

A fashion advertisement for Aeffe. The central figure is a woman with dark hair pulled back, wearing a vibrant red, strapless, form-fitting dress with horizontal pleats. A wide black belt with a large silver crescent-shaped buckle cinches her waist. She holds a small, matching red handbag in her left hand and rests her right hand on her forehead. She is wearing dark tights and black high-heeled sandals. The background is a wall of weathered, grey-painted wooden planks with peeling paint, and the floor is made of dark wooden planks. The lighting is dramatic, highlighting the texture of the dress and the background.

AEFFE

**CONSOLIDATED QUATERLY
REPORT
AS OF 30TH SEPTEMBER 2007**

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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

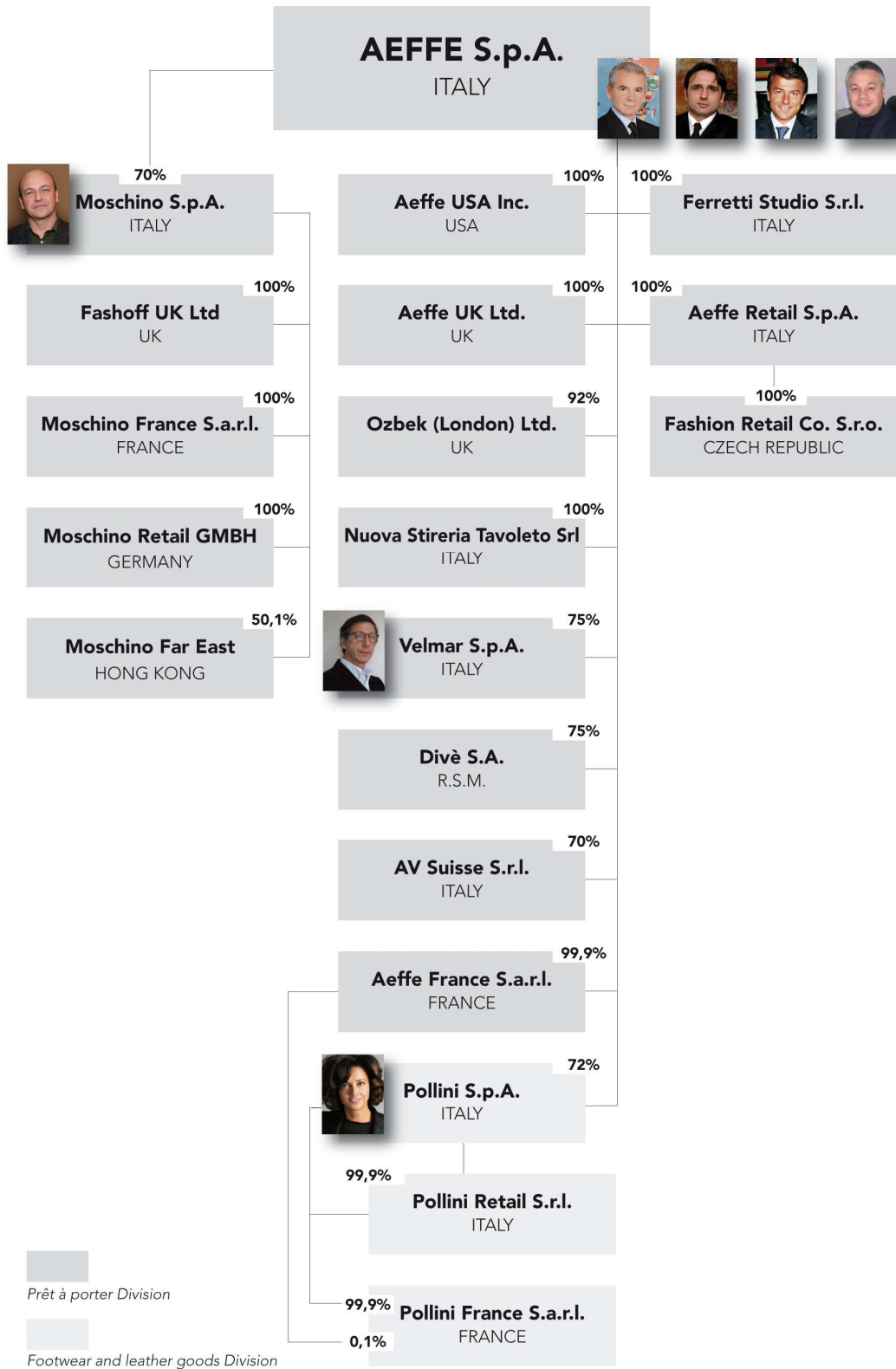
Vittorio Baiocchi

Alternate Auditors

Andrea Moretti

Pierfrancesco Gamberoni

2. Organisation chart



3. Brands portfolio



4. Headquarters

GRUPPO AEFTE

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

MOSCHINO

Via San Gregorio, 28
20124 - Milan
Italy

POLLINI

Via Erbosa, 2/B
Gatteo (FC)
47030 - Italy

VELMAR

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



5. Showrooms

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

POLLINI MILANO
Via Bezzacca, 5
20135 – Milan
Italy

AEFFE LONDRA
(FERRETTI)
205-206 Sloane Street
SW1X9QX - London
UK

AEFFE PARIGI
(GRUPPO)
15, Place de la Republique
75003 - Paris
France

AEFFE NEW YORK
(GRUPPO)
30 West 56th Street
10019 - New York
USA

MOSCHINO MILANO
Via San Gregorio, 28
20124 - Milan
Italy

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

MOSCHINO GIAPPONE
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

	Italy	Europe	United States	Asia	Total
"Alberta Ferretti" and "Philosophy di Alberta Ferretti"	5	3	1	-	9
"Moschino" and "Moschino Cheap and Chic"	3	3	-	38	44
"Pollini"	16	-	-	-	16
D.O.S. multibrand	5	1	-	-	6
Total	29	7	1	38	75
Main Location	Milan, Rome, Florence, Verona, Venice, Bologna, Parma	Paris, London	New York	Thailand, Malaysia, Japan, Hong Kong, China, Taiwan, Korea, Singapore	



