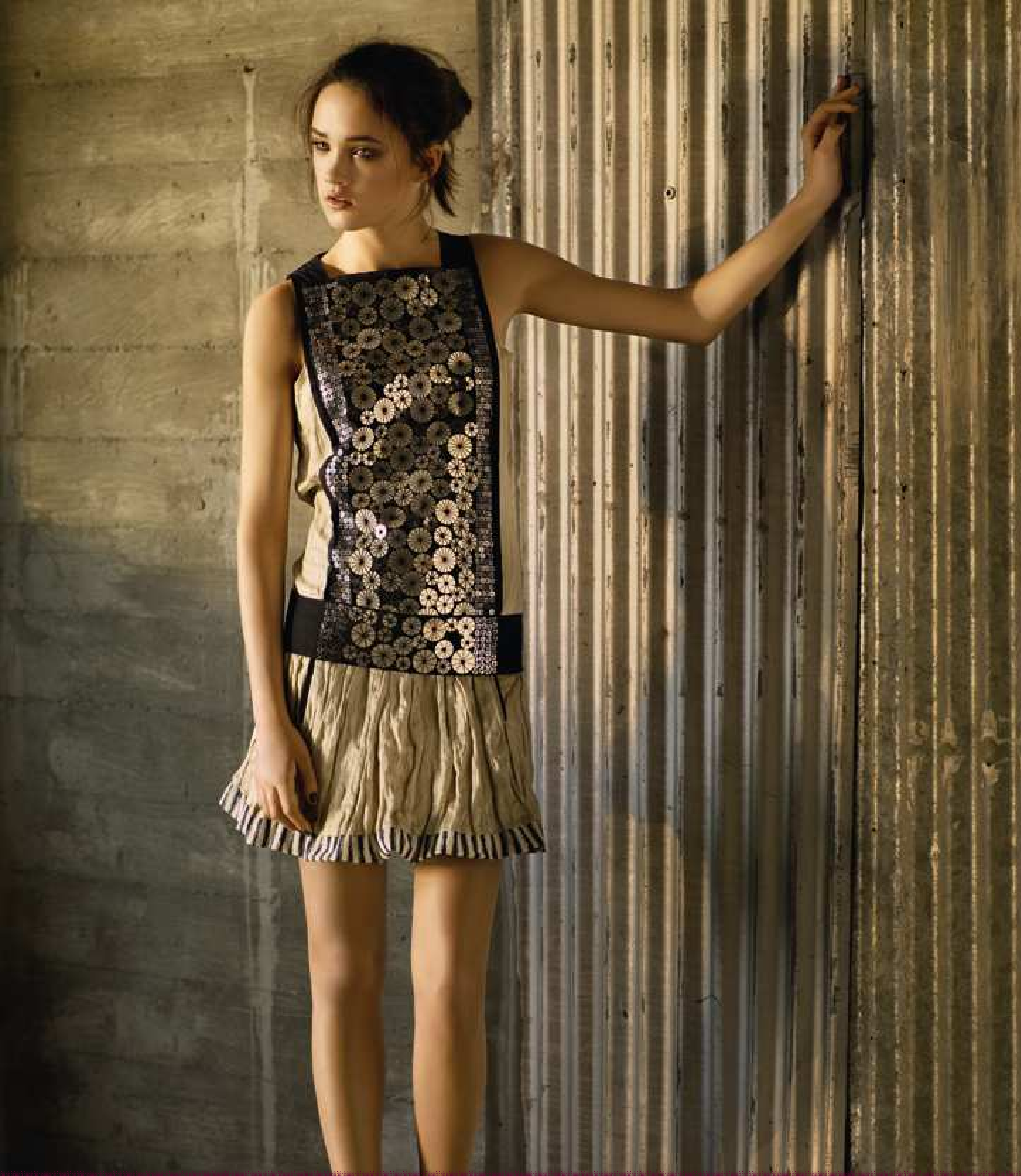


AEFFE

HALF-YEARLY FINANCIAL REPORT AT 30 JUNE 2008

Disclaimer

SUMMARY

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
Pierfrancesco Giustiniani

Board of Statutory Auditors

President
Fernando Ciotti

Statutory Auditors
Bruno Piccioni
Romano Del Bianco

Alternate Auditors
Andrea Moretti
Pierfrancesco Gamberini

Board of Compensation Committee

President
Umberto Paolucci

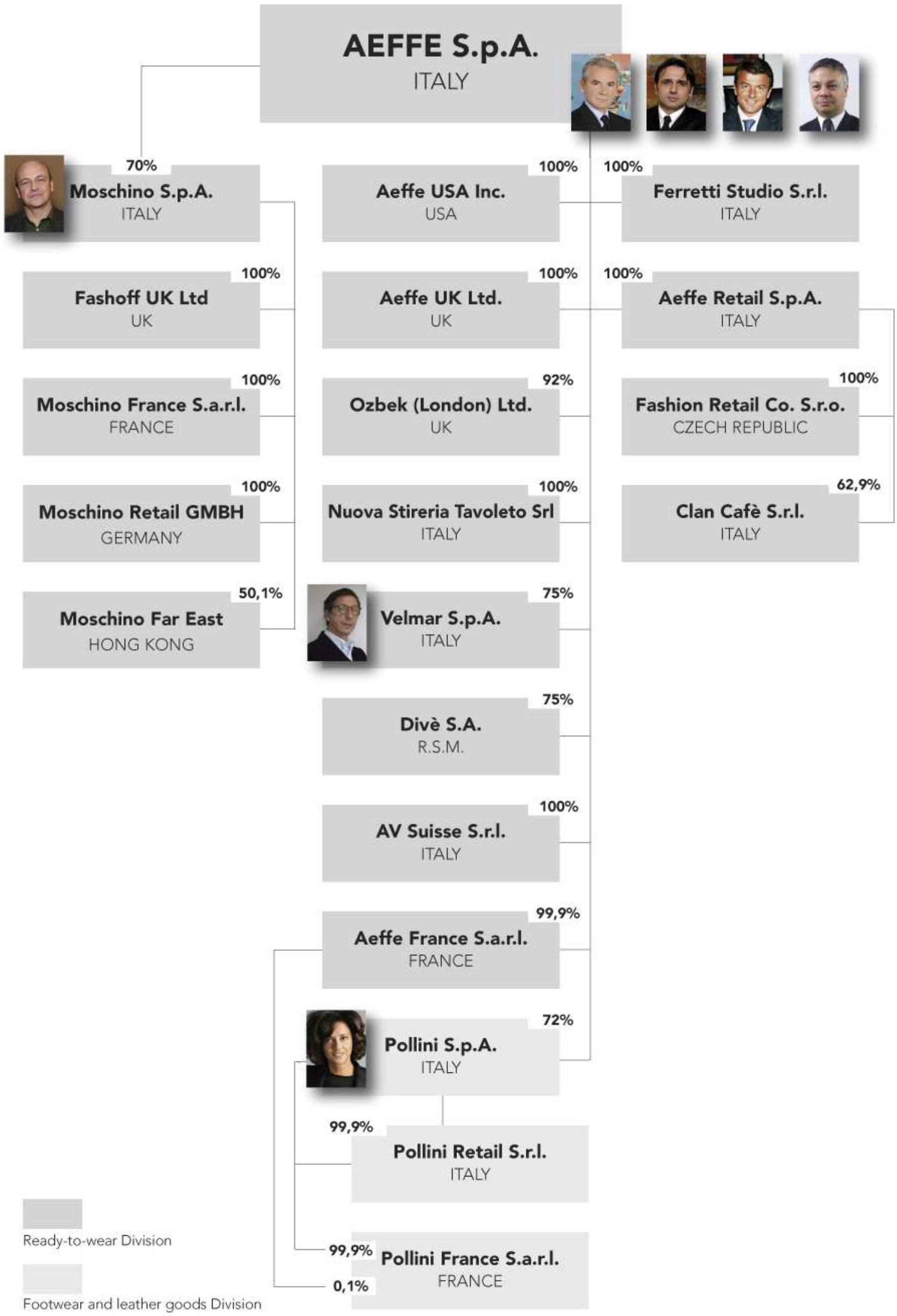
Members
Pierfrancesco Giustiniani
Roberto Lugano

Board of Internal Control Committee

President
Roberto Lugano

Members
Pierfrancesco Giustiniani
Umberto Paolucci

Organisation chart



Brands portfolio

AEFFE
CLOTHING - ACCESSORIES

- ALBERTA FERRETTI
- PHILOSOPHY DI ALBERTA FERRETTI
- Jean Paul GAULTIER
- MOSCHINO.
- POLLINI
- MOSCHINO CHEAPANDCHIC
- Basso & Brooke
- Authier
- GAULTIER²

POLLINI
SHOES - LEATHER GOODS

- POLLINI
- STUDIO POLLINI
- MOSCHINO.
- MOSCHINO CHEAPANDCHIC
- LOVE MOSCHINO

MOSCHINO
LICENCES - DESIGN - RETAIL

- MOSCHINO.
- MOSCHINO CHEAPANDCHIC
- LOVE MOSCHINO

VELMAR
BEACHWEAR - UNDERWEAR

- ALBERTA FERRETTI
- philosophy ALBERTA FERRETTI
- MOSCHINO.
- BLUGIRL UNDERWEAR
- BLUGIRL BEACHWEAR
- VERDEMARE

Headquarters

GRUPPO AEFFE

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

Showrooms

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

POLLINI MILANO
Via Bezzecca, 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

Flagship stores under direct management

ALBERTA FERRETTI
Milano
Roma
Capri
Paris (2)
London

PHILOSOPHY
Milano
Capri
New York

SPAZIO A
Firenze
Venezia

P_BOX
Milano (2)

MOSCHINO
Milano (2)
Roma
Capri
Paris
London
Berlin
Osaka (4)
Hong Kong (3)
Kuala Lumpur
Singapore
Taipei (6)
Bangkok
Fukuoka City
Tokyo (5)
Kobe City
Kyoto (2)
Nagoya (2)
Daegu
Seoul (6)
Pusan (2)
Kaoshiung (2)

POLLINI
Milano
Bologna
Roma
Firenze (2)
Venezia
Bolzano
Parma
Ravenna
Rimini
Varese
Verona

Main economic-financial data

		1st Half 2007	1st Half 2008
Total revenues	(Values in millions of EUR)	145.9	147.0
Gross operating margin (EBITDA)	(Values in millions of EUR)	22.9	20.9
Gross operating margin (EBITDA) after non-recurring operations	(Values in millions of EUR)	20.9	20.9
Net operating profit (EBIT)	(Values in millions of EUR)	17.7	15.9
Net operating profit (EBIT) after non-recurring operations	(Values in millions of EUR)	15.7	15.9
Profit before taxes	(Values in millions of EUR)	13.4	12.5
Net profit for the Group	(Values in millions of EUR)	5.9	6.0
Net profit for the Group per share	(Values in units of EUR)	0.067	0.056
Cash Flow (net profit after taxes + depreciation)	(Values in millions of EUR)	11.6	12.1
Cash Flow/Total revenues	(Ratio)	7.9	8.2

		31 December 2006	30 June 2007	31 December 2007	30 June 2008
Net capital invested	(Values in millions of EUR)	217.8	227.6	233.1	248.6
Net financial indebtedness	(Values in millions of EUR)	115.3	119.0	38.5	50.6
Group net equity	(Values in millions of EUR)	76.0	81.3	164.8	167.0
Group net equity per share	(Values in units of EUR)	0.8	0.9	1.5	1.6
Current assets/ current liabilities	(Ratio)	1.6	1.7	1.6	1.9
Current assets less invent./ current liabilities (ACID test)	(Ratio)	0.8	0.9	0.8	0.9
Net financial indebtedness/ Net equity	(Ratio)	1.1	1.1	0.2	0.3

Aeffe Group

Interim management report

1. SUMMARY OF THE GROUP'S KEY ACTIVITIES

Aeffe Group operates worldwide in the fashion and luxury goods sector and is active in the design, production and distribution of a wide range of products that includes prêt-a-porter, footwear and leather goods. The Group develops, produces and distributes, with a constant focus on the qualities of uniqueness and exclusivity, its own collections both under its own-label brands, including "Alberta Ferretti", "Moschino" and "Pollini", and under licensed brands, which include "Jean Paul Gaultier", "Blugirl" and "Authier". The Group has also licensed to key partners the production and distribution of other accessories and products with which it supplements its product range (perfumes, junior and children's lines, watches and sunglasses).

