



AEFFE

CONSOLIDATED QUARTERLY REPORT
AS OF 30 JUNE 2007

Index

1.	BOARD OF DIRECTORS AND STATUTORY AUDITORS OF THE PARENT COMPANY	3
2.	ORGANISATION CHART AT 30.06.07	4
3.	BRANDS PORTFOLIO	5
4.	HEADQUARTERS	6
5.	SHOWROOMS	7
6.	FLAGSHIP STORES UNDER DIRECT MANAGEMENT	8
7.	MAIN ECONOMIC-FINANCIAL DATA AND RATIOS	9
8.	FINANCIAL STATEMENTS	10
9.	REPORT ON OPERATIONS	15

1. Board of directors and statutory auditors of the Parent Company

Board of Directors

Chairman

Massimo Ferretti

Deputy Chairman

Alberta Ferretti

Chief Executive Officer

Simone Badioli

Directors

Marcello Tassinari - Managing Director

Umberto Paolucci

Roberto Lugano

Gianfranco Vanzini

Board of Statutory Auditors

President

Romano Del Bianco

Statutory Auditors

Bruno Piccioni

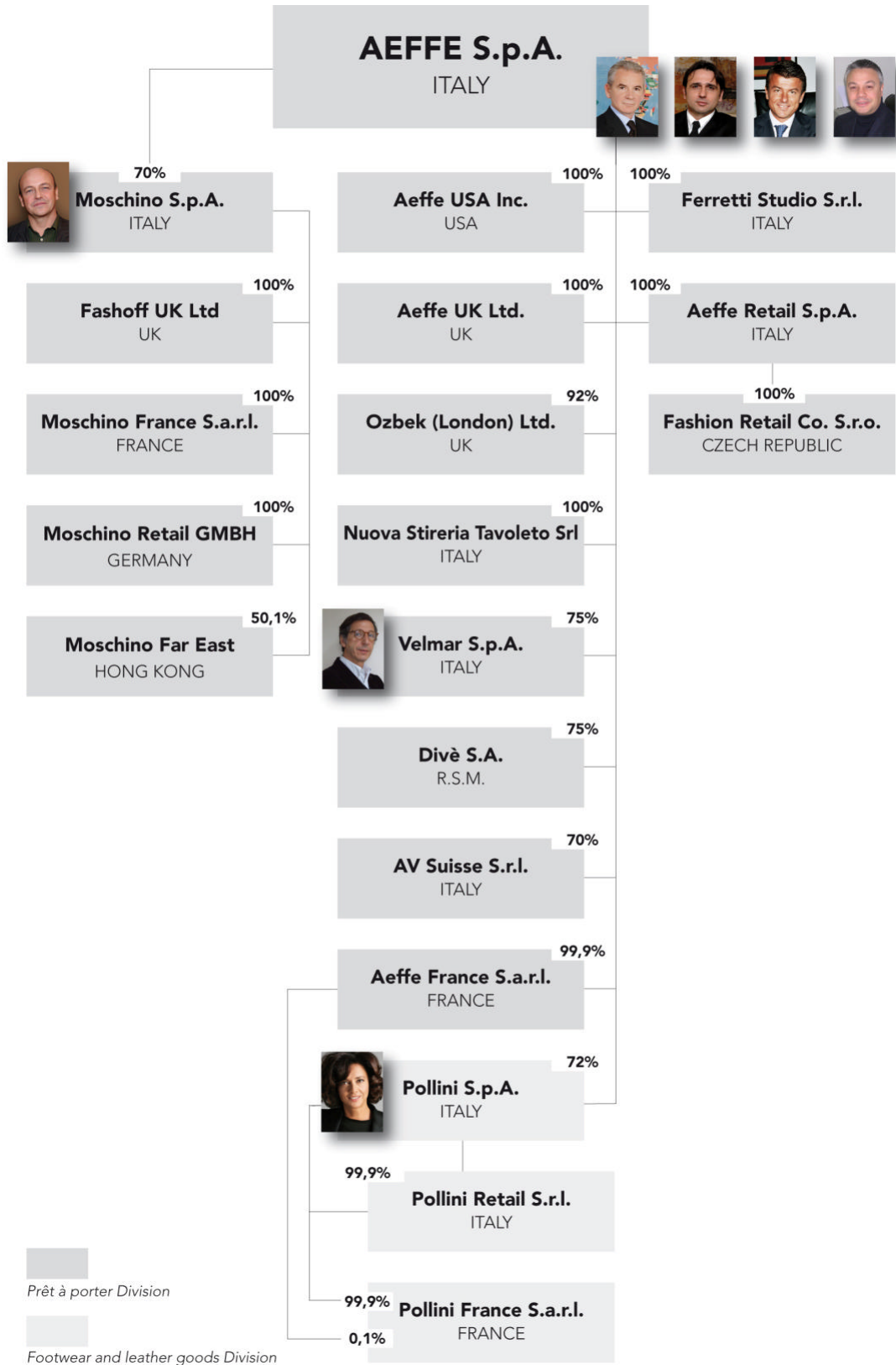
Vittorio Baiocchi

Alternate Auditors

Andrea Moretti

Pierfrancesco Gamberoni

2. Organisation chart at 30.06.07



3. Brands portfolio



4. Headquarters

AEFFE GROUP

Via Delle Querce 51
San Giovanni in Marignano (Rimini)
47842 - Italy

MOSCHINO

Via San Gregorio 28
20124 - Milan
Italy

POLLINI

Via Erbosa 2/B
Gatteo (Forlì-Cesena)
47030 - Italy

VELMAR

Via Delle Robinie 43
San Giovanni in Marignano (Rimini)
47842 - Italy



5. Showrooms

AEFFE MILAN
(FERRETTI - GAULTIER)
Via Donizetti 48
20122 - Milan
Italy

POLLINI MILAN
Via Bezzacca 5
20135 - Milan
Italy

AEFFE LONDON
(FERRETTI)
205-206 Sloane Street
SW1X 9QX - London
UK

AEFFE PARIS
(ALL BRANDS GROUP)
15 Place de la Republique
75003 - Paris
France

AEFFE NEW YORK
(ALL BRANDS GROUP)
30 West 56th Street
10019 - New York
USA

MOSCHINO MILAN
Via San Gregorio 28
20124 - Milan
Italy

MOSCHINO LONDON
28-29 Conduit Street
W1R 9TA - London
UK

MOSCHINO JAPAN
Shin-Nogizaka Bldg. 5F
1-15-14 Minami Aoyama Minato-ku
107-0062 - Tokyo
Japan

MOSCHINO HONG KONG
21/F Dorset House, Taikoo Place
979 King's Road
Hong Kong



6. Flagship stores under direct management

ALBERTA FERRETTI

Milan
Rome
Capri
Paris
London

PHILOSOPHY

Milan
Capri
New York

SPAZIO A

Florence
Venice

P_BOX

Milan

MOSCHINO

Milan (2)
Capri
Paris
London
Berlin
Beijing
Shanghai
Osaka
Hong Kong (3)
Kuala Lumpur
Singapore
Taipei (2)
Bangkok

POLLINI

Milan
Bologna
Rome
Florence (2)
Venice
Bolzano
Parma
Ravenna
Rimini
Varese
Verona
Paris



7. Main economic-financial data

<i>(in thousands of EUR)</i>	H I 2007	H I 2006	Change	%	Q II 2007	Q II 2006	Change	%
TOTAL REVENUES	145,861	127,538	18,324	14%	58,719	49,856	8,862	18%
EBITDA	22,901	15,109	7,792	52%	7,673	4,712	2,961	63%
EBIT	17,733	9,713	8,020	83%	5,045	2,042	3,003	147%
PROFIT BEFORE TAXES	13,444	6,556	6,888	105%	3,001	393	2,608	663%