7. Main economic-financial data

<i>(Values in thousands of EUR)</i>	9M 07	9M 06	Change	%	III Q 07	III Q 06	Change	%
TOTAL REVENUES	238,556	214,126	24,430	11%	92,695	86,588	6,107	7%
GROSS OPERATING MARGIN (EBITDA)	39,219	28,409	10,810	38%	16,317	13,300	3,017	23%
NET OPERATING PROFIT (EBIT)	31,378	20,409	10,969	54%	13,645	10,696	2,949	28%
PROFIT BEFORE TAXES	25,385	15,605	9,780	63%	11,941	9,049	2,893	32%
NET PROFIT FOR THE GROUP	12,182	7,060	5,122	73%	6,320	4,404	1,915	43%

<i>(Values in thousands of EUR)</i>	30th Sept. 2007	31st Dec. 2006	30th Sept. 2006	31st Dec. 2005
NET CAPITAL INVESTED	238,373	217,764	231,711	229,204
NET EQUITY	189,595	102,451	103,483	96,320
NET FINANCIAL POSITION	48,777	115,314	128,228	132,884
FREE CASH FLOW	1,306	29,110	8,668	20,410

8. Financial statements

Income statement – First nine months

	Notes	9M 07	%	9M 06	%	Change	%
<i>(Values in units of EUR)</i>							
REVENUES FROM SALES AND SERVICES	(1)	234,027,331	100.0%	211,311,528	100.0%	22,715,803	10.7%
Other revenues and income		4,528,987	1.9%	2,814,382	1.3%	1,714,604	60.9%
TOTAL REVENUES		238,556,317	101.9%	214,125,910	101.3%	24,430,407	11.4%
Changes in inventory of work in process, semi-finished, finished goods		1,511,200	0.6%	1,414,603	-0.7%	2,925,804	n.a.
Costs of raw materials, cons. and goods for resale	-	68,597,089	-29.3%	59,772,468	-28.3%	8,824,622	14.8%
Costs of services	-	73,607,639	-31.5%	67,573,512	-32.0%	6,034,127	8.9%
Costs for use of third parties assets	-	13,425,392	-5.7%	12,802,589	-6.1%	622,803	4.9%
Labour costs	-	42,974,780	-18.4%	41,913,452	-19.8%	1,061,328	2.5%
Other operating expenses	-	2,243,758	-1.0%	2,240,117	-1.1%	3,641	0.2%
Total Operating Costs		- 199,337,459	-85.2%	- 185,716,741	-87.9%	- 13,620,718	7.3%
GROSS OPERATING MARGIN (EBITDA)	(2)	39,218,859	16.8%	28,409,169	13.4%	10,809,690	38.1%
Amortization of intangible fixed assets	-	2,729,257	-1.2%	2,795,531	-1.3%	66,274	-2.4%
Depreciation of tangible fixed assets	-	4,762,839	-2.0%	4,873,058	-2.3%	110,220	-2.3%
Revaluations (write-downs)	-	348,959	-0.1%	331,461	-0.2%	17,498	5.3%
Total Amortization and write-downs		- 7,841,055	-3.4%	- 8,000,051	-3.8%	158,995	-2.0%
NET OPERATING PROFIT (EBIT)	(3)	31,377,804	13.4%	20,409,118	9.7%	10,968,685	53.7%
Financial income		340,839	0.1%	152,034	0.1%	188,805	124.2%
Financial expenses	-	6,333,513	-2.7%	4,865,711	-2.3%	1,467,802	30.2%
Total Financial Income (expenses)		- 5,992,674	-2.6%	- 4,713,677	-2.2%	- 1,278,997	27.1%
Profit (loss) from equity investments in affiliates		-	-	90,420	0.0%	90,420	-100.0%
PROFIT BEFORE TAXES	(4)	25,385,130	10.8%	15,605,022	7.4%	9,780,108	62.7%
Current income taxes	-	10,581,507	-4.5%	6,797,502	-3.2%	3,784,005	55.7%
Deferred income (expenses) taxes	-	891,562	-0.4%	1,125,827	-0.5%	234,265	-20.8%
Total Income Taxes		- 11,473,069	-4.9%	- 7,923,329	-3.7%	- 3,549,740	44.8%
PROFIT NET OF TAXES		13,912,061	5.9%	7,681,693	3.6%	6,230,368	81.1%
(Profit) loss attributable to minority shareholders	-	1,730,042	-0.7%	621,727	-0.3%	1,108,315	178.3%
NET PROFIT FOR THE GROUP	(5)	12,182,019	5.2%	7,059,966	3.3%	5,122,053	72.6%