The Group's business is divided, based on the various product lines and brands it sells, into two segments: (i) prêt-a-porter (which includes prêt-a-porter lines, lingerie and swimwear); and (ii) footwear and leather goods.

Prêt-a-porter Division

The Prêt-a-porter Division, which is composed of the companies Aeffe, Moschino and Velmar, is mainly involved in the design, production and distribution of luxury prêt-a-porter garments and lingerie, beachwear and loungewear.

In terms of the prêt-a-porter collections, the activity is carried out by Aeffe, both for the production of the Group's proprietary brands ("Alberta Ferretti", "Philosophy di Alberta Ferretti", "Moschino", "Moschino Cheap and Chic" and "Pollini") and brands licensed from other companies (such as "Jean Paul Gaultier", and "Authier"). Aeffe also handles the distribution of all Division products both through the retail channel (via subsidiaries) and through the wholesale channel.

Velmar manufactures and distributes lingerie and swimwear collections, and specifically men's/women's lingerie, underwear, beachwear and loungewear. Collections are produced and distributed under the Group's proprietary brands, which include "Alberta Ferretti", "Philosophy di Alberta Ferretti", "Moschino" and "Verdemare", and under third-party licensed brands such as "Blugirl".

The Prêt-a-porter Division also manages licensing agreements granted to other companies to manufacture Aeffe and Moschino branded product lines such as the "Moschino" brand licensing agreement relating to the *love* line, "Moschino" branded perfumes and "Moschino" branded sunglasses.

Aeffe

Aeffe is the brainchild of designer Alberta Ferretti, who set up her own business in 1972. The history of the Parent Company has developed in parallel with that of its founder, whose personal involvement in fashion has been a key factor in Aeffe's development.

The growth of the Parent Company as an industrial and creative entity has been distinguished from the start by a multi-brand approach, with Aeffe producing and distributing the prêt-a-porter collections of leading fashion houses utilising the know-how acquired in the production of luxury prêt-a-porter lines.

This provides the context for the partnership between Aeffe and designer Franco Moschino, whose brand "Moschino Couture!" it has produced and distributed under an exclusive licence since 1983.

In 1995, Aeffe began collaborating with designer Jean Paul Gaultier, whose brand "Jean Paul Gaultier" and – since 2006 – "Gaultier^{2}" it produces and distributes under licence.

In 2001, Aeffe gained control of Pollini, an established manufacturer of footwear and leather goods. This allowed Aeffe to supplement the collections produced in-house with an accessories line.

In 2002, Aeffe took over Velmar, a firm that had collaborated with Aeffe for some time on the production and distribution of lingerie, beachwear and loungewear lines.

In 2004, as part of its commitment to uncover and showcase new talent, Aeffe began a partnership with an Anglo-Brazilian pair of up-and-coming designers, Bruno Basso and Christopher Brooke, who won the London Fashion Fringe in 2004.

In 2006, Aeffe commenced the licensed production and distribution of Authier skiwear and après-skiwear.

In 2007, Aeffe, obtained the Consob Nulla Osta to public the offering memorandum relating to the Public Offering and the listing on the MTA – Star Segment – of Aeffe S.p.A. ordinary shares, closes successfully the Offer of shares and starts to be traded on the MTA – Star Segment – by Borsa Italiana.

In 2008, Aeffe has signed a licence agreement with Elite Group S.r.l. for the production and distribution of eyewear branded "Alberta Ferretti".

Also in 2008 Aeffe has signed a licence agreement with Elizabeth Arden for the development, marketing and distribution of the fragrance branded "Alberta Ferretti".

Moschino

Moschino was founded in 1983 and grew during the 1990s to become an internationally renowned brand. Following the disappearance in 1994 of its founder, Franco Moschino, his family, staff and friends have kept the designer's legacy alive, respecting his creative identity and philosophy. Rossella Jardini, who has worked for Franco Moschino since 1981, succeeded him as artistic director and is currently in charge of brand image and styling.

The company provides design, marketing and agency services from the Milan showroom for Moschino collections in Italy and overseas.

The company also directly manages four single-brand Moschino stores, two in Milan one in Rome and one in Capri.

In 2007 Moschino signed a licence agreement with Binda Group for the production and distribution of watches and jewellery branded "Moschino Cheap and Chic".

In 2007, Moschino signed a licence agreement with Max Safety Fashion for the production of helmets branded "Moschino".

Velmar

Velmar was created in 1983 in San Giovanni in Marignano and is active in the production and distribution of lingerie, underwear, beachwear and loungewear.

In 1990, a partnership began between Velmar and designer Anna Molinari to manufacture lingerie and beachwear lines. That same year, talks began with Aeffe and Genny.

Between 1990 and 1995, Velmar worked with Genny and Fendi, producing all of the swimwear lines designed by the two fashion houses. Between 1990 and 2001, Velmar worked with Itierre and Prada on the design and production of the active and sportswear lines sold under the "Extee" and "Prada" menswear labels.

Between 1995 and 1998, Velmar produced and distributed under licence the beachwear line for Byblos menswear and womenswear.

In 1998, Velmar signed a licensing agreement with Blufin for the production and distribution of "Blugirl" lines.

In 2001, Aeffe acquired 75% of Velmar. Again, this represented a natural progression of the existing partnership between the two companies.

In 2001, Velmar began the production and distribution under licence of Alberta Ferretti lingerie, beachwear and loungewear lines.

In 2004, Velmar began the production and distribution of lingerie, beachwear and loungewear lines under the "Philosophy di Alberta Ferretti" brand.

In 2006, Velmar obtained a licence for the production and distribution of the men's beachwear and underwear lines and women's lingerie lines under the "Moschino" brand.

Aeffe USA

Aeffe USA is 100% owned by Aeffe Spa and was incorporated in May 1987 under the laws of the State of New York.

The company operates in the wholesale segment of the North American market (United States and Canada) distributing items of clothing and accessories produced by the Parent Company, Pollini S.p.A. and Velmar S.p.A. and other third-party licensed manufacturers, with different collections, of the brands produced by the Parent Company. The company also acts as agent for some of these lines. The company operates out of its own showroom located in midtown Manhattan. Aeffe USA also manages a single-brand store that sells the Philosophy di Alberta Ferretti brand in Soho, New York.

Aeffe Retail

Aeffe Retail operates in the retail segment of the Italian market and directly manages 9 stores, 5 of them single-brand and 4 multi-brand located in major Italian cities such as Milan, Rome, Venice, Florence and Capri.

Clan Cafè

Clan Cafè Srl, incorporated in 2007, is 62.9% owned by Aeffe Retail and manages a store located in Milan, Pontaccio 19 Street, which distributes clothing and accessories produced by Aeffe Group and by third parties.

Aeffe UK

Aeffe UK is 100% owned by Aeffe S.p.A. and manages the store in London's Sloane Street, which sells clothing and accessories under the Alberta Ferretti and Philosophy di Alberta Ferretti labels. The company also acts as an agent for the UK market.

Aeffe France

Aeffe France is 99.9% owned by Aeffe S.p.A. and manages the store in Rue St. Honorè in Paris, selling apparel and accessories under the Alberta Ferretti and Philosophy di Alberta Ferretti brands. The company also acts as an agent for the French market.

Ferretti Studio

The company was founded in 1984 and provides design and communications services to the creative division of Alberta Ferretti for the Alberta Ferretti and Philosophy di Alberta Ferretti collections.

Av Suisse

Av Suisse was formed in 2005 together with the designer Gustavo Sangiorgi. It acts as a design consultancy for the creation of the Authier collection.

Nuova Stireria Tavoleto

Nuova Stireria Tavoleto, based in Tavoleto (Pesaro-Urbino), is 100% owned by Aeffe S.p.A. and provides industrial pressing services for the majority of Aeffe and Velmar production and for other clients outside the Group.

Moschino Far East

Moschino Far East is 50.1% owned by Moschino Spa and is based in Hong Kong.

The company operates in the wholesale segment of the Asian market (Hong Kong, China, Taiwan, Singapore, Malaysia, Thailand, Korea, Japan), distributing clothing and accessories from the Moschino lines produced by the Parent Company and Pollini.

The company also manages 38 stores in the Asia region.

Fashoff UK

Fashoff UK operates from the showroom in London, acting as agent for the Moschino-branded collections produced by Aeffe, Pollini, Forall (men) and Falc (men’s/children's shoes), and importing the other collections (jeans, umbrellas, gloves, scarves and Velmar collections).

The company also directly manages a single-brand Moschino store in London.

Moschino France

Moschino France is based in the Paris showroom and acts as agent for all Moschino collections except childrenswear, eyewear, perfumes and watches.

The company also manages a single-brand Moschino store in Paris.

Moschino Gmbh

Moschino Gmbh directly manages a single-brand store selling Moschino lines in Berlin.

Footwear and leather goods Division

The footwear and leather goods Division, which is composed of Pollini and its subsidiaries, mainly handles the design, production and distribution of footwear, small leather goods, bags and matching accessories made from exclusive materials.

The operating activity is mainly carried out by Pollini, which directly handles the design, production and distribution of own-label products, as well as the production and distribution of brands licensed by Group companies.

The footwear and leather goods division also manages licensing agreements granted to other companies to manufacture “Pollini” and “Studio Pollini” products such as sunglasses.

Pollini

Pollini was established in 1953 in the shoemaking district of San Mauro Pascoli, following in the Italian tradition of handmade leather goods and shoes. Italy is a leading producer of footwear: due to expertise required to make these products, nearly all production sites are located in areas with a long-standing shoemaking tradition, such as San Mauro Pascoli, Vigevano and Strà (PD). The company’s philosophy is focused on promoting Pollini in other countries as an amalgam of traditional quality and Italian style, offering a range of products that include shoes, bags and matching accessories.

Between 1957 and 1961, Pollini produced the footwear collections of the designer Bruno Magli.

In the 1960s and early 1970s, Pollini began making shoes under its own label, presenting “themed” collections (such as the “Daytona” sports footwear collection, inspired by the world of motorbike racing).

In the 1970s, Pollini rose to international fame: at that point, its collections were shown in Düsseldorf, Paris and New York, as well as in Milan and Bologna. Around the same time, the first stores opened in Florence, Milan, Rome, Bologna, Parma, Verona, Bolzano, Bergamo, Varese and Venice.

In 1989, Pollini moved into its new office in Gatteo, in the Italian province of Forlì-Cesena. The new site measures 50,000 sq. m., just over a third of it indoor, with a production workshop and seven-storey building housing the showroom and offices. The new site brought the footwear and leather goods divisions and sales and administration offices under one roof.