NET PROFIT FOR THE GROUP	5,862	2,656	3,207	121%	846	173	1,019	n.a.

<i>(in thousands of EUR)</i>	H I 2007	31.12.2006	H I 2006	31.12.2005	
NET CAPITAL INVESTED	227,568	217,765	234,168	229,204	
SHAREHOLDERS' EQUITY	108,591	102,451	98,372	96,320	
NET FINANCIAL POSITION	118,977	115,314	135,796	132,884	
FREE CASH FLOW	1,139	29,110	-	455	20,410

8. Financial statements

Consolidated Income Statement - First Half

	H I 2007	%	H I 2006	%	Change	%
REVENUES FROM SALES AND SERVICES	141,642,015	100.0%	125,646,011	100.0%	15,996,004	12.7%
Other revenues and services	4,219,421	3.0%	1,891,675	1.5%	2,327,746	123.1%
TOTAL REVENUES	145,861,436	103.0%	127,537,686	101.5%	18,323,750	14.4%
Change in inventory of work in process, semi-finished , finished goods	7,744,441	5.5%	7,550,292	6.0%	194,150	2.6%
Costs of raw materials, consumables and goods for resale	- 45,332,466	-32.0%	- 38,130,985	-30.3%	- 7,201,481	18.9%
Costs of services	- 47,080,678	-33.2%	- 44,409,909	-35.3%	- 2,670,768	6.0%
Costs for use of third parties assets	- 8,594,611	-6.1%	- 8,066,006	-6.4%	- 528,606	6.6%
Labour costs	- 28,109,943	-19.8%	- 27,516,327	-21.9%	- 593,616	2.2%
Other operating expenses	- 1,586,722	-1.1%	- 1,855,573	-1.5%	268,851	-14.5%
Total operating costs	- 122,959,979	-86.8%	- 112,428,509	-89.5%	- 10,531,470	9.4%
GROSS OPERATING MARGIN (EBITDA)	22,901,457	16.2%	15,109,178	12.0%	7,792,280	51.6%
Amortization of intangible fixed assets	- 1,818,917	-1.3%	- 1,886,946	-1.5%	68,029	-3.6%
Depreciation of tangible fixed assets	- 3,108,080	-2.2%	- 3,267,374	-2.6%	159,294	-4.9%
Revaluations (write-downs)	- 241,188	-0.2%	- 241,411	-0.2%	223	-0.1%
Total Amortization and write-downs	- 5,168,184	-3.6%	- 5,395,730	-4.3%	227,546	-4.2%
NET OPERATING PROFIT (EBIT)	17,733,273	12.5%	9,713,447	7.7%	8,019,826	82.6%
Financial income	232,560	0.2%	136,533	0.1%	96,027	70.3%
Financial expenses	- 4,521,994	-3.2%	- 3,232,731	-2.6%	- 1,289,263	39.9%
Total Financial Income (expenses)	- 4,289,435	-3.0%	- 3,096,198	-2.5%	- 1,193,236	38.5%
Profit (loss) from affiliates	-	-	61,015	0.0%	#VALORE!	-100.0%
PROFIT BEFORE TAXES	13,443,839	9.5%	6,556,234	5.2%	6,887,605	105.1%
Income taxes	- 6,090,194	-4.3%	- 3,831,187	-3.0%	- 2,259,007	59.0%
Deferred taxes income (expense)	- 692,701	-0.5%	54,345	0.0%	- 638,356	1174.6%
Total Taxes on the Profit	- 6,782,895	-4.8%	- 3,885,533	-3.1%	- 2,897,363	74.6%
PROFIT NET OF TAXES	6,660,943	4.7%	2,670,701	2.1%	3,990,242	149.4%
Profit (loss) attributable to minority shareholders	- 798,578	-0.6%	15,193	0.0%	- 783,385	5156.3%
NET PROFIT FOR THE GROUP	5,862,365	4.1%	2,655,508	2.1%	3,206,857	120.8%