Income statement – Third Quarter

	Notes	III Q 07	%	III Q 06	%	Change	%
<i>(Values in units of EUR)</i>							
REVENUES FROM SALES AND SERVICES	(1)	92,385,316	100.0%	85,665,517	100.0%	6,719,799	7.8%
Other revenues and income		309,566	0.3%	922,707	1.1%	-613,141	-66.5%
TOTAL REVENUES		92,694,881	100.3%	86,588,224	101.1%	6,106,658	7.1%
Changes in inventory of work in process, semi-finished, finished goods	-	6,233,241	-6.7%	8,964,895	-10.5%	2,731,654	-30.5%
Costs of raw materials, cons. and goods for resale	-	23,264,623	-25.2%	21,641,483	-25.3%	1,623,141	7.5%
Costs of services	-	26,526,962	-28.7%	23,163,603	-27.0%	3,363,359	14.5%
Costs for use of third parties assets	-	4,830,781	-5.2%	4,736,583	-5.5%	94,198	2.0%
Labour costs	-	14,864,837	-16.1%	14,397,125	-16.8%	467,712	3.2%
Other operating expenses	-	657,036	-0.7%	384,543	-0.4%	272,492	70.9%
Total Operating Costs	-	76,377,480	-82.7%	73,288,232	-85.6%	3,089,247	4.2%
GROSS OPERATING MARGIN (EBITDA)	(2)	16,317,402	17.7%	13,299,991	15.5%	3,017,410	22.7%
Amortization of intangible fixed assets	-	910,341	-1.0%	908,585	-1.1%	1,756	0.2%
Depreciation of tangible fixed assets	-	1,654,759	-1.8%	1,605,685	-1.9%	49,074	3.1%
Revaluations (write-downs)	-	107,772	-0.1%	90,051	-0.1%	17,721	19.7%
Total Amortization and write-downs	-	2,672,871	-2.9%	2,604,320	-3.0%	68,551	2.6%
NET OPERATING PROFIT (EBIT)	(3)	13,644,531	14.8%	10,695,671	12.5%	2,948,859	27.6%
Financial income		108,279	0.1%	15,501	0.0%	92,778	598.5%
Financial expenses	-	1,811,519	-2.0%	1,632,980	-1.9%	178,539	10.9%
Total Financial Income (expenses)	-	1,703,239	-1.8%	1,617,479	-1.9%	85,760	5.3%
Profit (loss) from equity investments in affiliates		-	-	29,404	0.0%	29,404	-100.0%
PROFIT BEFORE TAXES	(4)	11,941,291	12.9%	9,048,788	10.6%	2,892,503	32.0%
Current income taxes	-	4,491,313	-4.9%	2,966,315	-3.5%	1,524,999	51.4%
Deferred income (expenses) taxes	-	198,860	-0.2%	1,071,481	-1.3%	872,621	-81.4%
Total Income Taxes	-	4,690,174	-5.1%	4,037,796	-4.7%	652,378	16.2%
PROFIT NET OF TAXES		7,251,118	7.8%	5,010,992	5.8%	2,240,126	44.7%
(Profit) loss attributable to minority shareholders	-	931,464	-1.0%	606,534	-0.7%	324,930	53.6%
NET PROFIT FOR THE GROUP	(5)	6,319,654	6.8%	4,404,458	5.1%	1,915,196	43.5%

Balance sheet

	Notes	30 th Sept. 2007	31 st Dec. 2006	30 th Sept. 2006
<i>(Values in units of EUR)</i>				
Trade receivables		56,625,349	33,429,957	54,817,112
Stock and inventories		59,246,749	57,658,314	49,663,583
Trade payables		- 59,419,261	- 57,545,124	- 51,662,398
Operating net working capital		56,452,838	33,543,147	52,818,298
Other short term receivables		28,249,715	25,857,607	24,019,657
Tax receivables		3,187,436	2,339,179	1,768,862
Other short term liabilities		- 14,768,339	- 12,768,551	- 13,347,817
Tax payables		- 9,916,829	- 4,951,812	- 7,651,306
Net working capital	(6)	63,204,821	44,019,570	57,607,694
Tangible fixed assets		70,541,107	69,895,400	65,266,895
Intangible fixed assets		172,405,228	175,073,292	176,081,644
Investment property		-	-	-
Investments		21,682	120,638	154,397
Other long term receivables		2,750,900	2,877,143	3,139,533
Fixed assets	(7)	245,718,917	247,966,473	244,642,469
Post employment benefits		- 11,234,637	- 13,508,741	- 13,069,876
Long term provisions		- 1,659,693	- 1,741,230	- 1,630,725
Non-financial assets available for sale		1,636,885	1,636,885	1,649,815
Other long term liabilities		- 14,045,132	- 14,045,132	- 14,045,132
Deferred tax assets		13,372,912	10,741,117	11,223,420
Deferred tax liabilities		- 58,621,385	- 57,303,971	- 54,666,201
NET CAPITAL INVESTED		238,372,687	217,764,971	231,711,465
Capital issued		26,840,626	22,500,000	22,499,998
Other reserves		121,824,993	51,277,701	51,973,513
Profits (Losses) carried-forward		586,604	- 5,773,135	- 4,641,210
Profits (Loss) for the period		12,182,019	7,981,220	7,059,966
Group share capital and reserves		161,434,241	75,985,786	76,892,267
Minority interests		28,161,085	26,465,309	26,590,752
Shareholders' equity	(8)	189,595,326	102,451,095	103,483,019
Other short term financial receivables		-	- 4,175,000	-
Cash and cash equivalents		- 17,470,824	- 11,145,222	- 15,088,724
Long term financial payables		40,154,813	66,196,757	72,539,752
Short term financial payables		26,093,367	64,437,341	70,777,418
NET FINANCIAL POSITION	(9)	48,777,356	115,313,876	128,228,447
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS		238,372,682	217,764,971	231,711,465

Cash flow

	Notes	30 th Sept. 2007	30 th Sept. 2006
<i>(Values in thousands of EUR)</i>			
OPENING BALANCE		15,320	7,020
Profit before taxes		25,385	15,605
Amortization		7,841	8,000
Accrual (+)/availment (-) of long term provisions and post employment benefits	-	2,356	145
Income taxes and change in deferred assets and liabilities	-	5,687	1,674
Financial income (-) and financial charges (+)		5,993	4,714
Change in operating assets and liabilities	-	24,150	15,674
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY		7,026	11,115
Increase (-)/ decrease (+) in intangible fixed assets	-	61	84
Increase (-)/ decrease (+) in tangible fixed assets	-	5,409	2,173
Investments (-)/ Disinvestments (+)	-	251	228
Change in assets available for sale		-	39
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	-	5,720	2,447
Increase in reserves and profit carried-forward to shareholders'equity		71,097	518
Proceeds (repayment) of financial payments	-	64,386	3,413
Increase (decrease) in long term financial receivables		126	1,220
Financial income and financial charges	-	5,993	4,714
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY		845	599
CLOSING BALANCE		17,471	15,089