In 2001, Aeffe and Pollini reached an agreement whereby Aeffe would acquire a controlling stake in Pollini. The acquisition was a natural progression of the increasingly concentrated partnership between the two companies, enabling the growth of the footwear and leather goods lines designed by Alberta Ferretti.

In 2003, the designer Rifat Ozbek, who has worked with the Group for some time, was named creative director of the new "Pollini" prêt-a-porter line. In the same year, Pollini's flagship store opened in the Rue Saint Honorè, Paris.

In 2006, Pollini licensed the production and distribution of sunglasses and spectacles under the "Pollini" brand to Elite Group S.r.l. and in 2007 signed a new licence agreement for the "Studio Pollini" brand.

In 2008, Pollini has entered into new license agreements with Drops Srl, for the manufacturing of umbrellas, as well as Larioseta Spa, for the manufacturing and distribution of neckwear, including women's shawls, women's and men's scarves and ties.

Pollini Retail

Pollini Retail is active in the retail segment of the Italian market and directly manages 16 stores in major Italian cities such as Milan, Rome, Venice and Florence.

2. CONSOLIDATED RICLASSIFIED INCOME STATEMENT

(Values in units of EUR)	1st Half 2008	% on revenues	1st Half 2007	% on revenues	Change	%
REVENUES FROM SALES AND SERVICES	**144,590,305**	**100.0%**	**141,642,015**	**100.0%**	**2,948,290**	**2.1%**
Other revenues and income	2,438,567	1.7%	4,219,421	3.0%	-1,780,854	-42.2%
TOTAL REVENUES	**147,028,872**	**101.7%**	**145,861,436**	**103.0%**	**1,167,436**	**0.8%**
Changes in inventory	12,063,590	8.3%	7,744,441	5.5%	4,319,149	55.8%
Costs of raw materials, cons. and goods for resale	-47,420,303	-32.8%	-45,332,466	-32.0%	-2,087,837	4.6%
Costs of services	-51,035,993	-35.3%	-47,080,678	-33.2%	-3,955,315	8.4%
Costs for use of third parties assets	-8,135,468	-5.6%	-8,594,611	-6.1%	459,143	-5.3%
Labour costs	-29,629,989	-20.5%	-28,109,943	-19.8%	-1,520,046	5.4%
Other operating expenses	-1,955,531	-1.4%	-1,586,722	-1.1%	-368,809	23.2%
Total Operating Costs	-126,113,694	-87.2%	-122,959,979	-86.8%	-3,153,715	2.6%
GROSS OPERATING MARGIN (EBITDA)	**20,915,178**	**14.5%**	**22,901,457**	**16.2%**	**- 1,986,279**	**-8.7%**
Amortisation of intangible fixed assets	-1,802,122	-1.2%	-1,818,917	-1.3%	16,795	-0.9%
Depreciation of tangible fixed assets	-3,202,498	-2.2%	-3,108,080	-2.2%	-94,418	3.0%
Revaluations (write-downs)	-41,571	0.0%	-241,188	-0.2%	199,617	-82.8%
Total Amortisation and write-downs	-5,046,191	-3.5%	-5,168,185	-3.6%	121,994	-2.4%
NET OPERATING PROFIT (EBIT)	**15,868,987**	**11.0%**	**17,733,272**	**12.5%**	**- 1,864,285**	**-10.5%**
Financial income	215,225	0.1%	232,560	0.2%	-17,335	-7.5%
Financial expenses	-3,554,535	-2.5%	-4,521,994	-3.2%	967,459	-21.4%
Total Financial Income (expenses)	-3,339,310	-2.3%	-4,289,434	-3.0%	950,124	-22.2%
PROFIT BEFORE TAXES	**12,529,677**	**8.7%**	**13,443,838**	**9.5%**	**- 914,161**	**-6.8%**
Current income taxes	-4,440,775	-3.1%	-6,090,194	-4.3%	1,649,419	-27.1%
Deferred income (expenses) taxes	-975,165	-0.7%	-692,701	-0.5%	-282,464	40.8%
Total Income Taxes	-5,415,940	-3.7%	-6,782,895	-4.8%	1,366,955	-20.2%
NET PROFIT	**7,113,737**	**4.9%**	**6,660,943**	**4.7%**	**452,794**	**6.8%**
(Profit) loss attributable to minority shareholders	-1,136,590	-0.8%	-798,578	-0.6%	-338,012	42.3%
NET PROFIT FOR THE GROUP	**5,977,147**	**4.1%**	**5,862,365**	**4.1%**	**114,782**	**2.0%**

SALES

In 1st H 2008, consolidated revenues rise to EUR 144,590 thousand from EUR 141,642 thousand in 1st H 2007, up 2.1% (+5.9% at constant exchange rates and excluding the effect of the Narciso Rodriguez licence).

This improvement reflects the good performance achieved by the Group's two divisions: the revenues of the prêt-à-porter division increase by 1.3% (+6.0% at constant exchange rates and excluding the effect of the Narciso Rodriguez licence) to EUR 116,550 thousand, while the revenues of the footwear and leather goods division rise by 4.9% to EUR 37,136 thousand, before interdivisional eliminations.

Sales by brand

(Values in thousands of EUR)	1st Half 2008	%	1st Half 2007	%	Change Δ	%
Alberta Ferretti	30,829	21.3%	29,637	20.9%	1,192	4.0%
Moschino	70,734	48.9%	67,415	47.6%	3,319	4.9%
Pollini	24,929	17.2%	23,868	16.9%	1,061	4.4%
J.P.Gaultier	9,898	6.8%	11,186	7.9%	-1,288	-11.5%
Other	8,200	5.8%	9,536	6.7%	-1,336	-14.0%
Total	**144,590**	**100.0%**	**141,642**	**100.0%**	**2,948**	**2.1%**

In 1st H 2008, Alberta Ferretti brand increases by 4.0% (+5.7% at constant exchange rates), generating 21.3% of the group's consolidated sales.

In the same period, Moschino brand sales increases by 4.9% (+8.4% at constant exchange rates), contributing to 48.9% of consolidated sales.

Good results also for Pollini brand, that rises by 4.4% (+4.8% at constant exchange rates), generating 17.2% of consolidated sales, while the brand under licence JP Gaultier decreases by 11.5% (-9.1% at constant exchange rates), contributing to 6.8% of consolidated sales.

The Other brands sales decreases by 14% (+10.5% at constant exchange rates and excluding Narciso Rodriguez collections), equal to 5.8% of consolidated sales.

Sales by geographical area

(Values in thousands of EUR)	1st Half 2008	%	1st Half 2007	%	Change Δ	%
Italy	57,246	39.6%	55,065	38.9%	2,181	4.0%
Europe (Italy and Russia excluded)	30,359	21.0%	30,316	21.4%	43	0.1%
United States	13,232	9.2%	16,785	11.9%	-3,553	-21.2%
Russia	13,618	9.4%	11,348	8.0%	2,270	20.0%
Japan	8,702	6.0%	9,767	6.9%	-1,065	-10.9%
Rest of the World	21,433	14.8%	18,361	12.9%	3,072	16.7%
Total	**144,590**	**100.0%**	**141,642**	**100.0%**	**2,948**	**2.1%**

In 1st H 2008, sales in Italy rise to EUR 57,246 thousand, contributing to 39.6% of consolidated sales with a 4.0% increase.

In Europe group's sales increase by 0.1% (+2.9% at constant exchange rates and excluding the effect of the Narciso Rodriguez licence), contributing to 21.0% of consolidated sales, while sales in United States are EUR

13,232 thousand contributing to 9.2% of consolidated sales, with a decrease of 21.2% (-5.6% at constant exchange rates and excluding the effect of the termination of Narciso Rodriguez licence).

In the Russian market, Aeffe records sales of EUR 13,618 thousand, contributing to 9.4% of consolidated sales, with a 20.0% increase (+21.3% at constant exchange rates and excluding the effect of the termination of Narciso Rodriguez licence). Sales in Japan fall by 10.9% (-8.7% at constant exchange rates and excluding the Narciso Rodriguez impact) to EUR 8,702 thousand, contributing to 6.0% of consolidated sales.

The good performance in the Rest of the world is continuing, where sales rise to EUR 21,433 thousand up 16.7% (+23.5% at constant exchange rates and excluding the Narciso Rodriguez collections), contributing to 14.8% of consolidated sales.

Sales by distribution channel

(Values in thousands of EUR)	1st Half 2008	%	1st Half 2007	%	Change Δ	Change %
Wholesale	102,705	71.0%	99,776	70.4%	2,929	2.9%
Retail	32,180	22.3%	33,725	23.8%	-1,545	-4.6%
Royalties	9,705	6.7%	8,141	5.8%	1,564	19.2%
Total	**144,590**	**100.0%**	**141,642**	**100.0%**	**2,948**	**2.1%**

The revenues generated by the Group 1stH 2008 are analysed below:

- 71.0% from the Group's sales organisation, showrooms, agents and importers, franchise outlets, corners and shop-in-shops (wholesale channel), which contributes EUR 99,776 thousand in 1stH 2007 and EUR 102,705 thousand in 1stH 2008, up 2.9% (+6.9% at constant exchange rates and excluding the Narciso Rodriguez collections).
- 22.3% from sales outlets managed directly by the Group (retail channel), which contributes EUR 33,725 thousand in 1stH 2007 and EUR 32,180 thousand in 1stH 2008, down 4.6% (-0.3% at constant exchange rates and excluding the Narciso Rodriguez collections).
- 6.7% from royalties deriving from licenses granted to third parties for the production and distribution of product lines sold under the Group's brand names. Royalties increase by 19.2% from EUR 8,141 thousand in 1stH 2007 to EUR 9,705 thousand in 1stH 2008.

Sales by own brands and under licensed brands

(Values in thousands of EUR)	1st Half 2008	%	1st Half 2007	%	Change Δ	Change %
Own brands	126,739	87.7%	121,463	85.8%	5,276	4.3%
Brands under license	17,851	12.3%	20,179	14.2%	-2,328	-11.5%
Total	**144,590**	**100.0%**	**141,642**	**100.0%**	**2,948**	**2.1%**

The revenues generated by own brands rise in absolute value of EUR 5,276 (+4.3% compared with the previous period), with an incidence on total revenues which increases from 85.8% in 1stH 2007 to 87.7% in 1stH 2008. The revenues generated by brands under license decrease by 11.5% (excluding revenues of Narciso brand the decrease would have been of 2.0%).

LABOUR COSTS

Labour costs increase from EUR 28,110 thousand in 1stH 2007 to EUR 29,630 thousand in 1stH 2008 with an incidence on revenues which change from 19.8% in the first half of 2007 to 20.5% in the first half of 2008.

The increase in absolute value of this item is in line with the increase in the workforce, which grows from 1,430 units in the first half of 2007 to 1,490 units in the first half of 2008.

Average number of employees by category	1st Half 2008	1st Half 2007	Change	%
Workers	492	468	24	5%
Office staff-supervisors	971	937	34	4%
Executive and senior managers	27	25	2	8%
Total	**1,490**	**1,430**	**60**	**4%**

GROSS OPERATING MARGIN (EBITDA)

In 1stH 2008, consolidated EBITDA is equal to EUR 20,915 thousand, substantially in line with EUR 20,883 thousand in 1stH 2007 net of non recurring operations (sale of 50% stake in Narciso Rodriguez LLC), and represents 14.5% of consolidated sales. EBITDA calculated at constant exchange rates would have been equal to EUR 21,480 thousand, representing 14.7% of total sales.

EBITDA of the *prêt-à-porter* division is EUR 18,846 thousand with a decrease of 1.4% compared to EUR 19,109 thousand in 1stH 2007, and represents 16.2% of consolidated sales. EBITDA of the *prêt-à-porter* division at constant exchange rates would have been equal to EUR 19,411 thousand, representing 16.4% of total sales.

