87,000,000, taking the share capital from €140,000,000 to €227,000,000, divided into 227,000,000 ordinary shares with no par value.

18 Other reserves

The breakdown of other reserves is as follows:

The **share premium reserve**, amounting to €512.0 million, derives from increases in the capital of OVS S.p.A., as previously mentioned, and is shown net of listing costs of €7,590 thousand (gross costs of €10,469 thousand and deferred tax of €2,879 thousand).
With regard to the accounting treatment applied to these costs, pursuant to IAS 32, following the positive outcome of the listing process, the ratio between the number of new shares/number of shares post-listing determined the percentage of charges registered as a direct reduction in shareholders' equity, while the remainder was recognised under costs in the income statement. In 2015, costs for the period recognised in the income statement on the basis of the above criteria amounted to €1.8 million, while in 2014 they came to €2.3 million.
There are also **other reserves** with a negative net balance of €10.2 million, mainly including the effects of booking directly to equity the actuarial gains/(losses) relating to employee severance benefits (negative for €1.1 million) and losses from the previous year (€10.5 million)
Changes in shareholders' equity during the year include the recognition of management incentive plans in accordance with IFRS 2 (see note 22 ("Staff costs")).

For further details on changes during the year, please see the statement of changes in shareholders' equity.

Changes in the cash flow hedging reserve were as follows:

(thousands of euros)	2015	2014
Value at start of year/at transfer date	**19,255**	**0**
Release to cost of sales of the portion relating to instruments for which the hedging relationship was entered into	(25,615)	(212)
Deferred tax effect	7,044	58
Release to change in inventories of the portion relating to instruments for which the hedging relationship was entered into	(5,138)	(2,023)
Deferred tax effect	1,413	556
Release to income statement of fair value on instruments for which the hedging relationship has ended	0	11,083
Deferred tax effect	0	(3,048)
Change in fair value	4,195	17,710
Deferred tax effect	(1,154)	(4,869)
Total change	*(19,255)*	*19,255*
Value at the end of the year	**0**	**19,255**

Changes in the reserve for actuarial gains/(losses) were as follows:

(thousands of euros)	2015	2014
Value at start of year/at transfer date	**(2,687)**	**0**
Change in provision for employee severance benefits under IAS 19	2,240	(3,706)
Deferred tax effect	(616)	1,019
Total change	1,624	(2,687)
Value at the end of the year	**(1,063)**	**(2,687)**

NOTES TO THE INCOME STATEMENT

We will now provide details of some income statement items (values are expressed in thousands of euros). Note that the amounts compared include the economic balances of OVS S.p.A. from the date of incorporation to the end of the year, i.e. from 14 May 2014 to 31 January 2015; in particular, OVS S.p.A. acquired the OVS-Upim Business Unit by transferral with effect from 31 July 2014.

19 Revenues

The breakdown of the "Revenues" item is provided below:

	31.01.2016	31.01.2015
Revenues from retail sales	1,414,618	709,882
VAT on retail sales	(255,543)	(128,399)
Net sales	**1,159,075**	**581,483**
Revenues from sales to affiliates, administered and wholesale	154,876	70,419
Subtotal net sales	**1,313,951**	**651,902**
Revenues from services	138	65
Total	**1,314,089**	**651,967**

20 Other operating income and revenues

The breakdown of the "Other operating income and revenues" item is provided below:

	31.01.2016	31.01.2015
Revenues from services rendered	38,405	18,895
Rental and leasing revenues	16,999	8,584
Damages	1,922	28
Capital gains from asset disposals	33	32
Other revenues	2,884	4,449
Total	**60,243**	**31,988**

Revenues from services provided mainly relate to professional services, the recovery of transport and advertising expenses, promotional contributions and charges for staff costs and other services provided, including fees from commercial partners in concessions at the Company's points of sale.
The item "Rental income and leases" mainly includes rent from concession partners at OVS and Upim points of sale.

The "Other revenues" item mainly includes contributions from suppliers and lessors, repayment of training costs and various contingent assets.
The item also includes rebates and rounding assets for €354 thousand and €168 thousand in repayments

for training costs. The residual amount mainly relates to contributions from these partners and suppliers, as well as from lessors for fitting out stores and for start-up losses.

21 Purchases of raw materials, consumables and goods

Purchases of raw materials, supplies, consumables and goods mainly consists of purchases of products for sale and amounts to €606,127 thousand.
These break down as follows:

	31.01.2016	31.01.2015
Purchases of raw materials, consumables and goods	608,359	310,142
Change in inventories	(2,232)	(8,928)
Total	**606,127**	**301,214**

The consideration in euros for purchases abroad, mainly in dollars, including ancillary costs, is €479,338 thousand, of which €30,967 thousand charged by OVS Hong Kong Sourcing Ltd.

22 Staff costs

The breakdown of the "Staff costs" item is provided below:

	31.01.2016	31.01.2015
Wages and salaries	184,761	87,994
Social security charges	56,464	27,507
Employee severance benefits	11,682	5,550
Other staff costs	490	312
Directors' fees	786	358
Total	**254,183**	**121,721**

The number of employees, expressed as the "full-time equivalent" headcount, was 5,280 at the end of the year, compared with 5,124 at 31 January 2015.

MANAGEMENT INCENTIVE PLANS

Approval of the Stock Option Plan

On 26 May 2015, the shareholders' meeting approved the 2015-2020 Stock Option Plan (hereinafter, the "Plan") which will be implemented through the allocation of free options for subscription to ordinary newly issued shares of OVS S.p.A. The Plan is reserved for directors who are also employees, managers with strategic responsibilities and/or other employees of OVS S.p.A. and its subsidiaries. The Plan is intended to create value for shareholders by improving long-term corporate performance and attracting personnel that play a key role in the Company's development.

The Plan provides for the issue of up to 5,107,500 options, which will be freely allocated to the Beneficiaries if certain performance targets are met, and confers on each of them the right to subscribe to one ordinary share of the Company for each option assigned.