Consolidated Income Statement - Second Quarter

	Q II 2007	%	Q II 2006	%	Change	%
REVENUES FROM SALES AND SERVICES	55,343,932	100.0%	48,911,483	100.0%	6,432,449	13.2%
Other revenues and services	3,374,893	6.1%	944,920	1.9%	2,429,973	257.2%
TOTAL REVENUES	58,718,825	106.1%	49,856,402	101.9%	8,862,422	17.8%
Change in inventory of work in process, semi-finished , finished goods	9,231,187	16.7%	8,940,129	18.3%	291,058	3.3%
Costs of raw materials, consumables and goods for resale	- 21,740,009	-39.3%	- 17,990,492	-36.8%	- 3,749,517	20.8%
Costs of services	- 20,968,771	-37.9%	- 18,622,964	-38.1%	- 2,345,807	12.6%
Costs for use of third parties assets	- 3,946,104	-7.1%	- 3,421,977	-7.0%	- 524,127	15.3%
Labour costs	- 12,668,556	-22.9%	- 12,808,248	-26.2%	139,693	-1.1%
Other operating expenses	- 953,256	-1.7%	- 1,240,435	-2.5%	287,179	-23.2%
Total operating costs	- 51,045,509	-92.2%	- 45,143,987	-92.3%	- 5,901,522	13.1%
GROSS OPERATING MARGIN (EBITDA)	7,673,315	13.9%	4,712,415	9.6%	2,960,900	62.8%
Amortization of intangible fixed assets	- 910,360	-1.6%	- 950,442	-1.9%	40,082	-4.2%
Depreciation of tangible fixed assets	- 1,558,765	-2.8%	- 1,590,690	-3.3%	31,925	-2.0%
Revaluations (write-downs)	- 159,371	-0.3%	- 129,441	-0.3%	- 29,930	23.1%
Total Amortization and write-downs	- 2,628,496	-4.7%	- 2,670,572	-5.5%	42,077	-1.6%
NET OPERATING PROFIT (EBIT)	5,044,820	9.1%	2,041,843	4.2%	3,002,977	147.1%
Financial income	157,985	0.3%	84,766	0.2%	73,219	86.4%
Financial expenses	- 2,230,297	-4.0%	- 1,703,526	-3.5%	- 526,772	30.9%
Total Financial Income (expenses)	- 2,072,312	-3.7%	- 1,618,760	-3.3%	- 453,553	28.0%
Profit (loss) from affiliates	28,615	0.1%	29,817	-0.1%	58,432	n.a.
PROFIT BEFORE TAXES	3,001,122	5.4%	393,266	0.8%	2,607,856	663.1%
Income taxes	- 1,700,862	-3.1%	- 780,316	-1.6%	- 920,546	118.0%
Deferred taxes income (expense)	- 272,827	-0.5%	25,810	0.1%	- 298,637	n.a.
Total Taxes on the Profit	- 1,973,689	-3.6%	- 754,505	-1.5%	- 1,219,183	161.6%
PROFIT NET OF TAXES	1,027,434	1.9%	- 361,239	-0.7%	1,388,673	n.a.
Profit (loss) attributable to minority shareholders	- 181,434	-0.3%	188,603	0.4%	- 370,036	n.a.
NET PROFIT FOR THE GROUP	846,000	1.5%	- 172,637	-0.4%	1,018,637	n.a.

Consolidated Balance Sheet

	HI 2007	31.12.2006	HI 2006
Trade receivables	36,765,600	33,429,957	42,969,893
Stock and inventories	65,315,331	57,658,314	57,137,427
Trade payables	- 59,505,841	- 57,545,124	- 52,980,981
Operating net working capital	42,575,090	33,543,147	47,126,339
Other short term receivables	28,651,304	25,857,607	27,973,399
Tax receivables	4,089,881	2,339,179	2,746,144
Other short term liabilities	- 15,641,648	- 12,768,551	- 16,086,632
Tax payables	- 5,630,725	- 4,951,812	- 4,106,992
Net working capital	54,043,903	44,019,570	57,652,258
Tangible fixed assets	70,029,761	69,895,400	65,899,321
Intangible fixed assets	173,299,318	175,073,292	176,952,512
Investment property			
Investments	21,631	120,638	183,325
Other long term receivables	2,868,477	2,877,143	3,101,491
Fixed assets	246,219,187	247,966,473	246,136,648
Post employment benefits	- 11,482,041	- 13,508,741	- 12,291,604
Long term provisions	- 1,699,378	- 1,741,230	- 2,117,492
Non-financial assets available for sale	1,636,885	1,636,885	1,662,746
Other long term liabilities	- 14,045,242	- 14,045,132	- 14,045,131
Deferred tax assets	11,227,529	10,741,117	11,376,832
Deferred tax liabilities	- 58,333,066	- 57,303,971	- 54,206,703
NET CAPITAL INVESTED	227,567,776	217,764,971	234,167,554
Capital issued	22,090,626	22,500,000	22,500,000
Other reserves	53,909,031	51,277,701	51,891,626
Profits (Losses) carried-forward	- 582,125	- 5,773,135	- 4,645,986
Profits (Loss) for the period	5,862,365	7,981,220	2,655,509
Group share capital and reserves	81,279,898	75,985,786	72,401,149
Minority interests	27,310,748	26,465,309	25,970,498
Shareholders' equity	108,590,646	102,451,095	98,371,647
Other short term financial receivables	- -	4,175,000	-
Cash and cash equivalents	- 11,122,558	- 11,145,222	- 9,949,312
Long term financial payables	60,933,827	66,196,757	67,114,960
Short term financial payables	69,165,861	64,437,341	78,630,259
NET FINANCIAL POSITION	118,977,130	115,313,876	135,795,907
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	227,567,776	217,764,971	234,167,554