Footwear and leather goods division EBITDA rise by 16.6% to EUR 2,069 thousand, representing 5.6% of consolidated sales (5% in 1stH 2007).

NET OPERATING PROFIT (EBIT)

Consolidated EBIT amounts to EUR 15,869 thousand and representing 11.0% of consolidated sales.

PROFIT BEFORE TAXES

Profit before tax decreases by 6.8% from EUR 13,444 thousand in 1st H 2007 to EUR 12,530 thousand in 1stH 2008.

NET PROFIT FOR THE GROUP

The tax rate decrease from 50.5% in 1stH 2007 to 43.2% in 1stH 2008, and this reduction is due both to the lower incidence of the IRAP tax and to the lower tax rates approved by the Italian 2008 Financial Act.

The net profit for the Group increases by 2.0% to EUR 5,977 thousand in 1st H 2008 from EUR 5,862 thousand in 1st H 2007, if we consider the net profit for the Group in 1st H 2007 net of non recurring items the increase would have been of 28.7%.

3. CONSOLIDATED RECLASSIFIED BALANCE SHEET

(Values in units of EUR)	30 June 2008	31 December 2007
Trade receivables	36,149,363	36,910,502
Stock and inventories	78,440,888	67,761,354
Trade payables	- 59,071,881	- 60,577,085
Operating net working capital	**55,518,370**	**44,094,771**
Other short term receivables	30,645,493	27,082,638
Tax receivables	5,613,231	4,786,640
Other short term liabilities	- 17,483,844	- 17,248,402
Tax payables	- 3,641,912	- 7,127,302
Net working capital	**70,651,338**	**51,588,345**
Tangible fixed assets	71,312,340	71,194,548
Intangible fixed assets	168,645,281	171,770,613
Equity investments	21,640	21,641
Other fixed assets	3,133,966	3,122,044
Fixed assets	**243,113,227**	**246,108,846**
Post employment benefits	- 10,563,879	- 11,111,030
Provisions	- 1,692,618	- 1,707,602
Assets available for sale	1,636,885	1,636,885
Long term not financial liabilities	- 14,239,753	- 14,251,237
Deferred tax assets	7,768,549	8,869,181
Deferred tax liabilities	- 48,032,300	- 48,022,235
NET CAPITAL INVESTED	**248,641,449**	**233,111,153**
Share capital	26,754,126	26,840,626
Other reserves	124,018,008	121,923,828
Profits (Losses) carried-forward	10,236,020	679,150
Profits (Loss) for the period	5,977,147	15,320,586
Group interest in shareholders' equity	**166,985,301**	**164,764,190**
Minority interests in shareholders' equity	31,025,218	29,863,431
Total shareholders' equity	**198,010,519**	**194,627,621**
Short term financial receivables	-	
Cash	- 14,983,623	- 14,525,033
Long term financial liabilities	22,114,504	26,646,683
Short term financial liabilities	43,500,049	26,361,882
NET FINANCIAL POSITION	**50,630,930**	**38,483,532**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**248,641,449**	**233,111,153**

NET INVESTED CAPITAL

Net invested capital increases by 6.7% compared with 31 December 2007.

NET WORKING CAPITAL

Net working capital amounts to EUR 70,651 thousand (23.8% of LTM sales) compared with EUR 51,588 thousand of 31 December 2007 (17.6% of sales). This change is mainly due to a season effect and to the major quantity of raw material acquired during the period in order to advance the production and the shipment of the spring/summer 2009 collections.

The changes in the main items are described below:

- The sum of trade receivables, inventories and trade payables increases by 26% (EUR 11,424 thousand) compared with an increase of 27% (EUR 9,032 thousand) in the same period of the previous year;
- The increase of EUR 3,563 thousand in other short term receivables due to the increase in credits for prepaid costs of EUR 2,858 thousand. Such credits, which relate to the costs incurred to design and make samples for the Spring-Summer 2009 collections, for which the corresponding revenues have not been realized yet, increase mainly to the seasonality of the business;
- The net increase of EUR 4,312 thousand in tax payables/receivables referring mainly to the decrease in IRES liability following the major advances paid during the first six months of 2008 compared to 2007.

FIXED ASSETS

Fixed assets decrease by EUR 2,996 thousand from 31 December 2007 to 30 June 2008.

The changes in the main items are described below:

- The increase in tangible fixed assets of EUR 118 thousand is determined by new investments only partially compensated by the depreciation of the period;
- The decrease in intangible fixed assets of EUR 3,125 thousand is mainly due to the rent contract rescission of the P-box shop located in Milan, Andegari Street, and to the amortisation of the period.

NET FINANCIAL POSITION

The net financial position of the Group amounts to EUR 50,631 thousand as of 30 June 2008 compared with EUR 38,484 thousand as of 31 December 2007. Such increase is mainly due to the seasonality of the business and to the following events which have no comparison in 2007:

- Dividends distribution for EUR 2,148 thousand;
- Purchase of treasury shares for EUR 851 thousand based on the buyback plan for the purchase and use of treasury shares approved by the Shareholders' Meeting held on 3 March 2008, pursuant to art. 2357 et seq. of the Italian Civil Code.

The net financial position includes the effect of the put/call option on the joint venture contract between Moschino and Bluebell Far East for the formation of Moschino Far East. In the absence of this option, the net financial position at 30 June 2008 would have amounted to EUR 45,535 thousand, rather than the EUR 50,631 thousand reported above.

SHAREHOLDERS' EQUITY

The shareholders' equity increases by EUR 3,383 thousand from EUR 194,628 thousand as of 31 December 2007 to EUR 198,011 thousand as of 30 June 2008. The reasons of such increase are illustrated in the explanatory notes. The number of shares is 107,362,504.

4. TRANSACTIONS WITH RELATED PARTIES

During the period, there were no transactions with related parties, including intragroup transactions, which qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered.

Information on transactions with related parties, including specific disclosures required by the Consob Communication of 28 July 2006, is provided in Note 36 of the Half-year Condensed Financial Statements at 30 June 2008.

5. SIGNIFICANT EVENTS OCCURRING IN THE FIRST HALF OF 2008

The Shareholders' Meeting held on 3 March 2008 approved a plan for the purchase and use of treasury shares pursuant to art. 2357 et seq. of the Italian Civil Code.

This plan authorises the Board of Directors to purchase up to 10% of the Company's share capital, on one or more occasions on a revolving basis, over a maximum period of 18 months, and to use such shares without time limit.

The mandate envisages that the unit price paid for the shares may not be more than 10% higher or lower than the reference price established for them in trading session immediately prior to each transaction.

The purpose of this operation is to facilitate the making of investments that are consistent with the strategic guidelines for the Company, as well as possible acquisitions involving the exchange of treasury shares or other special finance transactions that include the allocation or disposition of such shares.

In addition, the plan approved by the shareholders will enable Aeffe, acting in compliance with current regulations, to stabilise the market price of the Company's shares and moderate the price fluctuations deriving from unusual market conditions, by facilitating trades when shares are in short supply and by helping to maintain normal trading conditions.

During the period, the Company has acquired n. 518,500 Aeffe ordinary shares, at the average unit price of EUR 1.64 for a total investment of EUR 851 thousand.

On 29 April 2008 the Shareholder's meeting of Aeffe Spa has approved the distribution of a dividend of EUR 0.002 per share, gross of statutory tax applicable. The dates for the clipping and payment of coupon n. 1 have been respectively on 12 May 2008 and 15 May 2008.

6. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the balance sheet date no significant events regarding the Group's activities have to be reported.

7. RISKS, UNCERTAINTIES AND PROSPECTIVES FOR THE REMAINING SIX MONTHS OF THE YEAR

The second half of 2008 started in a situation of uncertainties and risks that we can summarise in the growth of inflation, in connection with possible further increases in energy prices and in the downside risks for growth in connection with more unfavourable evolution of the international macroeconomic and financial picture.

The weakness of the dollar against the euro and higher raw material prices compound business uncertainty over investment decisions and, above all, the crisis of consumer confidence which is lowering demand for consumables goods. Indeed, the perceived reduction in the purchasing power of disposable income and the tendency for this to remain low are adversely affecting the level of household consumption.

Unfortunately this trend, that was already forecasted at the beginning of 2008, will hold over the rest of the year. Indeed, at international level persist the weakness of GDP growth in the United States and the expected scenario, in Japan and the euro area, is of a sharp and general slowdown for all the remaining part of the year. Also the activities of the main emerging economies (China, Brazil, Russia and India) have recorded, in the first months of 2008, a slight deceleration which is expected to persist for the rest of the year.

In Italy the domestic demand is expected to stagnate this year and exports are expected to slow down considerably, held by the loss of price competitiveness.

First half 2008 consolidated sales showed a 6% growth for the Group. We are particularly satisfied with our core brands’ performance, especially Moschino and Alberta Ferretti brands, and with the growth in the emerging countries. Based on these results and on the current orders backlog for the Fall/Winter 2008 we can confirm that 2008 will show a growth in sales and profit.

Half-year condensed financial statements at 30 June 2008

Financial statements

CONSOLIDATED ASSETS BALANCE SHEET (*)

(Values in units of EUR)	Notes	30 June 2008	31 December 2007	Change
NON-CURRENT ASSETS				
Intangible fixed assets				
Goodwill		52,973,493	54,316,280	-1,342,787
Trademarks		115,527,244	117,284,499	-1,757,255
Other intangible fixed assets		144,544	169,834	-25,290
Total intangible fixed assets	(1)	168,645,281	171,770,613	-3,125,332
Tangible fixed assets				
Lands		17,463,108	17,555,245	-92,137
Buildings		32,840,815	33,462,497	-621,682
Leasehold improvements		12,539,450	11,812,881	726,569
Plant and machinary		5,169,630	5,008,897	160,733
Equipment		307,307	277,380	29,927
Other tangible fixed assets		2,992,030	3,077,648	-85,618
Total tangible fixed assets	(2)	71,312,340	71,194,548	117,792
Other fixed assets				
Equity investments	(3)	21,640	21,641	-1
Other fixed assets	(4)	3,133,966	3,122,044	11,922
Deferred tax assets	(5)	7,768,549	8,869,181	-1,100,632
Assets available for sale	(6)	1,636,885	1,636,885	0
Total other fixed assets		12,561,040	13,649,751	-1,088,711
TOTAL NON-CURRENT ASSETS		**252,518,661**	**256,614,912**	**- 4,096,251**
CURRENT ASSETS				0
Stocks and inventories	(7)	78,440,888	67,761,354	10,679,534
Trade receivables	(8)	36,149,363	36,910,502	-761,139
Tax receivables	(9)	5,613,231	4,786,640	826,591
Cash	(10)	14,983,623	14,525,033	458,590
Other receivables	(11)	30,645,493	27,082,638	3,562,855
TOTAL CURRENT ASSETS		**165,832,598**	**151,066,167**	**14,766,431**
TOTAL ASSETS		**418,351,259**	**407,681,079**	**10,670,180**

(*) Pursuant to Consob Resolution N. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Balance Sheet are presented in the specific Balance Sheet schedule provided in the attachment I and are further described in the paragraph "Related party transactions".