The same meeting was also convened in an extraordinary session to resolve upon the proposal to give the Board of Directors, for a period of five years from the date of the resolution, the power to increase the share capital, pursuant to Article 2443 of the Italian Civil Code, in tranches, excluding option rights pursuant to Article 2441, paragraph 8 of the Italian Civil Code, for a total maximum nominal amount of €35,000,000, through the issue, in one or more tranches, of up to 5,107,500 ordinary shares with no par value, to be reserved for the Beneficiaries of the "2015-2020 Stock Option Plan", with the consequent amendment of Article 5 of the Articles of Association.

Implementation of the "2015-2020 Stock Option Plan"

On 8 June 2015, the Board of Directors, implementing the resolutions passed by the shareholders' meeting of 26 May 2015, resolved to execute the mandate to increase the share capital, pursuant to Article 2443 of the Italian Civil Code, granted to the Board of Directors by the extraordinary shareholders' meeting of 26 May 2015, and, for this purpose, resolved upon a capital increase to service the stock option plan named the "2015-2020 Stock Option Plan", which was approved by the same shareholders' meeting. In particular, pursuant to the mandate granted by the extraordinary shareholders' meeting of 26 May 2015, the Board of Directors resolved to carry out a paid share capital increase by the deadline of 8 June 2025, by issuing, in one or more tranches, up to 5,107,500 new ordinary shares of OVS, constituting 2.25% of the current share capital of OVS S.p.A., subscribed and paid up, with no par value, with the same characteristics as the ordinary shares outstanding on the issue date, with ordinary rights, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be reserved for subscription by the Beneficiaries of the aforementioned stock option plan called the "2015-2020 Stock Option Plan".

The key elements of the Stock Option Plan are as follows.

The reasons for the adoption of the 2015-2020 Stock Option Plan, which was approved by the shareholders' meeting of 26 May 2015, are the need to offer, on conditions that take account of the current value from time to time of the OVS stock, a system of remuneration that incentives managers and key personnel of the Company and the Subsidiaries, linking the variable portion of the remuneration to the Company's actual performance and the creation of new value for shareholders, as well as an incentive system designed to attract individuals who are highly qualified in management.

The Stock Option Plan is reserved for individuals who, at the option grant date, hold the role of executive directors and/or will have an employment relationship of indefinite duration with one of the Group's companies. This plan provides for the free granting of options (the "Options") that will give Beneficiaries the right to subscribe to ordinary shares of OVS (in the ratio of 1 (one) ordinary share for every 1 (one) Option exercised) arising from the paid share capital increase in tranches described above, for a nominal amount of up to €35,000,000, excluding option rights pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code, through the issue of up to 5,107,500 new ordinary shares of OVS.

For each Beneficiary and for the first cycle of options granted under the Plan, the exercise price of the shares is set at €4.88 per share. The exercise price for the first cycle of options, established by the Company's Board of Directors on 22 April 2015 after consultation with the Appointments and Remuneration Committee, is equal to the definitive unit price at which OVS shares were placed under the global offer between 16 February 2015 and 24 February 2015, which comprised a public offer to the general public in Italy and an institutional placement for qualified investors in Italy and institutional investors abroad, for the purpose of listing shares of OVS, as of 2 March 2015, on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., ("MTA"), at €4.10 for each OVS share subject to the global offer, plus 19.1%.

The exercise of the Options is subject to the achievement of predetermined and measurable performance targets, which include, *inter alia*, the parameter of EBITDA, as indicated by the Board of Directors after consultation with the Remuneration Committee, for the reference period under the Group's business plan and/or budget.

The Stock Option Plan authorises Beneficiaries to exercise the options early if certain events occur, including:

- a change of control within the meaning of Article 93 of the TUF, including if this does not entail a public tender offer obligation;
- a public tender offer for the Company's shares pursuant to Articles 102 *et seq*. of the TUF; or
- resolutions on transactions that could result in the delisting of ordinary shares of OVS.

The Stock Option Plan also requires, as a condition for participation in the plan itself, that the employee relationship of indeterminate duration or executive management with OVS or a subsidiary, depending on the type of Beneficiary (the "Relationship"), be maintained.

In particular, the Stock Option Plan provides that, on termination of the Relationship due to a "bad leaver" scenario, all Options awarded to the Beneficiary, including Options that have become effective but have not yet been exercised, will automatically lapse and will have no effect or validity.

The following events are regarded as "bad leaver" scenarios, depending on the case: (i) dismissal of the

Beneficiary, termination of the post as director and/or the powers of the Beneficiary, or non-renewal of the position as board member and/or the powers of the Beneficiary, all of the above for just cause; and (ii) termination of the Relationship due to voluntary resignation by the Beneficiary not justified by a "good leaver" scenario.

If the Relationship is terminated due to a "good leaver" scenario, the Beneficiary or his/her heirs, provided that the obligations, terms and conditions set out in the Stock Option Plan are adhered to, will retain the right to exercise the Options granted, taking account of the time at which the Relationship was terminated in accordance with the procedures set out in the Plan.

The following events are regarded as "good leaver" scenarios, depending on the case: (i) dismissal without just cause; (ii) termination of the post of director or non-renewal of the post of board member without just cause; (iii) resignation as a board member when the Beneficiary, without just cause, suffers a termination or non-confirmation of powers, so that his/her relationship with the Company or the Subsidiary is substantially altered; and (iv) resignation from the post or withdrawal from the employment relationship in the event of any one of the following cases: (a) permanent physical or psychological incapacity (due to illness or accident) of the Beneficiary; or (b) decease of the Beneficiary.

The Stock Option Plan will end on 31 December 2020 and provides for a vesting period for the Options granted to the Beneficiary.