Consolidated Cash flow

<i>(in thousands of EUR)</i>	H I 2007	31.12.2006	H I 2006
OPENING BALANCE	15,320	7,020	7,020
Profit before taxes	13,444	19,294	6,556
Amortization, provision and depreciation	4,927	10,225	5,154
Accrual (availment) of long term provisions and post employment benefit	-	2,069	694 - 147
Income taxes and change in deferred assets and liabilities	-	5,561 -	4,851 - 1,793
Financial income and financial charges	4,289	7,022	3,096
Change in operating assets and liabilities	-	10,703	613 - 12,174
NET CASH FLOW FROM OPERATING ASSETS	4,327	32,997	692
(Increase) decrease in intangible fixed assets	-	45 -	42 - 47
(Increase) decrease in tangible fixed assets	-	3,242 -	4,034 - 1,200
(Investments)	99	137	74
Change in assets available for sale	-	52	26
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	- 3,188 -	3,887 -	1,147
Increase in reserves and profit carried-forward to shareholders'equity	-	521 -	6,000 - 619
Proceeds (repayment) of financial payments	-	534 -	9,270 5,841
Increase (decrease) in long term financial receivables	9	1,482	1,258
Financial incomes and financial charges	-	4,289 -	7,022 - 3,096
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	- 5,337 -	20,810	3,384
CLOSING BALANCE	11,123	15,320	9,949

Changes in shareholders' equity

<i>(in thousands of EUR)</i>	Share capital	Share premium reserve	Legal reserve	Other reserve	Financial Sharing reserve	Translation reserve	Fair Value Reserve	IAS Reserve	Profits (losses) carried forward	Net income of the Group	Total Group Net Equity	Total Minority Net Equity	Total Net Equity
BALANCES AT 31.12.06	22,500	11,345	2,054	6,519	12,400	391	7,448	11,120	- 5,773	7,981	75,986	26,465	102,451
Allocation of 2006 profits			118	2,672					5,191	- 7,981			
Dividends paid													
Exchange differences from translation						- 143					- 143	47	- 97
Net income at 30.6.2007										5,862	5,862	799	6,661
Cancellation of own shares	- 4,500	- 16,600		18,400	2,700								
Conversion of participatory instrument	4,091	11,009			- 15,100								
Other movements				- 425							- 425		- 425
BALANCES AT 30.06.07	22,091	5,754	2,173	27,165	-	248	7,448	11,120	- 582	5,862	81,280	27,311	108,590

9. Report on operations

The Aeffe Group operates at an international level in the luxury sector, presenting prêt-à-porter, footwear and leather goods under famous brand names as Alberta Ferretti, Moschino, Pollini and JP Gaultier. The report on operations for the first half of 2007 highlights significant growth in terms of sales and profitability with respect to the first half of 2006.

The revenues generated in the first six months of 2007 amount to EUR 141,642 thousand, up 12.7% compared with the same period in the prior year. EBITDA rises by 51.6% to EUR 22,901 thousand (compared with EUR 15,109 thousand in the same period of the previous year), representing 16.2% of revenues against 12% in the first six months of 2006. EBITDA benefits from the net capital gain of approximately EUR 2 million realised by Aeffe USA on the sale of its stake (50% of capital) in Narciso Rodriguez LLC. Net of this income, EBITDA is EUR 20,883 thousand or 14.7% of total revenues. With respect to the first six months of 2006, this represents an increase of 38.2% in absolute terms and of 270 basis points in terms of the margin on revenues.

These results reflect the adoption of a careful cost monitoring activity that, by leveraging the growth in sales, has achieved a considerable increase in margins, while maintaining the high product quality standards for which the Group's brands are renowned.

Net financial debt has increased from EUR 115,314 thousand as of 31st December 2006 to EUR 118,977 thousand as of 30th June 2007 (EUR 135,796 thousand as of 30th June 2006) due to the seasonality of the business.

Free cash flow generated in the period to 30th June 2007 amounts to EUR 1,139 thousand, representing an improvement with respect to the corresponding period in 2006 when net absorption totalled EUR 0.45 thousand.

The results achieved during the period confirm the forecasts made by the Group and highlight the effectiveness of its strategic decisions.

Twelve franchised retail stores were opened during the first half of 2007, seven of which in Asia; this is consistent with the opening plan established for the entire year.

Moschino S.p.A., a Group subsidiary, entered into a franchising and product distribution agreement covering the People's Republic of China (excluding Hong Kong and Macau) in June 2007. The local partner, Hembly International Holding Limited, is a leading distributor of fashion products in China, with a listing on the Hong Kong stock exchange.