Changes in shareholders' equity

(Values in thousands of EUR)

	Share capital	Share premium reserve	Other reserves	Participatory instruments reserve	Translation reserve	Fair Value reserve	IAS reserve	Retained earnings (losses)	Net income of the Group	Total Group Net Equity	Total Minority Net Equity	Total Net Equity
BALANCES AT 31st December 2005	22,500	11,345	23,888		1,195	3,052	11,120	- 8,194	5,505	70,411	25,908	96,319
Allocation of 2005 profits			1,950					3,553	- 5,505	2	-	2
Dividends paid												
Exchange differences on translation					577					577	61	516
Net income at 30th September 2006									7,060	7,060	622	7,682
Other movements												
BALANCES AT 30th September 2006	22,500	11,345	25,838	-	618	3,052	11,120	- 4,641	7,060	76,892	26,591	103,483

(Values in thousands of EUR)

	Share capital	Share premium reserve	Other reserves	Participatory instruments reserve	Translation reserve	Fair Value reserve	IAS reserve	Retained earnings (losses)	Net income of the Group	Total Group Net Equity	Total Minority Net Equity	Total Net Equity
BALANCES AT 31st December 2006	22,500	11,345	8,573	12,400	391	7,449	11,120	- 5,774	7,981	75,985	26,465	102,450
Allocation of 2006 profits			1,231					6,750	- 7,981			
Dividends paid												
Exchange differences on translation					646					646		646
Net income at 30th September 2007									12,182	12,182	1,730	13,912
Cancellation of own shares	- 4,500	- 16,600	18,400	2,700								
Conversion of participatory instrument	4,091	11,009		- 15,100								
Increase in shareholders' equity for IPO	4,750	69,554								74,304		74,304
Other movements								- 390		390	34	424
BALANCES AT 30th September 2007	26,841	75,308	28,204	-	255	7,449	11,120	586	12,182	161,435	28,161	189,596

9. Report on operations

The consolidated quarterly report as of 30th September 2007 highlights significant growth in terms of sales and profitability with respect to the first nine months of 2006.

The revenues from sales and services generated in the first nine months of 2007 amount to EUR 234,027 thousand, up 10.7% (+14% at constant exchange rates) compared with the same period in the previous year. EBITDA rises by 38.1% (+39.8% at constant exchange rates) to EUR 39,219 thousand (compared with EUR 28,409 thousand in the same period of the previous year), representing an incidence on revenues of 16.8% in the first nine months of 2007 against 13.4% in the first nine 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 37,228 thousand or 15.9% of revenues. With respect to the first nine months of 2006, this represents an increase of 31.0% in absolute terms (+32.2% at constant exchange rates) and 250 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.

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

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.

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.

Nineteen franchised retail stores were opened during the first nine months of 2007, seven of which in Europe, one in USA and 11 in Asia; this is consistent with the opening plan established for the entire year.

Compared to 31st December 2006, the Group's balance sheet as of 30th September 2007 shows an increase in shareholders' equity from Euro 75,985 thousand to Euro 161,434 thousand, mainly due to the increase in the share capital and in the share premium reserve following the IPO proceeds of Euro 74,304 thousand, and a consequent decrease in net financial debt from Euro 115,314 thousand to Euro 48,777 thousand. The net financial position as of 30th September 2007 shows a decrease of Euro 79,451 thousand compared with the same period of the previous year, consistent with the Group's targets.

Net working capital amounts to Euro 63,205 thousand (21.8% of LTM sales), compared with Euro 44,020 thousand (16.5% of sales) at the end of 2006. The worsening of net working capital-on sales-ratio is due to the seasonality of the business.

Capital investment during the period mainly related to the construction of warehouse facilities, as well as to stores refurbishment made by both Aeffe and the subsidiary Moschino Far East.

10. Notes to the consolidated financial statements

Income statement

1. Revenues from sales and services

Nine months 2007 vs 2006

Revenues from sales and services rise from EUR 211,312 thousand in the first nine months of 2006 to EUR 234,027 thousand in the first nine months of 2007, up 10.7%. At constant exchange rates, the increase is 14%. 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 nine month period ended 30th September 2007 and 30th September 2006.

<i>(Values in thousands of EUR)</i>	9M 07	%	9M 06	%	Change	%
Italy	90,440	38.6%	82,076	38.8%	8,364	10.2%
Europe (excluding Italy and Russia)	51,965	22.2%	43,552	20.6%	8,413	19.3%
United States	25,376	10.8%	24,898	11.8%	478	1.9%
Russia	19,606	8.4%	11,774	5.6%	7,832	66.5%
Japan	15,538	6.6%	17,947	8.5%	-2,409	-13.4%
Rest of the World	31,102	13.4%	31,065	14.7%	38	0.1%
Total	234,027	100.0%	211,312	100.0%	22,715	10.7%

The Group's revenues are earned as follows: 38.6% in Italy (+10.2% compared with the first nine months of 2006), 22.2% in the Rest of Europe (+19.3% compared with the first nine months of 2006), 10.8% in United States (+1.9% with respect to the first nine months of 2006, +12% at constant exchange rates), 8.4% in Russia (+66.5% compared with the first nine months of 2006), 6.6% in Japan (-13.4% compared with the first nine months of 2006, -3.5% at constant exchange rates) and 13.4% in the Rest of the World (+0.1% compared with the first nine months of 2006, +8% at constant exchange rates).