As already mentioned, the Stock Option Plan will end on 8 June 2025 (the expiration date, by which the exercisable Options must be exercised on penalty of forfeiture). There are three vesting periods for the Options granted to the Beneficiaries, with the following scope and terms:

- 1/3 of the Options are exercisable after 36 months from the grant date (First Vesting Period);
- 1/3 of the Options are exercisable after 48 months from the grant date (Second Vesting Period);
- 1/3 of the Options are exercisable after 60 months from the grant date (Third Vesting Period).

At 31 January 2016, 5,101,375 option rights had been granted in a single tranche, by resolution of the Board of Directors at its meeting of 8 June 2015.

The Plan described above is defined as equity-settled pursuant to IFRS 2. In accordance with this accounting standard, the fair value of the Plan was estimated at the grant date, using the Black-Scholes method.

The portion of the overall fair value of the Plan pertaining to the reporting period has therefore been recognised in the income statement. In particular, staff costs attributable to the granting of OVS shares, amounting to €1,393 thousand, were recognised with a contra-entry in shareholders' equity.

For further details of the Plan, see the Report of the Board of Directors and the information memorandum, pursuant to Article 84-*bis* of Consob Regulation 11971/1999, which is available on the Company website at www.ovscorporate.it, in the Governance/Shareholders' Meeting section.

Also note that, as part of the operation to acquire an equity investment in Gruppo Coin by funds assisted by BC Partners, which was completed on 30 June 2011, Icon 1 S.A., a holding company operating under Luxembourg law, issued a series of financial instruments to serve the acquisition, assigned to a range of classes of persons, including some managers at Gruppo Coin and now at OVS S.p.A..

For details of the characteristics of these financial instruments and the related accounting treatment used by the conferor, Gruppo Coin S.p.A., please see the information provided in the section of the prospectus on the carve-out balances (chapter 20.1.3) published in the "Investor Relations" section of the Company's website.

Note that, when another three managers became shareholders of Icon 1 S.A., the characteristics of these instruments were redefined, partly with the aim of rebalancing the position of the managers, which had been prejudiced by the issue by Icon 1 S.A. of a special financial instrument. These changes did not affect OVS S.p.A.'s financial position and profit performance, given that in June 2015 the managers added to the initial payments made based on the fair value of the financial instruments, recalculated at the effective date of the changes.

23 Depreciation, amortisation and write-downs of assets

The breakdown of the "Depreciation, amortisation and write-downs of assets" item is provided below:

	31.01.2016	31.01.2015
Amortisation of intangible assets	14,107	6,986
Depreciation of tangible assets	39,676	19,073
Write-downs of tangible and intangible assets	3,422	3,683
Total	**57,205**	**29,742**

Note that the amount relating to write-downs of tangible and intangible assets in the appendices in question was included in the amounts shown in the "Disposals" and "Write-downs" columns.

Write-downs refer to assets written down due to store closures that have already taken place or are planned, and/or the results of impairment testing.

24 Other operating expenses: Service costs

This item breaks down as follows:

	31.01.2016	31.01.2015
Advertising	25,367	11,918
Utilities	32,893	18,052
Miscellaneous sales costs	40,975	21,313
Professional and consulting services	18,512	8,305
Travel and other employee expenses	11,478	4,526
Insurance	3,174	1,371
Maintenance, cleaning and security	31,928	14,751
Other services	4,379	2,526
Board of Statutory Auditors' fees / Supervisory Body	188	76
Total	**168,894**	**82,838**

Service costs include charges from Centomilacandele S.c.p.a. of €18,390 thousand.

25 Other operating expenses: Costs for the use of third-party assets

Costs for the use of third-party assets break down as follows:

	31.01.2016	31.01.2015
Rental costs and ancillary charges	177,992	87,690
Leasing of plant, equipment and vehicles	4,406	1,947
Total	**182,398**	**89,637**

The item "Rental expenses and related charges" mainly includes rents and service charges generated by the sales network.

The leases were signed at arm's length conditions.

26 Other operating expenses: Write-downs and provisions

This item amounts to €1,800 thousand. The allocation for the year relates to the provision for doubtful accounts.

	31.01.2016	31.01.2015
Doubtful accounts	1,800	1,500
Total	**1,800**	**1,500**

27 Other operating expenses: Other operating charges

Other operating charges break down as follows:

	31.01.2016	31.01.2015
Materials and equipment for offices and stores	7,216	3,077
Taxes	9,693	4,850
Capital losses	930	460
Donations	441	110
Corporate expenses	459	160
Other general and administrative expenses	2,440	524
Other operating expenses	1,390	699
Total	**22,569**	**9,880**

The "Other operating charges" item mainly comprises €591 thousand relating to rebates, fines and rounding liabilities and €34 thousand for discounts on partner goods distributed to customers during special events; the same item also includes transactional agreements with lessors and suppliers for €173 thousand, and miscellaneous reimbursements for expenses.

28 Financial income (expenses)

FINANCIAL INCOME

	31.01.2016	31.01.2015
Financial income on bank current accounts	38	6
Financial income from miscellaneous sources	55	6
Income from parent company	0	3,660
Total	**93**	**3,672**

FINANCIAL EXPENSES

	31.01.2016	31.01.2015
Financial expenses to parent company	0	1,973
Financial expenses on bank current accounts	52	19
Financial expenses on loans	21,164	43,141
Financial expenses payable to other lenders	314	265
Interest cost on provision for employee severance benefits	539	186
Other financial expenses/fees	4,757	2,860
Total	**26,826**	**48,444**

Other financial expenses on loans mainly include fees associated with existing loans.

Financial expenses included €6.8 million relating to the writing off of the effect of amortised cost on the Old Loan Agreement that existed at the reporting date but was fully repaid on 2 March 2015, when shares of OVS S.p.A. were listed on the MTA, and included, as shown below, among non-recurring expenses.