Extending over the next 10 years, the agreement envisages the opening of 40 stores, 30 of which during the first five years of the partnership.

This agreement will enable Moschino S.p.A. to accelerate the development of its commercial network, establishing a coordinated, widespread presence in a nation such as China, where considerable growth potential has been identified.

The agreement is another example of the international expansion strategy carried forward by the Aeffe Group.

Aeffe and Aeffe USA Inc. signed an agreement with Narciso Rodriguez on 18th May 2007, as part of rationalisation work to focus on the growth and profitability of the brand portfolio. This agreement, involving the sale of its stake (50% of capital) held in Narciso Rodriguez LLC, resulted in the realisation of a net capital gain of about EUR 2 million.

Summary of consolidated results

Consolidated income statement

<i>(in thousands of EUR)</i>	H I 2007	%	H I 2006	%	Change	%	Q II 2007	%	Q II 2006	%	Change	%
Revenues from sales and services	141,642	100.0%	125,646	100.0%	15,996	12.7%	55,344	100.0%	48,911	100.0%	6,432	13.2%
Other revenues and income	2,201	1.6%	1,892	1.5%	310	16.4%	1,357	2.5%	945	1.9%	412	43.6%
Total revenues	143,843	101.6%	127,538	101.5%	16,306	12.8%	56,701	102.5%	49,856	101.9%	6,844	13.7%
Total operating costs	- 122,960	-86.8%	- 112,429	-89.5%	- 10,531	9.4%	- 51,046	-92.2%	- 45,144	-92.3%	- 5,902	13.1%
Profit on ordinary activities	20,883	14.7%	15,109	12.0%	5,774	38.2%	5,655	10.2%	4,712	9.6%	943	20.0%
Non-recurring income	2,018	1.4%		0.0%	2,018	n.a.	2,018	3.6%		0.0%	2,018	n.a.
Non-recurring expenses		0.0%		0.0%	-	n.a.		0.0%		0.0%	-	n.a.
Gross operating margin (EBITDA)	22,901	16.2%	15,109	12.0%	7,792	51.6%	7,673	13.9%	4,712	9.6%	2,961	62.8%
Total Amortization and write-downs	- 5,168	-3.6%	- 5,396	-4.3%	228	-4.2%	- 2,628	-4.7%	- 2,671	-5.5%	42	-1.6%
Net operating profit (EBIT)	17,733	12.5%	9,713	7.7%	8,020	82.6%	5,045	9.1%	2,042	4.2%	3,003	147.1%
Total Financial Income (expenses)	- 4,289	-3.0%	- 3,096	-2.5%	- 1,193	38.5%	- 2,072	-3.7%	- 1,619	-3.3%	- 454	28.0%
Profit (loss) from affiliates	-	0.0%	61	0.0%	61	-100.0%	29	0.1%	30	-0.1%	58	-196.0%
Profit before taxes	13,444	9.5%	6,556	5.2%	6,888	105.1%	3,001	5.4%	393	0.8%	2,608	663.1%
Total Taxes on the Profit	- 6,783	-4.8%	- 3,886	-3.1%	- 2,897	74.6%	- 1,974	-3.6%	- 755	-1.5%	- 1,219	161.6%
PROFIT NET OF TAXES	6,661	4.7%	2,671	2.1%	3,990	149.4%	1,027	1.9%	- 361	-0.7%	1,389	-384.4%
Profit (loss) attributable to minority shareholders	- 799	-0.6%	- 15	0.0%	- 783	5156.3%	- 181	-0.3%	189	0.4%	- 370	-196.2%
Net profit (loss) for the Group	5,862	4.1%	2,656	2.1%	3,207	120.8%	846	1.5%	- 173	-0.4%	1,019	-590.0%

Net revenues

First half 2007 vs 2006

Revenues from sales rise from EUR 125,646 thousand in the first half of 2006 to EUR 141,642 thousand in the first half of 2007, up 12.7%. At constant exchange rates, the increase is 14.9%. This progress reflects the improved performance of the Group's principal companies, highlighting the effectiveness of the strategic decisions made over time.

The following table details the revenues by geographical area for the six month period ended 30th June 2007 and 30th June 2006.

<i>(in thousands of EUR)</i>	H I 2007	H I 2006	%
Italy	55,065	49,242	11.8%
Europe (excluding Italy and Russia)	30,316	25,096	20.8%
United States	16,785	15,392	9.0%
Russia	11,348	7,818	45.2%
Far East	10,307	11,132	-7.4%
Japan	9,767	10,853	-10.0%
Rest of the World	8,054	6,112	31.8%
Total	141,642	125,646	12.7%

The Group's revenues are earned as follows: 38.9% in Italy (+11.8% compared with the first half of 2006),

21.4% in the Rest of Europe (+20.8% compared with the first half of 2006), 11.9% in North America (+9% with respect to the first half of 2006, +17% at constant exchange rates), 8% in Russia (+45.2% compared with the first half of 2006), 7.3% in the Far East (-7.4% compared with the first half of 2006, -1% at constant exchange rates), 6.9% in Japan (-10% compared with the first half of 2006, -3% at constant exchange rates) and 5.7% in the Rest of the World (+31.8% compared with the first half of 2006).

The following table details the revenues by brand for the six month period ended 30th June 2007 and 30th June 2006.