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

<i>(Values in thousands of EUR)</i>	9M 07	%	9M 06	%	Change	%
Alberta Ferretti	51,123	21.8%	43,216	20.5%	7,907	18.3%
Moschino	105,618	45.1%	96,605	45.7%	9,013	9.3%
J. P. Gaultier	21,173	9.0%	19,064	9.0%	2,109	11.1%
Pollini	40,652	17.4%	36,921	17.5%	3,731	10.1%
Other	15,461	6.6%	15,506	7.3%	-45	-0.3%
Total	234,027	100.0%	211,312	100.0%	22,715	10.7%

The Group's revenues are earned as follows: 21.8% by the Ferretti lines (+18.3% with respect to the first nine months of 2006), 45.1% by the Moschino lines (+9.3% with respect to the first nine months of 2006; 12.4% at constant exchange rates), 9.0% by the J.P.Gaultier lines (+11.1% with respect to the first nine months of 2006),

17.4% by the Pollini lines (+10.1% with respect to the first nine months of 2006), and 6.6% by other lines (-0.3% with respect to the first nine months of 2006; this reduction essentially reflects the lower sales of the Narciso lines, excluding which there would have been an increase of 18.5%).

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

<i>(Values in thousands of EUR)</i>	9M 07	%	9M 06	%	Change	%
Wholesale	169,815	72.6%	152,959	72.4%	16,855	11.0%
Retail	51,530	22.0%	47,052	22.3%	4,478	9.5%
Royalties	12,682	5.4%	11,301	5.3%	1,381	12.2%
Total	234,027	100.0%	211,312	100.0%	22,715	10.7%

The revenues generated by the Group during the period ended 30th September 2007 are analysed below:

- 72.6% from the Group's sales organisation, showrooms, agents and importers, franchise outlets, corners and shop-in-shops (wholesale channel), which contributed EUR 152,959 thousand in the first nine months of 2006 and EUR 169,815 thousand in the first nine months of 2007, up 11.0% (+14% at constant exchange rates).
- 22.0% from sales outlets managed directly by the Group (retail channel), which contributed EUR 47,052 thousand in the first nine months of 2006 and EUR 51,530 thousand in the first nine months of 2007, up 9.5% (+14% at constant exchange rates).
- 5.4% 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 11,301 thousand in the first nine months of 2006 to EUR 12,682 thousand in the first nine months of 2007, up 12.2%, reflects the higher royalties earned by both Moschino and Pollini.

The following table details the revenues by own brands and brands under license for the nine month period ended 30th September 2007 and 30th September 2006.

<i>(Values in thousands of EUR)</i>	9M 07	%	9M 06	%	Change	%
Own brands	197,981	84.6%	177,560	84.0%	20,420	11.5%
Brands under license	36,047	15.4%	33,751	16.0%	2,295	6.8%
Total	234,027	100.0%	211,312	100.0%	22,715	10.7%

The revenues generated by own brands rise in absolute value of EUR 20,420 (+11.5% compared with the previous year), with an incidence on total revenues which increases from 84.0% in the first nine months of 2006 to 84.6% in the first nine months of 2007. The revenues generated by brands under license rise of 6.8% (excluding sales of Narciso brand the increase would have been of 14.7%).

Third quarter 2007 vs 2006

In the third quarter of 2007 revenues from sales and services, which amount to EUR 92,385 thousand, show an increase of 7.8% compared with the same period of the previous year, all due to the Group's organic growth. At constant exchange rates, the increase is 12.5%.

The following table details the revenues by geographical area for the third quarter 2007 and 2006.

<i>(Values in thousands of EUR)</i>	III Q 07	%	III Q 06	%	Change	%
Italy	35,375	38.3%	32,834	38.3%	2,541	7.7%
Europe (excluding Italy and Russia)	21,649	23.4%	18,456	21.5%	3,193	17.3%
United States	8,591	9.3%	9,506	11.1%	-915	-9.6%
Russia	8,258	8.9%	3,956	4.6%	4,301	108.7%
Japan	5,771	6.2%	7,094	8.3%	-1,323	-18.7%
Rest of the World	12,742	13.8%	13,820	16.1%	-1,079	-7.8%
Total	92,385	100.0%	85,666	100.0%	6,719	7.8%

The Group's revenues are earned as follows: 38.3% in Italy (+7.7% compared with the third quarter 2006), 23.4% in the Rest of Europe (+17.3% compared with the third quarter 2006), 9.3% in United States (-9.6% with respect to the third quarter 2006, +10.8% at constant exchange rates), 8.9% in Russia (+108.7% compared with the third quarter 2006), 6.2% in Japan (-18.7% compared with the third quarter 2006, -4.7% at constant exchange rates) and 13.8% in the Rest of the World (-7.8% compared with the third quarter 2006, -0.3% at constant exchange rates).

The following table details the revenues by brand for the third quarter 2007 and 2006.

<i>(Values in thousands of EUR)</i>	III Q 07	%	III Q 06	%	Change	%
Alberta Ferretti	21,487	23.3%	17,704	20.7%	3,783	21.4%
Moschino	38,202	41.4%	37,584	43.9%	618	1.6%
J. P. Gaultier	9,987	10.8%	8,329	9.7%	1,658	19.9%
Pollini	16,784	18.2%	16,500	19.3%	284	1.7%
Other	5,925	6.4%	5,549	6.5%	376	6.8%
Total	92,385	100.0%	85,666	100.0%	6,719	7.8%

The Group's revenues are earned as follows: 23.3% by the Ferretti lines (+21.4% with respect to the third quarter 2006), 41.4% by the Moschino lines (+1.6% with respect to the first quarter 2006; +6.0% at constant exchange rates), 10.8% by the J.P.Gaultier lines (+19.9% with respect to the third quarter 2006), 18.2% by the Pollini lines (+1.7% with respect to the third quarter 2006), and 6.4% by other lines (+6.8% with respect to the third quarter 2006; this reduction essentially reflects the lower sales of the Narciso lines, excluding which there would have been an increase of 38.3%).