EXCHANGE RATE GAINS AND LOSSES

	31.01.2016	31.01.2015
Foreign exchange gains	13,421	2,142
Foreign exchange losses	(0)	(10,706)
Gains (losses) on the change in fair value of currency derivatives	15,619	2,670
Gains (losses) on the change in fair value of currency derivatives in hedge accounting	(8,271)	5,565
Total	**20,769**	**(329)**

GAINS (LOSSES) FROM EQUITY INVESTMENTS

	31.01.2016	31.01.2015
Gains (losses) from equity investments	18,884	0
Write-downs on equity investments	(828)	(1,837)
Total	**18,056**	**(1,837)**

The "Revenues for dividends" item refers to dividends paid out during the year by subsidiary OVS Hong Kong Sourcing Ltd, amounting to €18,836 thousand, and by associate Centomilacandele S.c.p.A., amounting to €47 thousand.

The equity investments in OVS Department Stores d.o.o. and OVS Maloprodaja d.o.o. were written down in the amount of €0.4 million and €0.3 million respectively, and an allocation of €0.1 million was made to the risk provision for OVS Bulgaria EOOD.

29 Taxes

The following is a breakdown of the charge to the income statement:

	31.01.2016	31.01.2015
IRES tax	23,327	11,059
IRAP tax	5,451	5,351
Deferred tax (net change)	(17,370)	(5,388)
Total	**11,408**	**11,022**

At 31 January 2016, OVS S.p.A. had accrued total taxable income of €84,825 thousand, which was fully offset under the tax consolidation mechanism.

The following table shows the reconciliation of the theoretical tax charge with the effective tax charge:

(amounts in thousands of euros)	31.01.2016	%	31.01.2015	%
Net result for the year before tax	93,246		486	
Theoretical income tax (IRES)	(25,643)	(27.5)%	(134)	(27.5)%
IRAP	(5,457)	(5.9)%	(5,466)	(1,124.7)%
Tax effect of permanent differences and other differences	(65)	(0.1)%	(5,422)	(1,115.6)%
IRES rate adjustment effect	19,757	21.2%		
Taxes	**(11,408)**		**(11,022)**	
Effective tax rate		**(12.2)%**		**n.a.**

The amount of €19,757 thousand derives from the recalculation of deferred tax at the close of the year, based on the lower IRES rate of 24% (rather than 27.5%) defined in the 2016 Stability Law, which will come into force in 2017. Net of this effect, the tax rate at 31 January 2016 was 33.4%.

Also note that the IRAP burden was reduced due to a higher deduction from the tax base for staff costs, pursuant to Law 190 of 2014.

Tax consolidation

The Company is part of the the Italian National Tax Consolidation Regime, with Gruppo Coin S.p.A. as its consolidating company.

RELATIONS WITH RELATED PARTIES

Relations with related parties mainly concern the parent company, Gruppo Coin S.p.A., and its subsidiaries. OVS S.p.A. carries out, for its parent company and subsidiaries, mainly commercial activities relating to the sale of goods, and provides logistics, IT and supply chain services.

The following table summarises OVS S.p.A.'s lending and borrowing relationships with related parties, as defined by IAS 24:

(amounts in thousands of euros)	Related parties													
	Gruppo Coin S.p.A.	OVS Department Stores d.o.o.	OVS Maloprodaja d.o.o.	OVS Bulgaria Eood	OVS Hong Kong Sourcing Ltd.	COSI - Concept of Style Italy S.p.A.	Excelsior Verona S.r.l.	GCF S.p.A.	Gruppo Coin Interna-tional S.A.	Centomila-candele S.c.p.a.	Directors and managers with strategic responsi-bilities	Total	Total balance sheet item	Percentage of balance sheet item
Trade receivables														
At 31 January 2016	1,847	1,359	2,316	1,454	28	717	33	24	1	-	-	7,779	74,555	10.4%
At 31 January 2015	5,754	1,361	2,500	1,656	54	40	3	3	-	-	-	11,370	76,315	14.9%
Current financial assets														
At 31 January 2016	-	-	-	-	-	-	-	-	-	-	-	0	-	n.a.
At 31 January 2015	81,988	-	-	-	-	-	-	-	-	-	-	81,988	118,376	69.3%
Current financial liabilities														
At 31 January 2016	-	-	-	-	-	-	-	-	-	-	-	0	-	n.a.
At 31 January 2015	(22,338)	-	-	-	-	-	-	-	-	-	-	(22,338)	(779,937)	2.9%
Trade payables														
At 31 January 2016	(142)	-	-	-	(21,191)	-	-	-	-	(1,660)	-	(22,993)	(389,311)	5.9%
At 31 January 2015	(2,246)	-	-	-	(17,837)	(24)	-	(2)	-	(1,432)	-	(21,542)	(390,868)	5.5%
Current tax liabilities														
At 31 January 2016	(23,327)	-	-	-	-	-	-	-	-	-	-	(23,327)	(23,636)	98.7%
At 31 January 2015	(11,059)	-	-	-	-	-	-	-	-	-	-	(11,059)	(16,410)	67.4%
Other current payables														
At 31 January 2016	-	-	-	-	-	-	-	-	-	-	(2,701)	(2,701)	(100,646)	2.7%
At 31 January 2015	-	-	-	-	-	-	-	-	-	-	(863)	(863)	(88,026)	1.0%

At 31 January 2016, financial relationships with Gruppo Coin mainly concerned the supply of goods and consumables for points of sale, goods brokerage fees, charged-back employee expenses and the provision of product purchasing services.

Relationships with Centomilacandele S.c.p.a. relate to the provision of services for the purchase of electricity. Centomilacandele S.c.p.a. is a non-profit consortium company, engaged in the supply of electricity and natural gas under the best possible conditions to the consortium entities.