<i>(in thousands of EUR)</i>	H I 2007	H I 2006	%
Ferretti	29,637	25,512	16.2%
Moschino	67,415	59,021	14.2%
J. P. Gaultier	11,186	10,734	4.2%
Pollini	23,868	20,422	16.9%
Other	9,536	9,957	-4.2%
Total	141,642	125,646	12.7%

The Group's revenues are earned as follows: 20.9% by the Ferretti lines (+16.2% with respect to the first half of 2006), 47.6% by the Moschino lines (+14.2% with respect to the first half of 2006; 17% at constant exchange rates), 7.9% by the J.P.Gaultier lines (+4.2% with respect to the first half of 2006), 16.9% by the Pollini lines (+16.9% with respect to the first half of 2006), and 6.7% by other lines (-4.2% with respect to the first half of 2006; this reduction essentially reflects the lower sales of the Narciso lines, excluding which there would have been an increase of 7.7%).

The following table details the revenues by distribution channel for the six month period ended 30th June 2007 and 30th June 2006.

<i>(in thousands of EUR)</i>	H I 2007	H I 2006	%
Wholesale	99,776	88,124	13.2%
Retail	33,725	30,553	10.4%
Royalties / Commissions	8,141	6,969	16.8%
Total	141,642	125,646	12.7%

The revenues generated by the Group during the period to 30th June 2007 are analysed below:

- 70.4% from the Group's sales organisation, showrooms, agents and importers, franchise outlets, corners and shop-in-shops (wholesale channel), which contributed EUR 88,124 thousand in the first half of 2006 and EUR 99,776 thousand in the first half of 2007, up 13.2%.
- 23.8% from sales outlets managed directly by the Group (retail channel), which contributed EUR 30,553 thousand in the first half of 2006 and EUR 33,725 thousand in the first half of 2007, up 10.4%.
- 5.7% from royalties deriving from licences granted to third parties for the production and distribution of product lines sold under the Group's brand names. The rise in royalties from EUR 6,969 thousand in the first half of 2006 to EUR 8,141 thousand in the first half of 2007, up 16.8%, reflects the higher royalties earned by both Moschino and Pollini.

Second quarter 2007 vs 2006

Net revenues in the second quarter of 2007, EUR 55,344 thousand, are 13.2% higher than in the comparative period due, once again, to internal growth by the Group.

The following table details the revenues by geographical area for the second quarters of 2007 and 2006.

<i>(in thousands of EUR)</i>	Q II 2007	Q II 2006	%
Italy	20,785	20,259	2.6%
Europe (excluding Italy and Russia)	11,924	8,865	34.5%
United States	6,566	6,662	-1.4%
Russia	5,878	3,301	78.1%
Far East	4,017	4,233	-5.1%
Japan	3,554	4,018	-11.5%
Rest of the World	2,619	1,572	66.6%
Total	55,344	48,911	13.2%

The Group's revenues are earned as follows: 37.6% in Italy (+2.6% with respect to the second quarter of 2006), 21.5% in the Rest of Europe (+34.5% with respect to the second quarter of 2006), 11.9% in North America (-1.4% with respect to the second quarter of 2006, +6% at constant exchange rates), 10.6% in Russia (+78.1% with respect to the second quarter of 2006), 7.3% in the Far East (-5.1% with respect to the second quarter of 2006, +1.2% at constant exchange rates), 6.4% in Japan (-11.5% with respect to the second quarter of 2006, -8% at constant exchange rates) and 4.7% in the Rest of the World (+66.6% with respect to the second quarter of 2006).

The following table details the revenues by brand for the second quarters of 2007 and 2006.

<i>(in thousands of EUR)</i>	Q II 2007	Q II 2006	%
Ferretti	10,507	9,076	15.8%
Moschino	30,004	26,221	14.4%
J. P. Gaultier	2,289	2,600	-12.0%
Pollini	8,940	7,730	15.7%
Other	3,604	3,285	9.7%
Total	55,344	48,911	13.2%

The Group's revenues are earned as follows: 19% by the Ferretti lines (+15.8% with respect to the second quarter of 2006), 54.2% by the Moschino lines (+14.4% with respect to the second quarter of 2006), 4.1% by the J.P.Gaultier lines (-12% with respect to the second quarter of 2006), 16.2% by the Pollini lines (+15.7% with respect to the second quarter of 2006), and 6.5% by other lines (+9.7% with respect to the second quarter of 2006).

The following table details the revenues by distribution channel for the second quarters of 2007 and 2006.

<i>(in thousands of EUR)</i>	Q II 2007	Q II 2006	%
Wholesale	34,253	29,381	16.6%
Retail	16,624	15,461	7.5%
Royalties / Commissions	4,467	4,069	9.8%
Total	55,344	48,911	13.2%

The revenues generated by the Group during the second quarter of 2007 are earned as follows:

- 61.9% from the Group's sales organisation, showrooms, agents and importers, franchise outlets, corners and shop-in-shops (wholesale channel), which contributed EUR 29,381 thousand in the second quarter of 2006 and EUR 34,253 thousand in the second quarter of 2007;
- 30% from sales outlets managed directly by the Group (retail channel), which contributed EUR 15,461 thousand in the second quarter of 2006 and EUR 16,624 thousand in the second quarter of 2007;
- 8.1% from royalties deriving from licences granted to third parties for the production and distribution of product lines sold under the Group's brand names. The rise in royalties from EUR 4,069 thousand in the second quarter of 2006 to EUR 4,467 thousand in the second quarter of 2007, up 9.8%, reflects the higher royalties earned by both Moschino and Pollini.