The following table details the revenues by distribution channel for the third quarter 2007 and 2006.

<i>(Values in thousands of EUR)</i>	III Q 07	%	III Q 06	%	Change	%
Wholesale	70,038	75.8%	64,835	75.7%	5,203	8.0%
Retail	17,805	19.3%	16,498	19.3%	1,307	7.9%
Royalties	4,541	4.9%	4,333	5.1%	209	4.8%
Total	92,385	100.0%	85,666	100.0%	6,719	7.8%

The revenues generated by the Group during the third quarter 2007 are analysed below::

- 75.8% from the Group's sales organisation, showrooms, agents and importers, franchise outlets, corners and shop-in-shops (wholesale channel), which contributed EUR 64,835 thousand in the third quarter 2006 and EUR 70,038 thousand in the third quarter 2007.
- 19.3% from sales outlets managed directly by the Group (retail channel), which contributed EUR 16,498 thousand in the third quarter 2006 and EUR 17,805 thousand in the third quarter 2007.
- 4.9% from royalties deriving from licences granted to third parties for the production and distribution of product lines sold under the Group's brand names. Royalties rise from EUR 4,333 thousand in the third quarter 2006 to EUR 4,541 thousand in the third quarter 2007.

The following table details the revenues by own brands and brands under license for the third quarter 2007 and 2006.

<i>(Values in thousands of EUR)</i>	III Q 07	%	III Q 06	%	Change	%
Own brands	76,518	82.8%	71,783	83.8%	4,734	6.6%
Brands under license	15,868	17.2%	13,883	16.2%	1,985	14.3%
Total	92,385	100.0%	85,666	100.0%	6,719	7.8%

The revenues generated by own brands rise in absolute value of EUR 4,734 (+6.6% compared with the previous year), with an incidence on total revenues which decreases from 83.8% in the third quarter 2006 to 82.8% in the third quarter 2007. The revenues generated by brands under license rises of 14.3%.

2. Gross operating margin (EBITDA)

Nine months 2007 vs 2006

EBITDA amounts to EUR 39,219 thousand (16.8% of revenues) in the first nine months of 2007 and to EUR 28,409 thousand (13.4% of revenues) in the same period of the previous year, showing an increase in absolute value of EUR 10,810 thousand (+38.1%), at constant exchange rates the increase is +39.8%. EBITDA net of non-recurring operations, which are the net capital gain of EUR 1,990 thousand realised by Aeffe USA on the sale of its stake (50% of capital) in Narciso Rodriguez LLC, is EUR 37,228 thousand (15.9% of revenues), showing an increase of 31.0% (32.2% at constant exchange rates). The significant improvement in EBITDA reflects the strength of our business model which, when the sales grows significantly, allows to exploit strong operating leverage by reducing the incidence of fixed costs as % of sales, while nevertheless maintaining a strong focus on product quality.

Third quarter 2007 vs 2006

EBITDA amounts to EUR 16,317 thousand (17.7% of revenues) in the third quarter 2007 and to EUR 13,300 thousand (15.5% of revenues) in the same period of the previous year, showing an increase in absolute value of EUR 3,017 thousand (+22.7%). EBITDA net of non-recurring operations amounts to EUR 16,345 thousand (17.7% of revenues).

3. Net operative profit (EBIT)

Nine months 2007 vs 2006

EBIT, which amounts to Euro 31,378 thousand in the first nine months of 2007 and to EUR 20,409 thousand in the first nine months of 2006, shows an increase in absolute value of EUR 10,969 thousand (+53.7%), due to the improvement in EBITDA described above.

Third quarter 2007 vs 2006

EBIT, which amounts to Euro 13,645 thousand in the third quarter 2007 and to EUR 10,696 thousand in the third quarter 2006, shows an increase in absolute value of EUR 2,949 thousand (+27.6%), also due to the improvement in EBITDA described above.

4. Profit before taxes

Nine months 2007 vs 2006

Profit before taxes, which amounts to Euro 25,385 thousand in the first nine months of 2007 and to EUR 15,605 thousand in the first nine months of 2006, shows an increase of EUR 9,780 thousand (+62.7%), due to the improvement in the margins described above.

Third quarter 2007 vs 2006

Profit before taxes, which amounts to Euro 11,941 thousand in the third quarter 2007 and to EUR 9,049 thousand in the third quarter 2006, shows an increase of EUR 2,893 thousand (+32.0%), due to the improvement in the margins described above.

5. Net profit for the Group

Nine month 2007 vs 2006

Also Net profit for the Group reaches a strong performance rising by 72.6% to Euro 12,182 thousand in the first nine month of 2007 from Euro 7,060 thousand in the first nine months of 2006. This reflects the improvement in operating income and a reduction in the effective tax rate from 50.8% in the first nine months of 2006 to 45.2% in the first nine months of 2007. This reduction, in line with expectations, was mainly due to the dilutive effect of IRAP, the regional business tax.

Third quarter 2007 vs 2006

Net profit for the Group amounts to EUR 6,320 thousand in the third quarter 2007, with an increase of EUR 1,915 thousand respect to the net profit of previous year.

Segment information

Economic performance by Divisions

At international level, The Group is divided into two main business sectors:

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

Nine months 2007 vs 2006

The following table indicates the main economic data for the nine month period ended 30th September 2007 and 30th September 2006 of the *prêt-à porter* and footwear and leather goods Divisions.