The following table summarises the economic relationships of OVS S.p.A. with related parties:

(amounts in thousands of euros)	Related parties											
	Gruppo Coin S.p.A.	OVS Department Stores d.o.o.	OVS Maloprodaja d.o.o.	OVS Bulgaria Eood	OVS Hong Kong Sourcing Ltd.	COSI - Concept of Style Italy S.p.A.	GCF S.p.A.	Centomila-candele S.c.p.a.	Directors and managers with strategic responsibilities	Total	Total income statement item	Percentage of income statement item
Year ended 31 January 2016												
Revenues	2,550	2,120	2,362	(87)	-	586	-	-	-	7,531	1,314,089	0.6%
Other operating income and revenues	2	9	69	-	400	-	-	-	-	480	60,243	0.8%
Purchases of raw materials, consumables and goods	171	-	-	-	(30,967)	-	-	-	-	(30,796)	(606,127)	5.1%
Staff costs	-	-	-	-	-	-	-	-	(5,751)	(5,751)	(254,183)	2.3%
Service costs	4,280	-	-	-	-	-	-	(18,390)	-	(14,110)	(168,894)	8.4%
Costs for the use of third-party assets	953	-	-	-	-	-	-	-	-	953	(182,398)	(0.5)%
Other operating charges	(15)	-	-	-	-	-	(6)	-	-	(21)	(22,569)	0.1%
Year ended 31 January 2015												
Revenues	1,197	936	597	350	-	-	-	-	-	3,080	651,967	0.5%
Other operating income and revenues	-	5	37	-	185	16	-	-	-	243	31,988	0.8%
Purchases of raw materials, consumables and goods	(1,732)	-	-	-	(13,491)	-	-	-	-	(15,223)	(301,214)	5.1%
Staff costs	96	-	-	-	-	-	-	-	(1,611)	(1,515)	(121,721)	1.2%
Service costs	2,423	-	-	-	-	-	-	(10,606)	-	(8,183)	(82,838)	9.9%
Costs for the use of third-party assets	354	-	-	-	-	-	-	-	-	354	(89,637)	(0.4)%
Financial income	3,660	-	-	-	-	-	-	-	-	3,660	3,672	99.7%
Financial expenses	(1,973)	-	-	-	-	-	-	-	-	(1,973)	(48,444)	4.1%

The main economic relationships with related parties are as follows:

- the provision of goods and consumables to Gruppo Coin, included in the "Revenues" item;
- recharges to Gruppo Coin of costs for central IT, logistics and leasing services incurred by OVS S.p.A., included in the "Service costs" item;
- purchases of goods made from Gruppo Coin by the Company, included in the item "Purchases of raw materials, consumables and goods";
- the provision of services relating to the purchase of electricity by Centomilacandele ScpA, included in the “Service costs” items;
- interest accrued on financial receivable/payable relationships in respect of Gruppo Coin, included under "Financial income and expenses".

The cash flows shown in the following table represent the actual payments and receipts registered with related parties, rather than changes during the year in the balance sheet items to which they relate:

(amounts in thousands of euros)	Related parties											
	Gruppo Coin S.p.A.	OVS Depart-ment Stores d.o.o.	OVS Malopro-daja d.o.o.	OVS Bulgaria Eood	OVS Hong Kong Sourcing Ltd.	COSI - Concept of Style Italy S.p.A.	GCF S.p.A.	Centomila-candele S.c.p.a.	Directors and managers with strategic responsibilities	Total	Total cash flow from the cash flow statement	Percentage of balance sheet item
Year ended 31 January 2016												
Cash flow generated (absorbed) by operating activities	8,016	2,279	2,627	98	(27,154)	17	(6)	(22,257)	(2,995)	(39,375)	130,413	(30.2)%
Cash flow generated (absorbed) by investing activities	-	(302)	(1,500)	-	-	-	-	-	-	(1,802)	(73,619)	2.4%
Cash flow generated (absorbed) by financing activities	-	-	-	-	-	-	-	-	-	0	28,178	0.0%
Year ended 31 January 2015												
Cash flow generated (absorbed) by operating activities	(24,380)	1,919	759	179	(4,433)	-	-	(11,507)	(1,387)	(38,850)	128,577	(30.2)%
Cash flow generated (absorbed) by investing activities	-	(986)	-	-	-	-	-	-	-	(986)	(33,805)	2.9%
Cash flow generated (absorbed) by financing activities	12,572	-	-	-	-	-	-	-	-	12,572	(56,483)	(22.3)%

The transactions listed above took place under arm's length conditions.

OTHER INFORMATION

Contingent liabilities

As well as the events described in note 16 ("Provisions for risks and charges"), note that on 4 September 2015, Gruppo Coin S.p.A. and OVS S.p.A. received a summons from the extraordinary administration of Bernardi Group S.p.A., in which the plaintiff requested that the Court of Rome revoke the deed of transfer for the sale, completed in August 2012, of stores by Bernardi Group S.p.A. to Gruppo Coin S.p.A. that were subsequently transferred from Gruppo Coin S.p.A. to OVS S.p.A. in July 2014. The plaintiff requested that the Court revoke the transfer of stores sold to Gruppo Coin S.p.A. and the transfer of these to OVS S.p.A., and, as a secondary request, damages of approximately €8,600,000, which is the alleged price of the assets sold to Gruppo Coin S.p.A. The potential maximum liability for the transferring companies, in the unlikely event that the case is lost, is not expected to exceed approximately €4,500,000, in consideration of the debt assumed at the time of the sale by Gruppo Coin S.p.A. Gruppo Coin S.p.A. and OVS S.p.A. immediately instructed their lawyers to safeguard their interests in court. At the first hearing, which took place on 22 January 2016, the judge assigned the required term for filing statements pursuant to Article 183 of the Code of Civil Procedure, and set the date of the next hearing as 11 November 2016.

Sureties and guarantees granted to third parties

These came to €53,190 thousand (€47,698 thousand at 31 January 2015) and were granted on behalf of the Group by banks or insurance companies, mainly to guarantee Italian leases.

Other commitments

Commitments for lease payments on stores and warehouses to be settled within the contractual deadlines, with or without a termination clause. In the vast majority of contracts, this clause is assumed to cover a period of 12 months. The consequent commitment relates to one year's rent and amounts to €165.8 million.