CONSOLIDATED LIABILITIES BALANCE SHEET (*)

(Values in units of EUR)	Notes	30 June 2008	31 December 2007	Change
SHAREHOLDERS' EQUITY	**(12)**			
Group interest				
Share capital		26,754,126	26,840,626	-86,500
Share premium reserve		74,544,210	75,307,855	-763,645
Translation reserve		-1,682,217	-948,776	-733,441
Other reserves		31,795,283	28,204,017	3,591,266
Fair Value reserve		7,901,240	7,901,240	0
IAS reserve		11,459,492	11,459,492	0
Profits (Losses) carried-forward		10,236,020	679,150	9,556,870
Net profit for the Group		5,977,147	15,320,586	-9,343,439
Group interest in shareholders' equity		166,985,301	164,764,190	2,221,111
Minority interests				
Minority interests in share capital and reserves		29,888,628	26,913,875	2,974,753
Net profit for the minority interests		1,136,590	2,949,556	-1,812,966
Minority interests in shareholders' equity		31,025,218	29,863,431	1,161,787
TOTAL SHAREHOLDERS' EQUITY		**198,010,519**	**194,627,621**	**3,382,898**
NON-CURRENT LIABILITIES				
Provisions	(13)	1,692,618	1,707,602	-14,984
Deferred tax liabilities	(5)	48,032,300	48,022,235	10,065
Post employment benefits	(14)	10,563,879	11,111,030	-547,151
Long term financial liabilities	(15)	22,114,504	26,646,683	-4,532,179
Long term not financial liabilities	(16)	14,239,753	14,251,237	-11,484
TOTAL NON-CURRENT LIABILITIES		**96,643,054**	**101,738,787**	**- 5,095,733**
CURRENT LIABILITIES				
Trade payables	(17)	59,071,881	60,577,085	-1,505,204
Tax payables	(18)	3,641,912	7,127,302	-3,485,390
Short term financial liabilities	(19)	43,500,049	26,361,882	17,138,167
Other liabilities	(20)	17,483,844	17,248,402	235,442
TOTAL CURRENT LIABILITIES		**123,697,686**	**111,314,671**	**12,383,015**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**418,351,259**	**407,681,079**	**10,670,180**

(*) Pursuant to Consob Resolution N. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Balance Sheet are presented in the specific Balance Sheet schedule provided in the attachment II and are further described in the paragraph "Related party transactions".

.

CONSOLIDATED INCOME STATEMENT (*)

(Values in units of EUR)	Notes	1st Half 2008	1st Half 2007
REVENUES FROM SALES AND SERVICES	**(21)**	**144,590,305**	**141,642,015**
Other revenues and income	(22)	2,438,567	4,219,421
TOTAL REVENUES		**147,028,872**	**145,861,436**
Changes in inventory		12,063,590	7,744,441
Costs of raw materials, cons. and goods for resale	(23)	-47,420,303	-45,332,466
Costs of services	(24)	-51,035,993	-47,080,678
Costs for use of third parties assets	(25)	-8,135,468	-8,594,611
Labour costs	(26)	-29,629,989	-28,109,943
Other operating expenses	(27)	-1,955,531	-1,586,722
Amortisation and write-downs	(28)	-5,046,191	-5,168,185
Financial Income (expenses)	(29)	-3,339,310	-4,289,434
PROFIT BEFORE TAXES		**12,529,677**	**13,443,838**
Income Taxes	(30)	-5,415,940	-6,782,895
NET PROFIT		**7,113,737**	**6,660,943**
(Profit) loss attributable to minority shareholders		-1,136,590	-798,578
NET PROFIT FOR THE GROUP		**5,977,147**	**5,862,365**

(*) Pursuant to Consob Resolution N. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Income Statement are presented in the specific Income Statement schedule provided in the attachment III and are further described in the paragraph "Related party transactions".

.

CONSOLIDATED CASH FLOW (*)

(Values in thousands of EUR)	Notes	1st Half 2008	1st Half 2007
OPENING BALANCE		**14,525**	**15,320**
Profit before taxes		12,530	13,444
Amortisation		5,046	4,927
Accrual (+)/availment (-) of long term provisions and post employment benefits		-562	-2,069
Paid income taxes		-7,783	-5,561
Financial income (-) and financial charges (+)		3,339	4,289
Change in operating assets and liabilities		-15,589	-10,703
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**(31)**	**- 3,019**	**4,327**
Increase (-)/ decrease (+) in intangible fixed assets		1,323	-45
Increase (-)/ decrease (+) in tangible fixed assets		-4,061	-3,242
Investments (-)/ Disinvestments (+)		-42	99
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(32)**	**- 2,780**	**- 3,188**
Increase in reserves and profit carried-forward to shareholders'equity		-2,997	-521
Proceeds (repayment) of financial payments		12,606	-534
Increase (-)/ decrease (+) in long term financial receivables		-12	9
Financial income (+) and financial charges (-)		-3,339	-4,290
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(33)**	**6,258**	**- 5,336**
CLOSING BALANCE		**14,984**	**11,123**

(*) Pursuant to Consob Resolution N. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Cash Flow are presented in the specific Cash Flow schedule provided in the attachment IV and are further described in the paragraph "Related party transactions".

.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(Values in thousands of EUR)	Share capital	Share premium reserve	Translation reserve	Partecipatory instruments reserve	Other reserves	Fair Value reserve	IAS reserve	Profits (Losses) carried-forward	Net profit for the Group	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
BALANCES AT 31 December 2006	**22,500**	**11,345**	**391**	**12,400**	**8,573**	**7,448**	**11,120**	**-5,773**	**7,981**	**75,985**	**26,465**	**102,450**
Allocation of 31 December 2006 profit	-	-	-	-	2,790	-	-	5,191	-7,981	-	-	-
Exchange differences on translation	-	-	-144	-	-	-	-	-	-	-144	47	-97
Cancellation of own shares	-4,500	-16,600	-	2,700	18,400	-	-	-	-	-	-	-
Conversion of partecipatory instrument	4,091	11,009	-	-15,100	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-425	-	-	-	-	-425	-	-425
Net profit at 30 June 2007	-	-	-	-	-	-	-	-	5,862	5,862	799	6,661
BALANCES AT 30 June 2007	**22,091**	**5,754**	**248**	**-**	**29,338**	**7,448**	**11,120**	**-582**	**5,862**	**81,278**	**27,311**	**108,591**

(Values in thousands of EUR)	Share capital	Share premium reserve	Translation reserve	Partecipatory instruments reserve	Other reserves	Fair Value reserve	IAS reserve	Profits (Losses) carried-forward	Net profit for the Group	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
BALANCES AT 31 December 2007	**26,841**	**75,308**	**-949**	**-**	**28,204**	**7,901**	**11,459**	**679**	**15,321**	**164,764**	**29,863**	**194,627**
Allocation of 31 December 2007 profit	-	-	-	-	3,591	-	-	11,729	-15,321	-	-	-
Dividends paid	-	-	-	-	-	-	-	-2,148	-	-2,148	-	-2,148
Exchange differences on translation	-	-	-733	-	-	-	-	-	-	-733	-	-733
Treasury stock (buy-back)/ sale	-87	-764	-	-	-	-	-	-	-	-851	-	-851
Other movements	-	-	-	-	-	-	-	-25	-	-25	25	-
Net profit at 30 June 2008	-	-	-	-	-	-	-	-	5,977	5,977	1,137	7,115
BALANCES AT 30 June 2008	**26,754**	**74,544**	**-1,682**	**-**	**31,795**	**7,901**	**11,459**	**10,236**	**5,977**	**166,985**	**31,025**	**198,011**

Explanatory notes

GENERAL INFORMATION

Aeffe Group operates worldwide in the luxury goods sector and is active in the design, production and distribution of a wide range of products that includes prêt-a-porter, footwear and leather goods.

The Group develops, produces and distributes, with a constant focus on the qualities of uniqueness and exclusivity, its own collections both under its own-label brands, including "Alberta Ferretti", "Moschino" and "Pollini", and licensed brands, which include "Jean Paul Gaultier", "Blugirl" and "Authier".

The Group also has licensed to key partners the production and distribution of other accessories and products with which it supplements its product range (perfumes, junior and children's lines, watches sunglasses and other).

The Group's business is divided, based on the various product lines and brands it sells, into two segments: prêt-a-porter (which includes prêt-a-porter, lingerie and swimwear) and footwear and leather goods.

The Parent Company Aeffe, an Italian legal entity incorporated as a public limited company (società per azioni) based in San Giovanni in Marignano (RN), is currently listed in the – STAR Segment – of the MTA, the Italian Stock Exchange operated by Borsa Italiana.

Aeffe is controlled by Fratelli Ferretti Holding S.r.l. which was formed during 2007.

These consolidated financial statements include the financial statements of the Parent Company Aeffe and its subsidiaries and the Group's equity interests in affiliated companies. They consist of the balance sheet, income statement, statement of changes in equity, cash flow statement and these notes.

The financial statements are expressed in euro, since this is the currency in which most of the Group's transactions are conducted. Foreign operations are included in the consolidated financial statements according to the principles stated in the notes that follow.

DECLARATION OF CONFORMITY AND REPORTING PRINCIPLES

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) endorsed by the European Commission according to the procedures in art. 6 of (EC) Regulation n. 1606/2002 of the European Parliament and Council dated 19 July 2002. In particular, these half-year condensed financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting*.

In the "Accounting policies" section are showed the international accounting principles adopted.

Unless otherwise indicated in the measurement bases described below, these consolidated financial statements were prepared in accordance with the historic cost principle.

The measurement bases were applied uniformly by all Group companies.

CONSOLIDATION PRINCIPLES

The scope of consolidation at 30 June 2008 includes the financial statements of the Parent Company Aeffe and those of the Italian and foreign companies in which Aeffe holds control either directly or through its subsidiaries and associates or in which it exerts a dominant influence.

If necessary, adjustments were made to the financial statements of subsidiaries to bring their accounting polices into line with those adopted by the Group.

Companies are consolidated using the line-by-line method. The principles adopted for the application of this method are essentially as follows:

- the book value of equity investments held by the Parent Company or other consolidated companies is written-off against the corresponding net equity at 30 June 2008 in relation to assumption of the assets and liabilities of the subsidiaries;

- the difference between historical cost and fair value of the net equity of shareholdings on the acquisition date is allocated as much as possible to the assets and liabilities of the shareholdings. The remainder is allocated to goodwill. In accordance with the transitional provisions of IFRS 3, the Group has ceased to depreciate goodwill, instead subjecting it to impairment tests;
- significant transactions between consolidated companies are written-off, as are receivables and payables and earnings not yet realised from third parties arising from transactions between Group companies, excluding any tax effect;
- minority interests in shareholders' equity and net profit are reported in the relevant items of the consolidated balance sheet and income statement;
- companies acquired during the period are consolidated from the date on which majority control was achieved.

Subsidiaries

Subsidiaries are enterprises controlled by the Company. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are consolidated from the date on which the Group acquires control and until the date when such control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition cost is determined by adding together the fair values of the assets transferred, the shares issued and the liabilities assumed on the acquisition date, plus the costs directly associated with the acquisition. Any surplus acquisition cost over the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill.

If the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate exceeds acquisition cost, the difference is immediately recorded in the income statement.

Intercompany balances, transactions, revenue and costs are eliminated in the consolidated statements.

Furthermore, intercompany business combinations are recognised by maintaining the same book value of assets and liabilities as previously recorded in the consolidated financial statements.

Associates

An associate is an enterprise in which the Group has significant influence, but has neither sole or joint control, by taking part in decisions regarding the company's financial and operating strategy.

Trading results and the assets and liabilities of associates are accounted for in the consolidated financial statements based on the equity method, except where they are classified as held for sale (see below).