Gross operating margin (EBITDA)

First half 2007 vs 2006

Consolidated EBITDA amounts to EUR 22,901 thousand (16.2% of Net Revenues) in the first half of 2007 and EUR 15,109 thousand (12% of Net Revenues) in the comparative period of last year. The increase of EUR 7,792 thousand (+51.6%) reflects the operational leverage achieved by the Group's manufacturing organisation. EBITDA, net of non-recurring income totalling EUR 2,018 thousand and deriving from the net capital gain realised by Aeffe USA on the disposal of its stake (50% of capital) in Narciso Rodriguez LLC, amounts to EUR 20,883 thousand (14.7% of Net Revenues).

Second quarter 2007 vs 2006

Consolidated EBITDA amounts to EUR 7,673 thousand (13.9% of Net Revenues) in the second quarter of 2007 and EUR 4,712 thousand (9.6% of Net Revenues) in the comparative period of last year, up EUR 2,961 thousand (+62.8%). EBITDA net of non-recurring income is EUR 5,655 thousand (10.2% of Net Revenues).

Net Operating Profit (EBIT)

First half 2007 vs 2006

Consolidated Net Operating Profit (EBIT) amounts to EUR 17,733 thousand in the first half of 2007 and EUR 9,713 thousand in the comparative period of last year. The increase of EUR 8,020 thousand (+82.6%) is due to the improvement in EBITDA described above.

Second quarter 2007 vs 2006

Consolidated Net Operating Profit (EBIT) amounts to EUR 5,045 thousand in the second quarter of 2007 and EUR 2,042 thousand in the comparative period of last year. The increase of EUR 3,003 thousand (+ 147.1%) is also due to the improvement in EBITDA described above.

Profit before taxation

First half 2007 vs 2006

Profit before taxation amounts to EUR 13,444 thousand in the first half of 2007 and EUR 6,556 in the comparative period of last year. The increase of EUR 6,888 thousand (105.1%) is due to the improvement in margins described above.

Second quarter 2007 vs 2006

Profit before taxation amounts to EUR 3,001 thousand in the second quarter of 2007 and EUR 393 in the comparative period of last year. The increase of EUR 2,608 thousand (663.1%) is due to the improvement in margins described above.

Net profit for the Group

First half 2007 vs 2006

The net profit for the Group in the first half of 2007 amounts to EUR 5,862 thousand, after taxation of EUR 6,783 thousand. This is 120.8% higher than the profit reported in the comparative period of last year. The effective tax rate, determined in relation to the profit before taxation as of 30th June 2007, is 50.5% compared with 59.3% as of 30th June 2006. This improvement reflects the dilutive effect of IRAP (regional business tax).

Second quarter 2007 vs 2006

The net profit for the Group in the second quarter of 2007 amounts to EUR 846 thousand, up by EUR 1,019 thousand with respect to the profit reported in the comparative period of last year.

Segment information

Economic performance by Division

The Group is organised worldwide into two main business sectors:

- (i) Prêt-à-porter Division;
- (ii) Footwear and leather goods Division.

First half 2007 vs 2006

The following table details the principal economic information relating to the Prêt-à-porter and Footwear and leather goods Divisions for the six month period ended 30th June 2007 and 30th June 2006.

<i>(in thousands of EUR)</i>	Distribution of revenues and ebitda by Division	H I 2007	% of total	H I 2006	% of total
Ready-to-wear	Revenues	115,075	81.2%	104,255	83.0%
	Gross operating margin (EBITDA) after non-recurring operations (1)	19,109	91.5%	14,435	95.5%
	Gross operating margin (EBITDA) after non-recurring operations %	16.6%		13.8%	
	Gross operating margin (EBITDA)	21,127	92.3%	14,435	95.5%
	Gross operating margin (EBITDA) %	18.4%		13.8%	
Footwear and leather goods	Revenues	35,402	25.0%	28,170	22.4%
	Gross operating margin (EBITDA) after non-recurring operations (1)	1,775	8.5%	674	4.5%
	Gross operating margin (EBITDA) after non-recurring operations %	5.0%		2.4%	
	Gross operating margin (EBITDA)	1,775	7.7%	674	4.5%
	Gross operating margin (EBITDA) %	5.0%		2.4%	
Elimination of intercompany tra	Revenues	-	8,835	-6.2%	-
Total	Revenues	141,642	100.0%	125,646	100.0%
	Gross operating margin (EBITDA) after non-recurring operations (1)	20,883		15,109	
	Gross operating margin (EBITDA) after non-recurring operations %	14.7%		12.0%	
	Gross operating margin (EBITDA)	22,901		15,109	
	Gross operating margin (EBITDA) %	16.2%		12.0%	

Prêt-à-porter Division

Revenues from sales by the Prêt-à-porter Division rises from EUR 104,255 thousand in the first half of 2006 to EUR 115,075 thousand in the first half of 2007, up 10.4%. This Division contributed 83% of consolidated revenues in the first half of 2006 and 81.2% in the first half of 2007, before inter-Divisional eliminations .

The EBITDA of the Prêt-à-porter Division rise significantly from EUR 14,435 thousand in the first half of 2006 to EUR 21,127 thousand in the first half of 2007. EBITDA as a percentage of revenues rises from 13.8% in the first half of 2006 to 18.4% in the first half of 2007, up 46.4%.

The EBITDA of the Prêt-à-porter Division, net of non-recurring income, rises from EUR 14,435 thousand in the first half of 2006 to EUR 19,109 thousand in the first half of 2007. This EBITDA as a percentage of revenues rises from 13.8% in the first half of 2006 to 16.6% in the first half of 2007, up 32.4%.