Directors' and Statutory Auditors' fees

The following table shows the fees payable to Directors and Statutory Auditors for positions held at OVS S.p.A.:

(amounts in thousands of euros)	Directors	Auditors
Year ended 31 January 2016	625	152
Year ended 31 January 2015	288	76

Transactions arising from atypical and/or unusual operations

In accordance with the Consob Communication of 28 July 2006, note that in 2015, no atypical and/or unusual operations were entered into as defined by the Communication.

Significant non-recurring events and operations

In accordance with the Consob Communication of 28 July 2006, it should be noted that the results of the Company for 2015 were influenced by non-recurring net income of €9,857 thousand.

(amounts in thousands of euros)	31.01.2016	31.01.2015
Other revenues	(49)	(24)
Purchases of raw materials, consumables and goods	0	8,909
Staff costs	301	641
Service costs	2,053	3,027
Costs for the use of third-party assets	1,017	219
Other operating charges	3,559	526
Financial expenses	6,774	16,983
Taxes	(23,512)	(6,036)
Total	**(9,857)**	**24,245**

Non-recurring charges mainly refer to:

- €1,882 thousand for consulting and legal fees relating to the IPO process, recognised under "Service costs";
- €1,017 thousand connected to leasing costs for stores closed for restructuring, recognised under "Costs for the use of third-party assets";
- €1,736 thousand for charges relating to marketing and roadshow costs incurred for the IPO process and reorganisation charges, recognised under "Other operating charges";
- €6,774 thousand relating to the writing off of amortised costs on the Old Loan Agreement, which was fully repaid on 2 March 2015, when the shares of the Company were listed on the MTA. This item is recognised under "Financial expenses".

Other hand, an amount of €19,757 thousand was included in non-recurring tax assets, due to the IRES adjustment from 27.5% to 24%, which will come into force on 1 January 2017.

Significant events after the period

For a description of significant events after the reporting date, please see the Report on Operations.

Information pursuant to Article 149-*duodecies* of the Consob Issuers' Regulation

The following prospectus, which was prepared pursuant to Article 149-*duodecies* of the Consob Issuer's Regulation, shows the fees for 2015 and 2014 for auditing services and other services provided by the external auditor, PricewaterhouseCoopers S.p.A., as well as services provided by companies within the same network.

(amounts in thousands of euros)	31.01.2016	31.01.2015
a) Compensation of external audit company for audit services		
- for the Parent Company OVS S.p.A.	240	485
- for the subsidiaries (services provided through PwC network)	68	39
b) Compensation of external audit company for other services, different from audit services		
- for the Parent Company OVS S.p.A. for attestation services	-	1,325
- for the Parent Company OVS S.p.A. for attestation services (services provided through PwC network)	-	78
- for the Parent Company OVS S.p.A. for other services	40	87
c) Compensation of external audit network companies, for other services		
- for the Parent Company OVS S.p.A.	835	524

APPENDICES TO THE SEPARATE FINANCIAL STATEMENTS

The following documents contain additional information on the separate financial statements for the year ended 31 January 2016.

1) Property, plant and equipment at 31 January 2016;
2) Intangible assets at 31 January 2016;
3) Property, plant and equipment at 31 January 2015;
4) Intangible assets at 31 January 2015;
5) Equity investments;
6) Breakdown of equity investments;
7) List of equity investments in subsidiaries and associates;
8) Schedule of the origin, usability and distributability of the items in the statement of financial position.

APPENDIX 1

Property, plant and equipment
The composition and changes during the period were as follows (amounts in thousands of euros):

	Situation at 31.01.2015	Movements during the year			Situation at 31.01.2016
		Purchases	Sales/disposals	Amortisation/ write-downs	
Leasehold improvements					
initial cost	189,780	12,025	(6,240)	0	195,565
write-downs	0	0	0	0	0
amortisation	(140,067)	0	5,393	(8,240)	(142,914)
net	**49,713**	**12,025**	**(847)**	**(8,240)**	**52,651**
Land and buildings					
initial cost	33,563	338	0	0	33,901
write-downs	0	0	0	0	0
amortisation	(7,226)	0	0	(708)	(7,934)
net	**26,337**	**338**	**0**	**(708)**	**25,967**
Plant and machinery					
initial cost	262,954	26,185	(10,429)	0	278,710
write-downs	0	0	0	0	0
amortisation	(188,216)	0	8,803	(12,426)	(191,839)
net	**74,738**	**26,185**	**(1,626)**	**(12,426)**	**86,871**
Industrial and commercial equipment					
initial cost	296,683	22,396	(13,587)	0	305,492
write-downs	0	0	0	0	0
amortisation	(214,550)	0	11,787	(16,904)	(219,667)
net	**82,133**	**22,396**	**(1,800)**	**(16,904)**	**85,825**
Other assets					
initial cost	54,761	2,213	(5,193)	0	51,781
write-downs	0	0	0	0	0
amortisation	(50,834)	0	4,994	(1,398)	(47,238)
net	**3,927**	**2,213**	**(199)**	**(1,398)**	**4,543**
Assets under construction and payments on account					
initial cost	2,992	2,504	(2,348)	0	3,148
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**2,992**	**2,504**	**(2,348)** (1)	**0**	**3,148**
Total					
initial cost	840,733	65,661	(37,797)	0	868,597
write-downs	0	0	0	0	0
amortisation	(600,893)	0	30,977	(39,676)	(609,592)
net	**239,840**	**65,661**	**(6,820)** (2)	**(39,676)**	**259,005**

(1) Of this amount, €2,348 thousand represents assets under construction at 31/01/2015, reclassified to the specific asset categories in 2015.
(2) Includes €3,035 thousand relating to fixed assets disposed of and written down in the period due to the closure of p.o.s.