<i>(Values in thousands of EUR)</i>		Distribution by Division		9M 07	% on total	9M 06	% on total
<i>Prêt-à porter</i>	Revenues			188,870	80.7%	172,843	81.8%
	Gross operating margin (EBITDA) after non-recurring operations			33,254	89.3%	26,491	93.2%
	Gross operating margin (EBITDA) after non-recurring operations %			17.6%		15.3%	
	Gross operating margin (EBITDA)			35,245	89.9%	26,491	93.2%
	Gross operating margin (EBITDA) %			18.7%		15.3%	
Footwear and leather goods	Revenues			58,669	25.1%	49,215	23.3%
	Gross operating margin (EBITDA) after non-recurring operations			3,974	10.7%	1,918	6.8%
	Gross operating margin (EBITDA) after non-recurring operations %			6.8%		3.9%	
	Gross operating margin (EBITDA)			3,974	10.1%	1,918	6.8%
	Gross operating margin (EBITDA) %			6.8%		3.9%	
Elimination of intercompany transactions	Revenues	-		13,511	-5.8%	10,746	-5.1%
Total	Revenues			234,027	100.0%	211,312	100.0%
	Gross operating margin (EBITDA) after non-recurring operations			37,228		28,409	
	Gross operating margin (EBITDA) after non-recurring operations %			15.9%		13.4%	
	Gross operating margin (EBITDA)			39,219		28,409	
	Gross operating margin (EBITDA) %			16.8%		13.4%	

Prêt-à porter Division

Revenues from sales and services by the *Prêt-à-porter* Division rise from EUR 172,843 thousand in the first nine months of 2006 to EUR 188,870 thousand in the first nine months of 2007, up 9.3%. This Division contributes 81.8% of consolidated revenues in the first nine months of 2006 and 80.7% in the first nine months of 2007, before inter-Divisional eliminations.

The EBITDA of the *Prêt-à-porter* Division rise significantly from EUR 26,491 thousand in the first nine months of 2006 to EUR 35,245 thousand in the first nine months of 2007. EBITDA as percentage on revenues rises from 15.3% in the first nine months of 2006 to 18.7% in the first nine months of 2007, up 33.0%.

The EBITDA of the *Prêt-à-porter* Division, net of non-recurring income, rises from EUR 26,491 thousand in the

first nine months of 2006 to EUR 33,254 thousand in the first nine months of 2007. This EBITDA as percentage on revenues rises from 15.3% in the first nine months of 2006 to 17.6% in the first nine months of 2007, up 25.5%.

Footwear and leather goods Division

Revenues from sales and services by the Footwear and leather goods Division rise from EUR 49,215 thousand in the first nine months of 2006 to EUR 58,669 thousand in the first nine months of 2007, up 19.2%.

The EBITDA of the Footwear and leather goods Division rises by 107.2% from EUR 1,918 thousand in the first nine months of 2006 to EUR 3,974 thousand in the first nine months of 2007. EBITDA as percentage on revenues rises from 3.9% in the first nine months of 2006 to 6.8% in the first nine months of 2007.

Third quarter 2007 vs 2006

The following table indicates the main economic data for the third quarter 2007 and 2006 of the *prêt-à-porter* and footwear and leather goods Divisions.

		Distribution by Division		III Q 07	% on total	III Q 06	% on total
<i>(Values in thousands of EUR)</i>							
Prêt-à porter	Revenues			73,795	79.9%	68,587	80.1%
	Gross operating margin (EBITDA) after non-recurring operations			14,146	86.5%	12,056	90.6%
	Gross operating margin (EBITDA) after non-recurring operations %			19.2%		17.6%	
	Gross operating margin (EBITDA)			14,118	86.5%	12,056	90.6%
	Gross operating margin (EBITDA) %			19.1%		17.6%	
Footwear and leather goods	Revenues			23,266	25.2%	21,045	24.6%
	Gross operating margin (EBITDA) after non-recurring operations			2,199	13.5%	1,244	9.4%
	Gross operating margin (EBITDA) after non-recurring operations %			9.5%		5.9%	
	Gross operating margin (EBITDA)			2,199	13.5%	1,244	9.4%
	Gross operating margin (EBITDA) %			9.5%		5.9%	
transactions	Revenues			- 4,676	-5.1%	- 3,967	-4.6%
Total	Revenues			92,385	100.0%	85,666	100.0%
	Gross operating margin (EBITDA) after non-recurring operations			16,345		13,300	
	Gross operating margin (EBITDA) after non-recurring operations %			17.7%		15.5%	
	Gross operating margin (EBITDA)			16,317		13,300	
	Gross operating margin (EBITDA) %			17.7%		15.5%	

Prêt-à porter Division

Revenues from sales and services by the Prêt-à-porter Division rise from EUR 68,587 thousand in the third quarter 2006 to EUR 73,795 thousand in the third quarter 2007, up 7.6%. This Division contributes 80.1% of consolidated revenues in the third quarter 2006 and 79.9% in the third quarter 2007, before inter-Divisional eliminations .

The EBITDA of the Prêt-à-porter Division rise from EUR 12,056 thousand in the third quarter 2006 to EUR

14,118 thousand in the third quarter 2007, up 17.1%.

The EBITDA of the Prêt-à-porter Division, net of non-recurring income, rises from EUR 12,056 thousand in the third quarter 2006 to EUR 14,146 thousand in the third quarter 2007, up 17.3%.

Footwear and leather goods Division

Revenues from sales and services by the Footwear and leather goods Division rise by 10.6% from EUR 21,045 thousand in the third quarter 2006 to EUR 23,266 thousand in the third quarter 2007.

The EBITDA of the Footwear and leather goods Division rises from EUR 1,244 thousand in the third quarter 2006 to EUR 2,199 thousand in the third quarter 2007. EBITDA, as incidence on revenues, rises from 5.9% in the third quarter 2006 to 9.5% in the third quarter 2007.

Balance sheet

Compared to 31st December 2006, the Group's balance sheet as of 30th September 2007 shows an increase in shareholders' equity from Euro 75,986 thousand to Euro 161,434 thousand, mainly due to the increase in the share capital and in the share premium reserve of Euro 74,304 thousand following the IPO happened on 24th July 2007, and a consequent decrease in net financial debt from Euro 115,314 thousand to Euro 48,777 thousand.