According to this method, equity interests in associates are recorded in the balance sheet at cost, adjusted to take account of changes following the acquisition of their net assets, excluding any loss in value of individual investments. Losses of associates that exceed the Group's percentage interest in them (including long-term receivables that essentially form part of the Group's net investment in the associate) are not recognised unless the Group has an obligation to cover them. The surplus acquisition cost over the parent's percentage share of the present value of the identifiable assets, liabilities and contingent liabilities of the associate on the acquisition date is recognised as goodwill. Goodwill is included in the carrying amount of the investment and is subjected to impairment tests. The historical cost deficit compared with the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of associates on the acquisition date is credited to the income statement in the year of acquisition. With reference to operations between a Group company and an associate, unrealised gains and losses are eliminated in equal measure to the Group's percentage interest in the associate, except for cases where the unrealised losses constitute evidence of impairment of the asset transferred.

SCOPE OF CONSOLIDATION

The companies included in the scope of consolidation are listed in the following table:

Company	Location	Currency	Share capital	Direct interest	Indirect interest
Companies included in the scope of consolidation					
Italian companies					
Aeffe Retail	S.G. in Marignano (RN) Italy	EUR	8,585,150	100%	
AV Suisse	Contrà Canove (VI) Italy	EUR	10,000	100% (a)	
Clan Cafè	S.G. in Marignano (RN) Italy	EUR	100,000		62,9% (v)
Ferretti Studio	S.G. in Marignano (RN) Italy	EUR	10,400	100%	
Moschino	S.G. in Marignano (RN) Italy	EUR	20,000,000	70%	
Nuova Stireria Tavoleto	Tavoleto (PU) Italy	EUR	10,400	100%	
Pollini	Gatteo (FC) Italy	EUR	6,000,000	72%	
Pollini Retail	Gatteo (FC) Italy	EUR	5,000,000		71,9% (i)
Velmar	S.G. in Marignano (RN) Italy	EUR	492,264	75%	
Foreign companies					
Aeffe France	Paris (FR)	EUR	1,550,000	99.9%	
Aeffe UK	London (GB)	GBP	310,000	100%	
Aeffe USA	New York (USA)	USD	600,000	100%	
Divè	Galazzano (RSM)	EUR	260,000	75%	
Fashion Retail	Brno (rep. Ceca	CZK	200,000		100,0% (iv)
Fashoff UK	London (GB)	GBP	1,550,000		70,0% (ii)
Moschino Far East	Hong Kong (HK)	USD	128,866		35,1% (iii)
Moschino France	Paris (FR)	EUR	50,000		70,0% (ii)
Moschino Retail	Berlin (D)	EUR	100,000		70,0% (ii)
Ozbek (london)	London (GB)	GBP	300,000	92%	

Notes (details of indirect shareholdings):

(i) 99,9% owned by Pollini;

(ii) 100% owned by Moschino;

(iii) 50,1% owned by Moschino;

(iv) 100% owned by Aeffe Retail;

(v) 62,893% owned by Aeffe Retail.

During the period the following operation has been completed:

(a) Aeffe Spa has acquired the remaining 30% of AV Suisse.

Foreign currencies

Functional and reporting currency

The amounts in the financial statements of each Group enterprise are measured using the operating currency or the currency of the economic area in which the enterprise operates. These consolidated financial statements are presented in euro, which is the operating and reporting currency of the Parent Company.

Foreign currency transactions

Foreign currency transactions are converted into the operating currency at the exchange rate in force on the transaction date. Cash assets and liabilities denominated in foreign currencies are converted at the exchange rate in force on the balance sheet date. Any exchange rate differences arising from the elimination of these transactions or from the conversion of cash assets and liabilities are posted to the income statement. Non-cash assets and liabilities in foreign currencies that are measured at fair value are converted at the exchange rates in force on the date on which the fair value was determined.

Financial statements of foreign companies

The financial statements of companies outside the Euro zone are translated into euro based on the following procedures:

(i) assets and liabilities, including goodwill and fair value adjustments arising from consolidation are converted at the exchange rate in force on the balance sheet date;

(ii) revenue and costs are converted at the average rate for the period, which must be close to the exchange rate in force on the transaction date;

(iii) exchange rate differences are recognised in a separate account in shareholders' equity. When a foreign company is sold, the total amount of accumulated exchange rate differences relating to that company are recorded in the income statement.

The exchange rates used for the conversion into euro of the financial and equity statements of companies included in the scope of consolidation are listed in the following table:

Currency description	Actual exchange rate 30 June 2008	Average exchange rate 1st H 2008	Actual exchange rate 31 December 2007	Average exchange rate FY 2007	Actual exchange rate 30 June 2007	Average exchange rate 1st H 2008
United States Dollars	1.5764	1.5309	1.4721	1.3706	1.3505	1.3293
United Kingdom Pounds	0.7923	0.7753	0.7334	0.6845	0.6740	0.6747
Japanese Yen	166.440	160.563	164.930	161.241	166.630	159.644
Czech Republic Koruny	23.8930	25.1858	26.6280	27.7583	28.7180	28.1537

Reconciliation between shareholders' equity and net profit for the period of the parent company and the corresponding consolidated amounts

(Values in thousand of EUR)	Shareholders' equity	Net profit for the period
Taken from the corporate financial statements of the parent company	**147,779**	**3,632**
Reversal of the carrying amount of equity interests	51,050	3,491
Reversal of intercompany inventory margin	-1,622	
Transition to parent company accounting policies	804	-9
Total consolidation adjustments	**50,232**	**3,482**
Shareholders' equity, Group share	**166,985**	**5,977**
Minority interests	**31,025**	**1,137**
Total shareholders' equity	**198,011**	**7,114**

ACCOUNTING POLICIES

The accounting policies and valuation criteria adopted for the preparation of the financial statements as of 30 June 2008 are presented below.

Financial Statement Formats

As part of the options available under IAS 1 for the preparation of its economic and financial position, The Group has elected to adopt a balance sheet format that distinguishes between current and non-current assets and liabilities, and an income statement that classifies costs by type of expenditure, since this is deemed to reflect more closely its business activities. The cash flow statement is presented using the "indirect" format.

With reference to Consob Resolution n. 15519 dated 27 July 2006 regarding the format of the financial statements, additional schedules have also been presented for the income statement, the balance sheet and the cash flow statement in order to identify any significant transactions with related parties. This has been done to avoid any compromising the overall legibility of the main financial statements.

The accounting policies adopted in the preparation of this half-year financial report are the same used as those used in the preparation of the consolidated financial statement as of 31 December 2007, as described in the consolidated financial statements for the year ended 31 December 2007, except for the following interpretations and amendments to the accounting principles that have been mandatory since 1 January 2008 (unless otherwise indicated):

Issuing of accounting principle IFRS 8 Operating Segment.

This according principle replaces IAS 14 "Sector informative note" requiring that companies identify the operating segments by the same means with which internal reporting is predisposed, on the basis of which management assesses the performance of the segments and decides how to allocate resources to the operating segments. This interpretation will enter in force on 1 January 2009.

Introduction of IFRIC 12 Contract for services under lease.

The most significant implications of this interpretation (applicable from 1 January 2008) concern the accounting treatment to be applied for the accounting of the rights deriving from a contract for services under lease (as a financial instrument or intangible assets). This interpretation is not significant for the Group.

Amendment to accounting principle IAS 23 Financial costs.

The main modification concerns the elimination of the option to immediately register in the balance sheet the financial costs concerning assets that require a considerable time period before they are ready for use or sale. This principle will enter in force on 1 January 2009. At the date of this half-year financial report the process of endorsement for this interpretation has not been completed yet.

Introduction of IFRIC 13 Client trust programmes.

This interpretation is applicable to client trust programmes for the purchase of goods and services and requires principally the allocation of part of the revenues achieved to "receivables" accrued by clients, differentiating their registration in the balance sheet only at the time at which the "receivables" are used. As of the date of preparation of this half-year report, this interpretation, has not been published in the official "Gazzette" of the European Union yet. This interpretation, should it be significant for the Group, will be applicable from 1 January 2009.

Introduction of IFRIC 14 Assets from defined plans and benefits, the existence of minimum payments and their interaction.

This interpretation provides a general guide on how to determine the limit provided by IAS 19 "Employee benefits" for the total assets available for plans. This interpretation, applicable from 1 January 2008, also explains the accounting effects caused by the presence of minimum obligatory payments. This interpretation is not significant for the Group.

Revised version of IAS 1 Presentation of financial statements.

The revised principle IAS 1 Presentation of financial statement, issued in September 2007, will enter in force on 1 January 2009. The standard divides changes in equity related to owners and non owners. The revised standard requires an entity to present changes in its equity resulting from transactions with owners in a statement of changes in equity, while whole non owner changes are required to be presented in a single line. Moreover the standard introduces the statement of comprehensive income: this statement includes all the items of income and expense of the period. The statement of comprehensive income can be presented in a single statement or in two related statements. The Group is considering how to adopt the new standard. At the date of this half-year financial report the process of endorsement for this interpretation has not been completed yet.

Revised IFRS 3 Business Combinations and Amended IAS 27 Consolidated and separate financial statements.

The two revised principles, issued in January 2008, will enter in force on 1 July 2009. The revised IFRS 3 requires some changes in the recording of business combinations which will have effects on the goodwill, on the profit or loss of the period in which the acquisition has been made and on the profit or loss of the following periods. The amended IAS 27 requires that a change in the parent's interest in a subsidiary must be accounted as equity transaction. As a consequence, this change will not have effect on the goodwill and will not result in profits or losses. Moreover, the revised principles introduce changes in the recording of a loss sustained by a subsidiary as for the loss of control of a subsidiary. The new rules will apply prospectively and will have impact on the future business combinations with minority shareholders. . At the date of this half-year financial report the process of endorsement for this interpretation has not been completed yet.

IFRS 2 Share-based payments vesting conditions and cancellations

This amendment to IFRS 2 share-based payments vesting conditions and cancellations has been issued on January 2008 and will be applicable from 1 January 2009. This principle limits "vesting conditions" to service conditions and performance conditions, Any other features of a share-based payment should not be considered "vesting condition" and must be considered to determine the fair value of share based payment transaction. This amendment proposes that cancellations by parties other than the entity should be accounted for in the same way as cancellations by the entity. The Group has not entered in share-based payments with non-vesting conditions and as a consequence they are not expected relevant effects from the application of this amendment. At the date of this half-year financial report the process of endorsement for this interpretation has not been completed yet.

Amendment to IAS 32 Financial Instruments: Presentation and to IAS 1 Presentation of financial statements: puttable financial instruments and obligations arising on liquidation.

In particular, the amendment requires an entity to classify some financial instruments (puttable financial instruments and instruments, or components of instruments that impose on an entity an obligation to deliver to another party a pro rata share) in the assets of an entity as equity instruments. This amendment, will be applicable from 1 January 2009. At the date of this half-year financial report the process of endorsement for this interpretation has not been completed yet.

Amendments to IFRS 1 First time adoption of International Financial reporting Standard and to IAS 27 Consolidated and separate financial statements.

The amendment allows entities to use, in their separate financial statement, a deemed cost option for determining the cost (in accordance with IAS 27) of an investment in a subsidiary, jointly controlled entity or associate. The amendment also clarifies that entities should recognise as income all dividends received from a subsidiary jointly controlled entity or associate in their separate financial statement without splitting dividends in pre and post acquisition. These amendments will be applicable from 1 January 2009. . As of the date of preparation of this half-year report, these amendments have not been published yet in the official "Gazzette" of the European Union.