APPENDIX 2

Intangible assets

The composition and changes during the period were as follows (amounts in thousands of euros):

	Situation at 31.01.2015	Movements during the year			Situation at 31.01.2016
		Purchases	Sales/disposals	Amortisation/ write-downs	
Rights to industrial patents and intellectual property rights					
initial cost	109,602	8,618	(718)	0	117,502
write-downs	0	0	0	0	0
amortisation	(96,511)	0	617	(5,298)	(101,192)
net	**13,091**	**8,618**	**(101)**	**(5,298)**	**16,310**
Concessions, licences and trademarks					
initial cost	519,560	1,195	(2,394)	0	518,361
write-downs	(7,240)	0	1,743	(355)	(5,852)
amortisation	(3,788)	0	19	(979)	(4,748)
net	**508,532**	**1,195**	**(632)**	**(1,334)**	**507,761**
Assets under construction and payments on account					
initial cost	808	692	(808)	0	692
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**808**	**692**	**(808)** (1)	**0**	**692**
Other intangible assets					
initial cost	162,630	176	0	0	162,806
write-downs	0	0	0	0	0
amortisation	(35,345)	0	0	(7,830)	(43,175)
net	**127,285**	**176**	**0**	**(7,830)**	**119,631**
Total					
initial cost	792,600	10,681	(3,920)	0	799,361
write-downs	(7,240)	0	1,743	(355) (3)	(5,852)
amortisation	(135,644)	0	636	(14,107)	(149,115)
net	**649,716**	**10,681**	**(1,541)** (2)	**(14,462)**	**644,394**
Goodwill					
initial cost	452,541	0	0	0	452,541
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**452,541**	**0**	**0**	**0**	**452,541**

(1) Of this amount, €808 thousand represents assets under construction at 31/01/2015, reclassified to the specific asset categories in 2015.

(2) Includes €32 thousand relating to fixed assets disposed of and written down in the period due to the closure of p.o.s.

(3) Includes €355 thousand relating to assets written down after impairment testing of the p.o.s.

APPENDIX 3

Property, plant and equipment

The composition and changes during the period were as follows (amounts in thousands of euros):

	Balance at transfer date	Movements during the year			Situation at 31.01.2015
		Purchases	Sales/disposals	Amortisation/ write-downs	
Leasehold improvements					
initial cost	188,608	2,664	(1,492)	0	189,780
write-downs	0	0	0	0	0
amortisation	(137,393)	0	1,434	(4,108)	(140,067)
net	**51,215**	**2,664**	**(58)**	**(4,108)**	**49,713**
Land and buildings					
initial cost	33,466	97	0	0	33,563
write-downs	0	0	0	0	0
amortisation	(6,869)	0	0	(357)	(7,226)
net	**26,597**	**97**	**0**	**(357)**	**26,337**
Plant and machinery					
initial cost	257,772	7,236	(2,054)	0	262,954
write-downs	0	0	0	0	0
amortisation	(184,088)	0	1,809	(5,937)	(188,216)
net	**73,684**	**7,236**	**(245)**	**(5,937)**	**74,738**
Industrial and commercial equipment					
initial cost	279,848	21,115	(4,280)	0	296,683
write-downs	0	0	0	0	0
amortisation	(210,643)	0	4,036	(7,943)	(214,550)
net	**69,205**	**21,115**	**(244)**	**(7,943)**	**82,133**
Other assets					
initial cost	54,577	904	(720)	0	54,761
write-downs	0	0	0	0	0
amortisation	(50,510)	0	404	(728)	(50,834)
net	**4,067**	**904**	**(316)**	**(728)**	**3,927**
Assets under construction and payments on account					
initial cost	4,775	2,098	(3,881)	0	2,992
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**4,775**	**2,098**	**(3,881)** (1)	**0**	**2,992**
Total					
initial cost	819,046	34,114	(12,427)	0	840,733
write-downs	0	0	0	0	0
amortisation	(589,503)	0	7,683	(19,073)	(600,893)
net	**229,543**	**34,114**	**(4,744)** (2)	**(19,073)**	**239,840**

(1) Of this amount, €3,881 thousand represents assets under construction at 31/07/2014, reclassified to the specific asset categories in 2014.

(2) Includes €373 thousand relating to fixed assets disposed of and written down in the period due to the closure of p.o.s.

APPENDIX 4

Intangible assets

The composition and changes during the period were as follows (amounts in thousands of euros):

	Balance at transfer date	Movements during the year			Situation at 31.01.2015
		Purchases	Sales/disposals	Amortisation/ write-downs	
Rights to industrial patents and intellectual property rights					
initial cost	105,418	4,186	(2)	0	109,602
write-downs	0	0	0	0	0
amortisation	(93,902)	0	2	(2,611)	(96,511)
net	**11,516**	**4,186**	**0**	**(2,611)**	**13,091**
Concessions, licences and trademarks					
initial cost	522,552	12	(3,004)	0	519,560
write-downs	(5,244)	0	1,314	(3,310)	(7,240)
amortisation	(3,344)	0	33	(477)	(3,788)
net	**513,964**	**12**	**(1,657)**	**(3,787)**	**508,532**
Assets under construction and payments on account					
initial cost	1,688	484	(1,364)	0	808
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**1,688**	**484**	**(1,364)** (1)	**0**	**808**
Other intangible assets					
initial cost	162,444	186	0	0	162,630
write-downs	0	0	0	0	0
amortisation	(31,447)	0	0	(3,898)	(35,345)
net	**130,997**	**186**	**0**	**(3,898)**	**127,285**
Total					
initial cost	792,102	4,868	(4,370)	0	792,600
write-downs	(5,244)	0	1,314	(3,310) (2)	(7,240)
amortisation	(128,693)	0	35	(6,986)	(135,644)
net	**658,165**	**4,868**	**(3,021)**	**(10,296)**	**649,716**
Goodwill					
initial cost	452,541	0	0	0	452,541
write-downs	0	0	0	0	0
amortisation	0	0	0	0	0
net	**452,541**	**0**	**0**	**0**	**452,541**

(1) Of this amount, €1,364 thousand represents assets under construction at 31/07/2014, reclassified to the specific asset categories in 2014.