6. Net working capital

Net working capital amounts to Euro 63,205 thousand (21.8% of LTM revenues), compared with Euro 44,020 thousand (16.5% of revenues) at the end of 2006. The worsening of net working capital-on sales-ratio is due to the seasonality of the business.

7. Fixed assets

Fixed assets, amounting to EUR 247,966 thousand as of 31st December 2006 and EUR 245,719 thousand as of 30th September 2007, have decreased due to the depreciation and amortisation charge for the period, which is only partially offset by new capital investment mainly related to the construction of warehouse facilities, as well as to stores refurbishment made by both Aeffe and Moschino Far East.

8. Shareholders' equity

The changes in shareholders' equity are presented in the table at page 14.

9. Net financial position

The net financial position of the Group amounts to EUR 48,777 thousand as of 30th September 2007 compared with EUR 115,314 thousand as of 31st December 2006. The net financial position as of 30th September 2007 compared with the net financial position as of 30th September 2006 highlights a decrease of EUR 79,451 thousand consistent with the Group's objectives. The decrease is mainly due to the IPO proceeds.

Other information

Earnings per share

Basic earnings per share

	30 th Sept. 2007	30 th Sept. 2006
<i>(Values in thousands of EUR)</i>		
Consolidated earnings for the period for shareholders of the parent company	12,182	5,122
Medium number of shares for the period	91,518	90,000
Basic earnings per share	0.133	0.057

Related party transactions

Reciprocal transactions and balances between Group companies included within the scope of consolidation are eliminated from the consolidated financial statements and as such will not be described here.

The Group's business dealing with other related parties are summarised below:

	30 th Sept. 2007	30 th Sept. 2006	Nature of the transaction
<i>(Values in thousands of EUR)</i>			
Shareholder Alberta Ferretti with Società Aeffe S.p.a.			
Brand transfer agreement	-	1,000	Financial payable
Contract for the sale of artistic assets and design	225	225	Cost
Ferrim with Società Aeffe S.p.a.			
Property rental	1,001	1,028	Costo
Commercial	325	-	Receivable
Ferrim with Moschino S.p.a.			
Property rental	581	573	Cost
Società Commerciale Valconca with Aeffe S.p.a.			
Commercial	130	59	Income
Commercial	736	874	Receivable

The following table indicates the data related on the incidence of related party transactions on the income statement, balance sheet and cash flow as of 30th September 2007 and 30th September.

	30 th Sept. 2007	30 th Sept. 2007	%	30 th Sept. 2006	30 th Sept. 2006	%
<i>(Values in thousands of EUR)</i>						
Incidence of related party transactions on the income statement						
Revenues from sales and services	234,027	130	0.1%	211,312	59	0.0%
Costs of services	73,608	225	0.3%	67,574	225	0.3%
Costs for use of third party assets	13,425	1,582	11.8%	12,803	1,601	12.5%
Incidence of related party transactions on the balance sheet						
Current financial liabilities	26,093	-	0.0%	70,777	1,000	1.4%
Trade receivables	56,625	1,061	1.9%	54,817	874	1.6%
Incidence of related party transactions on the cash flow						
Cash flow generated (absorbed) by financing activities	845 -	1,000	n.a. -	599 -	1,000	166.9%
Cash flow generated (absorbed) by operating activities	7,026 -	1,746	n.a.	11,115 -	1,638	n.a.

Measurement basis

The main accounting policies and measurement basis adopted in preparing the consolidated financial statements as of 30th September 2007 are the same used in preparing the consolidated financial statements as of 31st December 2006.

Significant events subsequent after the balance sheet date

After the 30th September 2007 no significant events regarding the Group's activities have to be reported.

Outlook

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

Guarantees and commitments

The Group has not given any guarantees to third parties and has no significant commitments.

Atypical and/or unusual transactions

Pursuant to Consob communication n. DEM/6064296 dated 28th July 2006, it is confirmed that the Group did not enter into any atypical and/or unusual transactions, as defined in that communication, during the first nine months of 2007.

Significant non-recurring events and transactions

In the first nine months of 2007, EUR 1,990 thousand of non-recurring revenues have been realised. They refer to the net capital gain realised by the subsidiary Aeffe USA with the sale of its stake (50% of capital) held in Narciso Rodriguez LLC. These revenues net of the fiscal effect amount to EUR 1,095 thousand.

As authorized at the ordinary and extraordinary meeting of shareholders held on 26th March 2007, the parent company Aeffe S.p.A. 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, issued in connection with the IPO, taken up in full, the share capital of Aeffe S.p.A. now amounts to EUR 26,840,626.

The following table indicates the data related on the incidence of non-recurring events and transactions on the income statement, balance sheet and cash flow as of 30th September 2007.

	Shareholders' equity		Profits for the period		Net financial position		Cash flow	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(Values in thousands of EUR)</i>								
Balance-sheet values (A)	189,595		12,182		48,777		2,151	
Effects of non recurring revenues	- 1,095	-1%	1,095	-9%	1,990	4%	1,990	n.a.
Effects of IPO	- 74,303	-39%	-	n.a.	72,168	148%	72,168	n.a.
Total effects (B)	- 75,398	-40%	1,095	-9%	74,158	152%	74,158	n.a.
Balance-sheet values net of non recurring operations (A+B)	114,198		11,087		122,936		72,008	

Confirmation pursuant to paragraph 2 of art. 154b of the Consolidated Finance Law

The executive responsible for preparing the company's accounting documentation Marcello Tassinari declares, pursuant to paragraph 2 of art. 154b of the Consolidated Finance Law, that the accounting information contained in this document agrees with the underlying documentation, records and accounting entries.