On 22 May 2008 the IASB issued a series of amendments to IFRS ("Improvements"). Details are provided in the following paragraphs of those identified by the IASB as resulting in accounting changes for presentation, recognition and measurement purposes, leaving out amendments regarding changes in terminology or editorial changes which are likely to have minimal effects on accounting.

IFRS 5 – *Non Current Assets Held for Sale and Discontinued Operations*: this amendment, that shall be applied from 1 January 2010, requires an entity that is committed to a sale plan involving loss of control of a subsidiary to classify all the assets and liability of that subsidiary as held for sale, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale.

IAS 1 – *Presentation of Financial Statements*: this amendment, which shall be applied from 1 January 2009, requires an entity to classify assets and liabilities arising from derivate financial instruments that are not classified as held for trading between current and non-current assets and liabilities.

IAS 16 – *Property, Plant and Equipment*: this amendment, effective from 1 January 2009, requires an entity that in the course of its ordinary activities routinely sells items of property, plant and equipment that it has held for rental to other, to transfer such assets to inventories when they cease to be rented and become held for sale. As a consequence, the proceeds from the sale of such assets shall be recognised as revenue. Cash payments to manufacture or acquire assets held for rental to others or subsequently held for sale are cash flows from operating activities (and not from investing activities).

IAS 19 – *Employee Benefits*: this amendment, effective prospectively from 1 January 2009 to change its benefits that occur after that date, clarifies the definition of positive/negative past service costs and states that in the case of a curtailment, only the effect of the reduction for future services shall be recognised immediately in the income statement, while the effect arising from past service periods shall be considered a negative past service cost. The Board also revised the definition of short-term employee benefits and other long-term employee benefits and the definition of a return on plan assets, stating that this amount should be net of any costs for administering the plan (other than those included in the measurement of the defined benefit obligation).

IAS 20- *Government Grants and Disclosure of Government Assistance*: this amendment, applicable prospectively from 1 January 2009, states that the benefit of a government loan at a below-market rate of interest shall be treated as a government grant and then accounted for in accordance with IAS 20.

IAS 23 – *Borrowing Costs*: this amendment, applicable from 1 January 2009, revises the definition of borrowing costs.

IAS 28 – *Investments in Associates*: this amendment shall be applied from 1 January 2009 with prospective application also permitted, requires that for investments accounted for using the equity method a recognised impairment loss should not be allocated to any assets (and in particular goodwill) that forms part of the carrying amount of the investment in the associate, but to the carrying amount of the investment overall. Accordingly any reversal of that impairment loss is recognised in full.

IAS 29 – *Financial Reporting in Hyperinflationary Economies*: the previous version of the standard did not reflect the fact that a number of assets and liabilities may or must be measured on the basis of a current value rather than historical value. This amendment, made in order to reflect this, is effective from 1 January 2009.

IAS 36 – *Impairment of Assets*: this amendment, effective from 1 January 2009, requires additional disclosures to be made in the case in which an entity determines the recoverable amount of a cash-generating unit using discounted cash flows.

IAS 38 – *Intangible Assets*: this amendment, effective from 1 January 2009, requires expenditure on advertising and promotional activities to be recognised in the income statement. Further, it states that in the case expenditure is incurred to provide future economic benefits to an entity, but no intangible assets is recognised, in the case of the supply goods, the entity recognised such expenditure as an expense when it has the right to access the goods. In the case of the supply of services, an entity shall recognise the expenditure as an expense when it receives the services. Moreover, the standard has been revised in order to allow entities to use the unit of production method for determining the amortisation charge for an intangible asset with a finite useful life.

IAS 39 – *Financial Instruments: Recognition and Measurement*: this amendment, effective from 1 January 2009, clarifies how to calculate the revised affective interest rate on ceasing fair value hedge accounting and notes additionally that the prohibition on the reclassification of financial instruments into or out of the fair value through profit or loss category after initial recognition should not prevent a derivate from being accounted for at fair value though profit or loss when it does not qualify for hedge accounting and vice versa. Finally, in order to eliminate conflict with IFRS 8 – *Operating Segments*, it removes the reference to designating and documenting hedges at sector level.

IAS 40 – *Investment Property*: this amendment, to be adopted prospectively from 1 January 2009, states that property under construction falls within the scope of IAS 40 and not that of IAS 16.

These improvements had not been endorsed yet by the European Union at the date of this half-year financial report.

On 3 July the IFRIC issued an interpretation, IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation*. The main change expected to arise from this interpretation is the elimination of the possibility for an entity to apply hedge accounting for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial statements. Moreover, the interpretation clarifies that in a hedge of a net investment in a foreign operation the hedging instrument may be held by any entity or entities within the group and that IAS 21 – *The effects of changes in Foreign Exchange rates* shall be applied to determine the amount that needs to be reclassified from equity to profit or loss for the hedged item when an entity disposes of the investment. This interpretation, effective from 1 January 2009, had not been endorsed yet by the European Union at the date of this half-year financial report.

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

NON-CURRENT ASSETS

1. INTANGIBLE FIXED ASSETS

The table below illustrates the breakdown and the changes of this item:

(Values in thousands of EUR)	Brands	Goodwill	Other	Total
Net book value as of 01.01.08	**117,284**	**54,317**	**170**	**171,771**
Increases	-	-	20	20
- increases externally acquired	-	-	*20*	*20*
- increases from business aggregations	-	-	-	-
Disposals	-	-1,343	-	-1,343
Amortisation	-1,757	-	-45	-1,802
Net book value as of 30.06.08	**115,527**	**52,973**	**145**	**168,645**

The decrease in intangible fixed assets for EUR 3,145 thousand is due for EUR 1,343 thousand to the rent contract rescission of the P-box shop located in Milan, Andegari Street, and for EUR 1,802 thousand to the amortisation of the period.

Brands

This item includes the Group's own-label brands ("Alberta Ferretti", "Philosophy di Alberta Ferretti", "Moschino", "Moschino Cheap & Chic", "Love Moschino", "Pollini", "Studio Pollini", "Verdemare"). A breakdown of brands is given below:

(Values in thousands of EUR)	Brand residual life	30 June 2008	31 December 2007
Alberta Ferretti	35	4,312	4,375
Moschino	37	64,005	64,968
Pollini	33	46,815	47,535
Verdemare	38	395	406
Total		**115,527**	**117,284**

The decrease between the two periods refers to the amortisation of brands.

Goodwill

Goodwill refers to the amounts paid by the Group to take over leases relating to directly managed stores or, in the case of business combinations, the fair value of these assets at the time of acquisition. Under Italian accounting standards, the amounts paid to previous tenants to take over commercial positions relating to stores were capitalised under intangible assets and amortised over the term of the lease. When the Group switched to IFRS, the accounting treatment of goodwill changed, since these items are considered intangible assets with an infinite useful life and as such are not amortised. In accordance with that provided by IAS 36, these assets are subjected to impairment tests and are therefore recognised at the lesser of historical cost and market value. Impairment of goodwill, are only carried out in full during the preparation of the annual financial statements, when all the information required is available, other than in the event that there are indications of impairment, when an immediate assessment is necessary. In view of the Group's past experience, the duration of store leases is thought to have little relevance for maintaining key money values, given the strategy pursued successfully by the Group of renewing leases before their natural expiry date.

Other

The item other mainly includes software licences.

2. *TANGIBLE FIXED ASSETS*

The table below illustrates the breakdown and the changes of this item:

(Values in thousands of EUR)	Lands	Buildings	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total
Net book value as of 01.01.08	**17,555**	**33,463**	**11,813**	**5,009**	**277**	**3,078**	**71,195**
Increases	-	260	2,720	734	119	492	4,325
Disposals	-		-168	-	-43	-53	-264
Translation differences and other variations	-92	-488	-155	-2	2	-7	-742
Depreciation	-	-394	-1,671	-571	-48	-518	-3,202
Net book value as of 30.06.08	**17,463**	**32,841**	**12,539**	**5,170**	**307**	**2,992**	**71,312**

Tangible fixed assets have changed as follows:

- Increases for new investments of EUR 4,325 thousand. These mainly refer to new investments in the construction of buildings, the renovation and modernisation of shops, the purchase of plant and equipment and the purchase of electronic machines.
- Disposals, net of the accumulated depreciation, of EUR 264 thousand.
- Decrease for differences arising on translation and other variation of EUR 742 thousand which mainly relates to the translation differences of the subsidiary Aeffe USA.
- Depreciation of EUR 3,202 thousand charged in relation to all tangible fixed assets, except for land, using the rates applicable to each category (see the accounting policies relating to tangible fixed assets for further details).

3. *EQUITY INVESTMENTS*

This item includes holdings in non-consolidated associates accounted for using the equity method, in addition to other holdings measured at fair value, mainly represented by the cost.

4. *OTHER FIXED ASSETS*

This item mainly includes receivables for security deposits relating to commercial leases. At 30 June 2008 the value is in line with that of 31 December 2007.

5. *DEFERRED TAX ASSETS AND LIABILITIES*

The table below illustrates the breakdown of this item at 30 June 2008 and at 31 December 2007:

(Values in thousands of EUR)	Receivables		Liabilities	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Tangible fixed assets	-409	-	-592	-518
Intangible fixed assets	3	3	-1,912	-1,930
Provisions	1,173	1,134	-135	-136
Costs deductible in future periods	1,665	2,171	-	-
Income taxable in future periods	-	-	-723	-741
Tax losses carried forward	2,975	3,015	-	-
Other	70	69	-	-
Tax assets (liabilities) from transition to IAS	2,291	2,477	-44,670	-44,697
Total	**7,768**	**8,869**	**- 48,032**	**- 48,022**

Changes in temporary differences during the period are illustrated in the following table:

(Values in thousands of EUR)	Opening balance	Differences arising on translation	Recorded in the income statement	Other	Closing balance
Tangible fixed assets	-518	2	-392	-93	-1,001
Intangible fixed assets	-1,927	-	18	-	-1,909
Provisions	998	-5	45	-	1,038
Costs deductible in future periods	2,171	-	-506	-	1,665
Income taxable in future periods	-741	-	18	-	-723
Tax losses carried forward	3,015	-40	-67	67	2,975
Other	69	-	1	-	70
Tax assets (liabilities) from transition to IAS	-42,220	1	-92	-68	-42,379
Total	**- 39,153**	**- 42**	**- 975**	**- 94**	**- 40,264**

6. *ASSETS AVAILABLE FOR SALE*

This item mainly refers to the fair value of the shareholding Pollini France and the corresponding financial receivable; the Group has already finalised the sale, which it intends to complete by 2008.

CURRENT ASSETS

7. *STOCKS AND INVENTORIES*

This item comprises:

(Values in thousands of EUR)	30 June	31 December	Change	
	2008	2007	Δ	%
Raw, ancillary and consumable materials	24,466	17,520	6,946	39.6%
Work in progress	12,002	10,814	1,188	11.0%
Finished products and goods for resale	41,735	38,796	2,939	7.6%
Advance payments	238	631	-393	-62.3%
Total	**78,441**	**67,761**	**10,680**	**15.8%**

Inventories of raw materials and work in progress mainly relate to the production of the Autumn/Winter 2008 collections and the Spring/Summer 2009 sample collections.

Finished products mainly concern the Autumn/Winter 2008 collections and the Spring/Summer 2009 sample collections.

The increase in inventories compared with 31 December 2007 is due to the a season effect and to the major quantity of raw material acquired during the period in order to advance the production and the shipment of the Spring/Summer 2009 collections.