(2) Includes €3,310 thousand relating to assets written down after impairment testing of the p.o.s.

APPENDIX 5

Equity investments

The composition and changes during the period were as follows (amounts in thousands of euros):

	Situation at 31.01.2015	Movements during the year		Situation at 31.01.2016
		Increases	Decreases	
Investments in subsidiaries				
acquisitions / (disposals)	9,304	1,802	0	11,106
revaluations / (writedowns)	(588)	0	(718)	(1,306)
net	**8,716**	**1,802**	**(718)**	**9,800**
Investments in associates				
acquisitions / (disposals)	136	0	0	136
revaluations / (writedowns)	0	0	0	0
net	**136**	**0**	**0**	**136**
Total				
acquisitions / (disposals)	9,440	1,802	0	11,242
revaluations / (writedowns)	(588)	0	(718)	(1,306)
net	**8,852**	**1,802**	**(718)**	**9,936**

APPENDIX 6

Breakdown of equity investments
(€ values)

	Situation at 31.01.2015	Movements during the year: Acquisitions / Increases	Movements during the year: Writedowns	Situation at 31.01.2016	%
Subsidiary Companies					
OVS Hong Kong Sourcing Ltd	8,226,919			8,226,919	100%
OVS Department Stores d.o.o.	489,271	301,485	(394,000)	396,756	100%
OVS Maloprodaja d.o.o.		1,500,000	(324,000)	1,176,000	100%
OVS Bulgaria Eood	0			0	100%
	8,716,190	**1,801,485**	**(718,000)**	**9,799,675**	
Associate Company					
Centomilacandele S.c.p.a.	136,313			136,313	31.63%
	136,313	**0**	**0**	**136,313**	
TOTAL	**8,852,503**	**1,801,485**	**(718,000)**	**9,935,988**	

APPENDIX 7

List of equity investments in subsidiary and associate Companies
(€ values)

	Registered office	% interest hold	Equity investment value	Share capital	Net result	Net equity	Net equity owned
OVS Hong Kong Sourcing Ltd	Hong Kong	100%	8,226,919	56,419	20,926,528	22,553,504	22,553,504
OVS Department Stores d.o.o.	Belgrade	100%	396,756	6,008,700	(397,028)	196,855	196,855
OVS Maloprodaja d.o.o.	Zagreb	100%	1,176,000	2,619	(294,968)	(167,974)	(167,974)
OVS Bulgaria Eood	Sofia	100%	0	10,226	(109,912)	(1,420,160)	(1,420,160)
Centomilacandele S.c.p.a.	Milan	31.63%	136,313	300,000	5,986	370,967	117,337
TOTAL			**9,935,988**	**6,377,964**	**20,130,606**	**21,533,192**	**21,279,562**

APPENDIX 8

Schedule of the origin, usability and distributability of the shareholder's equity items

(amounts in thousands of euros)	**Balance at 31 January 2016**	**Permitted uses (A, B, C)***	**Available portion**
Share capital	227,000	B	-
Legal reserve	-	B	-
Share premium reserve	511,995	A, B, C	511,995
Cash flow hedge reserve	-		-
TOTAL	**738,995**		**511,995**

(*) A: share capital increases, B: to cover losses, C: shareholder distributions.

Certification of financial statements for the year pursuant to Article 81-*ter* of Consob Regulation 11971 of 14 May 1999 as subsequently amended and supplemented

1. We, the undersigned, Stefano Beraldo, as the Chief Executive Officer, and Nicola Perin, as the Director responsible for preparing the corporate accounting statements of OVS S.p.A., hereby declare, also taking account of article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

   - the adequacy with respect to the characteristics of the Company and
   - the effective application

   of the administrative and accounting procedures for the preparation of the financial statements for the year ended 31 January 2016.

2. The evaluation of the adequacy of the administrative and accounting procedures used in the preparation of the consolidated financial statements at 31 January 2016 was based on a process defined by OVS S.p.A. consistent with the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is a generally accepted international framework.

3. Moreover:

   3.1 the financial statements:

   a) were prepared in compliance with the international accounting standards recognised by the European Community pursuant to (EC) Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
   b) correspond to the accounting books and records;
   c) are suitable to provide a true and fair representation of the financial position and profit performance of the issuer and all the companies included within the scope of consolidation.

   3.2 the Report on Operations includes a reliable analysis of the performance and operating results, as well as the situation, of the issuer, as well as a description of the main risks and uncertainties to which it is exposed.

Venice - Mestre, April 14, 2016

Stefano Beraldo	Nicola Perin
Chief Executive Officer	Director responsible for preparing the corporate accounting statements

Indipendent auditors' reports

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

To the shareholders of
OVS SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the OVS Group, which comprise the statement of financial position as of 31 January 2016, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the OVS Group as of 31 January 2016 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005.

Report on compliance with other laws and regulations

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

We have performed the procedures required under auditing standard (SA Italia) n° 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree n° 58/98, which are the responsibility of the directors of OVS SpA, with the consolidated financial statements of the OVS Group as of 31 January 2016. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the OVS Group as of 31 January 2016.

Treviso, 4 May 2016

PricewaterhouseCoopers SpA

Signed by

Massimo Dal Lago
(Partner)

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

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

To the shareholders of
OVS SpA

Report on the financial statements

We have audited the accompanying financial statements of OVS SpA, which comprise the statement of financial position as of 31 January 2016, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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Auditors' responsibility

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

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

PricewaterhouseCoopers SpA

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of OVS SpA as of 31 January 2016 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005.

Report on compliance with other laws and regulations

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

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Treviso, 4 May 2016

PricewaterhouseCoopers SpA

Signed by

Massimo Dal Lago
(Partner)

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