Footwear and leather goods Division

Revenues from sales by the Footwear and leather goods Division rise from EUR 28,170 thousand in the first half of 2006 to EUR 35,402 thousand in the first half of 2007, up 25.7%.

The EBITDA of the Footwear and leather goods Division rises by 163.3% from EUR 674 thousand in the first half of 2006 to EUR 1,775 thousand in the first half of 2007. EBITDA as a percentage of revenues rises from 2.4% in the first half of 2006 to 5% in the first half of 2007.

Second quarter 2007 vs 2006

The following table details the principal economic information relating to the Prêt-à-porter and Footwear and leather goods Divisions for the second quarters of 2007 and 2006.

<i>(in thousands of EUR)</i>		Distribution of revenues and ebitda by Division		Q II 2007	% of total	Q II 2006	% of total
Ready-to-wear	Revenues			45,113	81.5%	40,774	83.4%
	Gross operating margin (EBITDA) after non-recurring operations (1)			5,258	93.0%	4,934	104.7%
	Gross operating margin (EBITDA) after non-recurring operations %			11.7%		12.1%	
	Gross operating margin (EBITDA)			7,276	94.8%	4,934	104.7%
	Gross operating margin (EBITDA) %			16.1%		12.1%	
Footwear and leather goods	Revenues			14,648	26.5%	10,761	22.0%
	Gross operating margin (EBITDA) after non-recurring operations (1)			397	7.0%	-221	-4.7%
	Gross operating margin (EBITDA) after non-recurring operations %			2.7%		-2.1%	
	Gross operating margin (EBITDA)			397	5.2%	-221	-4.7%
	Gross operating margin (EBITDA) %			2.7%		-2.1%	
Elimination of intercompany tr	Revenues	-		4,416	-8.0%	2,624	-5.4%
Total	Revenues			55,344	100.0%	48,911	100.0%
	Gross operating margin (EBITDA) after non-recurring operations (1)			5,655		4,712	
	Gross operating margin (EBITDA) after non-recurring operations %			10.2%		9.6%	
	Gross operating margin (EBITDA)			7,673		4,712	
	Gross operating margin (EBITDA) %			13.9%		9.6%	

Prêt-à-porter Division

Revenues from sales by the Prêt-à-porter Division rise from EUR 40,774 thousand in the second quarter of 2006 to EUR 45,113 thousand in the second quarter of 2007, up 10.6%. This Division contributes 81.5% of consolidated revenues in the second quarter of 2007 and 83.4% in the second quarter of 2006, before inter-Divisional eliminations.

The EBITDA of the Prêt-à-porter Division rises from EUR 4,934 thousand in the second quarter of 2006 to EUR 7,276 thousand in the second quarter of 2007, up 47.5%.

The EBITDA of the Prêt-à-porter Division, net of non-recurring income, rises from EUR 4,934 thousand in the second quarter of 2006 to EUR 5,258 thousand in the second quarter of 2007, up 6.6%.

Footwear and leather goods Division

Revenues from sales by the Footwear and leather goods Division are 36.1% higher in the second quarter of 2007 than in the second quarter of 2006, rising from EUR 10,761 thousand in the second quarter of 2006 to EUR 14,648 thousand in the second quarter of 2007.

EBITDA rises from EUR -221 thousand in the second quarter of 2006 to EUR 397 thousand in the second quarter of 2007. The incidence of EBITDA on revenues improves from -2.1% in the second quarter of 2006 to 2.7% in the second quarter of 2007.

Balance sheet

The Group's balance sheet reports an increase in shareholders' equity from EUR 75,986 thousand as of 31st December 2006 to EUR 81,280 thousand as of 30th June 2007, while net financial debt has increased from EUR 115,314 thousand as of 31st December 2006 to EUR 118,977 thousand as of 30th June 2007.

Net working capital

Net working capital, amounting to EUR 44,020 thousand as of 31st December 2006 and EUR 54,044 thousand as of 30th June 2007, has increased by EUR 10,024 thousand due to the seasonality of the business.

Fixed assets

Fixed assets, amounting to EUR 247,966 thousand as of 31st December 2006 and EUR 246,219 thousand as of 30th June 2007, have decreased due to the depreciation and amortisation charge for the period, which is only partially offset by new capital investment.

Shareholders' equity

The changes in shareholders' equity are presented in an attachment.

Net financial position

The net borrowing of the Group amounts to EUR 118,977 thousand as of 30th June 2007, before considering the proceeds of the IPO on 24th July 2007, compared with EUR 115,314 thousand as of 31st December 2006. This increase is entirely due to the seasonality of the business. Consistent with the Group's objectives, net borrowing as of 30th June 2007 is EUR 16,819 thousand lower than it was at the comparative date last year.

Accounting policies

The principal accounting policies adopted for the preparation of the consolidated financial statements as of 30th June 2007 are the same as those used to prepare the financial statements as of 31st December 2006.

Significant events subsequent to period end

As authorised at the ordinary and extraordinary meeting of shareholders held on 26th March 2007, Aeffe SpA obtained permission from Consob to publish its prospectus on 6th July 2007 and has commenced the trading of its shares on the Italian stock exchange.

Following the issue of 19 million new shares, taken up in full, the share capital of Aeffe S.p.A. now amounts to Euro 26,840,626.

Forecast for operations

The results of operations during the first half of 2007 are fully consistent with management's expectations, and with earlier forecasts for an improvement over the entire year. In particular, both revenues and margins are higher than in the corresponding period of the prior year.