8. TRADE RECEIVABLES

This item is illustrated in details in the following table:

(Values in thousands of EUR)	30 June 2008	31 December 2007	Change Δ	%
Trade receivables	37,593	38,711	-1,118	-2.9%
(Allowance for doubtfull account)	-1,444	-1,800	356	-19.8%
Total	**36,149**	**36,911**	**- 762**	**-2.1%**

Trade receivables amount to EUR 36,149 thousand at 30 June 2008, down 2.1% since 31 December 2007.

The allowance for doubtful accounts is determined by reference to a detailed analysis of the available information and, in general, is based on historical trends.

9. TAX RECEIVABLES

As of 30 June 2008, the Group's tax receivables from the various authorities amount to EUR 5,613 thousand principally in relation to VAT recoverable (EUR 4,214 thousand).

10. CASH

This item includes:

(Values in thousands of EUR)	30 June 2008	31 December 2007	Change Δ	%
Bank and post office deposits	12,479	13,076	-597	-4.6%
Cheques	2,130	157	1,973	1256.7%
Cash in hand	375	1,292	-917	-71.0%
Total	**14,984**	**14,525**	**459**	**3.2%**

Bank and postal deposits represent the nominal value of the current account balances with credit institutions, including interest accrued on the balance sheet date.

Cash in hand and equivalents represent the nominal value of the cash held on the balance sheet date.

The increase in cash and cash equivalent, recorded at 30 June 2008 compared with the amount recorded at 31 December 2007, is EUR 459 thousand. About the reason of this variation refer to the Cash Flow Statement.

11. OTHER RECEIVABLES

This caption comprises:

(Values in thousands of EUR)	30 June 2008	31 December 2007	Change Δ	%
Credits for prepaid costs (costs of producing collections)	23,919	21,061	2,858	13.6%
Payments on account for royalties and commission	1,777	1,519	258	17.0%
Advances and payments on account to suppliers	541	452	89	19.7%
Accrued income and prepaid expenses	1,773	1,650	123	7.5%
Other	2,635	2,401	234	9.7%
Total	**30,645**	**27,083**	**3,562**	**13.2%**

Other current assets increase by EUR 3,562 thousand for the increase of prepaid expenses for EUR 2,858 thousand.

Credits for prepaid expenses relate to the costs incurred to design and make samples for the Spring/Summer 2009 collections. Such costs have been deferred and will be matched with the corresponding revenue from sales.

12. SHAREHOLDERS' EQUITY

Described below are main categories of shareholders' equity at 30 June 2008, while the corresponding variations are described in the prospect of shareholders' equity.

(Values in thousands of EUR)	30 June 2008	31 December 2007	Change Δ	%
Share capital	26,754	26,841	-87	-0.3%
Legal reserve	2,459	2,173	286	13.2%
Share premium reserve	74,544	75,308	-764	-1.0%
Translation reserve	-1,682	-949	-733	77.2%
Other reserves	29,338	26,031	3,307	12.7%
Fair value reserve	7,901	7,901	-	n.a.
IAS reserve	11,459	11,459	-	n.a.
Profits (Losses) carried-forward	10,236	679	9,557	1407.5%
Net profit for the Group	5,977	15,321	-9,344	-61.0%
Minority interests	31,025	29,863	1,162	3.9%
Total	**198,011**	**194,627**	**3,384**	**1.7%**

SHARE CAPITAL

Share capital as of 31 December 2007 is represented by 107,362,504 issued and fully-paid ordinary shares, par value EUR 0.25 each, totalling EUR 26,841 thousand. The decrease in share capital in the first six months of 2008 is only due to the purchase of n. 518,500 treasury shares owned by the Parent Company.

There are no shares with restricted voting rights, without voting rights or with preferential rights.

LEGAL RESERVE

The legal reserve increases from EUR 2,173 thousand as of 31 December 2007 to EUR 2,459 thousand as of 30 June 2008 following the allocation of prior-year profits as decided at the shareholders' meeting held on 29 April 2008.

SHARE PREMIUM RESERVE

The share premium reserve decreases from EUR 75,308 thousand as of 31 December 2007 to EUR 74,544 thousand as of 30 June 2008 due to the purchase of treasury shares.

Translation reserve

The decrease of EUR 733 thousand is due to the conversion of companies' financial statements in other currency than euro.

Other reserves

The changes in this reserve reflect an allocation of prior-year profit.

Fair value reserve

The fair value reserve derives from the application of IAS 16 in order to measure the land and buildings owned by the Company at their fair value, as determined with reference to an independent appraisal.

IAS reserve

The IAS reserve, formed on the first-time adoption of IFRS, reflects the differences in value that emerged on the transition from ITA GAAP to IFRS. The differences reflected in this equity reserve are stated net of tax effect, as required by IFRS 1. Each difference was allocated on a pro rata basis to minority interests.

Profits (Losses) carried-forward

Losses carried forward decrease as a consequence of the consolidated net profit earned during the year ended 31 December 2007.

Minority interests

The increase in capital and reserves is mainly due to the portion of net profit for the period to 30 June 2008 attributable to the minority shareholders.

Minority interests represent the shareholders' equity of consolidated companies owned by other shareholders and include the corresponding IAS reserve.

NON-CURRENT LIABILITIES

13. Provisions

Provisions are illustrated in the following statement:

(Values in thousands of EUR)	31 December 2007	Increases	Decreases	30 June 2008
Pensions and similar obligations	1,570	47	-12	1,605
Other	138	-	-50	88
Total	**1,708**	**47**	**- 62**	**1,693**

The additional client expenses reserve is determined based on an estimate of the liability relating to the severance of agency contracts, taking account of statutory provisions and any other relevant factor, such as statistical data, average duration of agency contracts and their rate of turnover. The item is calculated based on the actual value of the outflow necessary to extinguish the obligation.

Potential tax liabilities for which no reserves have been established, since it is not considered probable that they will give rise to a liability for the Group, are described in the paragraph "Potential liabilities".

14. Post employment benefits

The severance indemnities payable on a deferred basis to all employees of the Group are deemed to represent a defined benefits plan (IAS 19), since the employer's obligation does not cease on payment of the contributions due on the remuneration paid, but continue until termination of the employment relationship. The total liability accrued in relation to the persons employed as of 30 June 2008 was therefore determined on the actuarial basis described in IAS 19.

For plans of this type, the standard requires the amount accrued to be projected forward in order to determine the amount that will be paid on the termination of employment, based on an actuarial valuation that takes account of employee turnover, likely future pay increases and any other applicable factors. This methodology does not apply to those employees whose severance indemnities are paid into approved supplementary pension funds which, in the circumstances, are deemed to represent defined contributions plans.

Starting from 1 January 2007, the Finance Law and related enabling decrees introduced significant changes to the regulations governing severance indemnities, including the ability of employees to choose how their individual severance indemnities will be allocated. In particular, employees can now allocate the new amounts accrued to approve pension plans or decide to retain them with the employer (which must pay the related severance contributions into a treasury account managed by INPS).

15. Long-term financial liabilities

The following table contains details of long-term borrowings:

(Values in thousands of EUR)	30 June 2008	31 December 2007	Change Δ	%
Loans from financial institutions	10,348	14,200	-3,852	-27.1%
Amounts due to other creditors	11,767	12,447	-680	-5.5%
Total	**22,115**	**26,647**	**- 4,532**	**-17.0%**

The amounts due to banks relate to the portion of bank loans due beyond 12 months. This caption solely comprises unsecured loans and bank finance. Such loans are not assisted by any form of security and they are not subject to special clauses, except for the early repayment clauses normally envisaged in commercial practice.

Furthermore, there are no covenants to comply with specific financial terms or negative pledges.

The following table contains details of bank loans as of 30 June 2008, including the current portion and long term portion:

(Values in thousands of EUR)	Total amount	Current portion	Long term portion
Bank borrowings	28,932	18,584	10,348
Total	**28,932**	**18,584**	**10,348**

There are no amounts due beyond five years.

The following table contains details of amounts due to other creditors:

(Values in thousands of EUR)	30 June	31 December	Change	
	2008	2007	Δ	%
Financial leases	6,649	7,301	-652	-8.9%
Due to other creditors	21	82	-61	-74.4%
Due to shareholders (Bluebell, Moschino Far East)	4,882	4,850	32	0.7%
Long-term debt for Moschino Far East put/call	214	214	-	n.a.
Total	**11,766**	**12,447**	**- 681**	**-5.5%**

The reduction in the amount due to other long term creditors compared with the prior year is almost entirely due to the decrease in the lease liability.

The lease liability relates to the leaseback transaction arranged by the Parent Company in relation to the building that is still used by Pollini. The original amount of this loan, arranged in 2002, is EUR 17,500 thousand. The loan contract envisages a repayment schedule that terminates in September 2012. This contract includes an end-of-lease purchase payment of EUR 1,750 thousand.

The amount due to shareholders relates to the loan granted by Bluebell Far East (49.9% interest in Moschino Far East) to Moschino Far East on 18 December 2002, under the terms of the joint venture agreement with Moschino.

The non-current payable on recognising the put/call option on Moschino Far East relates to the put/call option included in the joint venture contract with Moschino. This contract provides for a reciprocal put/call mechanism, for Bluebell and Moschino respectively, for the sale/purchase of the investment in Moschino Far East held by Bluebell. The exercise price is based on a specific earn-out formula, the value of which depends - among other factors - on the profit performance of Moschino Far East.

The amounts reported on recognition of the put/call option are subject to adjustment with reference to the variable earn-out parameters.

16. LONG-TERM NOT FINANCIAL LIABILITIES

This caption, in the amount of EUR 14,240 thousand, mainly refers to the debt due by the subsidiary Moschino in relation to an interest-free shareholder loan from Sinv. This liability is treated to a payment on capital account and arose on the purchase of Moschino by the Parent Company and Sinv in 1999, divided into proportional shares according to the equity interest held the Parent Company and Sinv in Moschino.

CURRENT LIABILITIES

17. Trade payables

The item is compared with the respective value at 31 December 2007:

(Values in thousands of EUR)	30 June 2008	31 December 2007	Change Δ	%
Trade payables	59,072	60,577	-1,505	-2.5%
Total	**59,072**	**60,577**	**- 1,505**	**-2.5%**

Trade payables are due within 12 months and concern the debts for supplying goods and services.

18. Tax payables

Tax payables are analysed in comparison with the related balances as of 31 December 2007 in the following table:

(Values in thousands of EUR)	30 June 2008	31 December 2007	Change Δ	%
Local business tax (IRAP)	432	666	-234	-35.1%
Corporate income tax (IRES)	535	3,479	-2,944	-84.6%
Amounts due to tax authority for withheld taxes	1,999	2,412	-413	-17.1%
VAT due to tax authority	541	297	244	82.2%
Other	135	273	-138	-50.5%
Total	**3,642**	**7,127**	**- 3,485**	**-48.9%**

The Irap and Ires payables reflect the current tax charge, net of advances paid during the half-year.

The considerable increase in Ires payables is related to the major advances paid in the first half of 2008 than in 2007.

19. Short-term financial liabilities

A breakdown of this item is given below:

(Values in thousands of EUR)	30 June 2008	31 December 2007	Change Δ	%
Due to banks	42,212	25,105	17,107	68.1%
Due to other creditors	1,288	1,257	31	2.5%
Total	**43,500**	**26,362**	**17,138**	**65.0%**

Current bank debt includes advances granted by credit institutions, current loans and the current portion of long-term financing commitments. Advances mainly consist of withdrawals from short-term credit facilities to finance the working capital requirement. Current loans (due within 12 months) are loans granted by banks to the Parent Company and to other Group companies.

At 30 June 2008, amounts due to other creditors mainly include financial payables recorded in the consolidated financial statements in application of the financial accounting method for leasing operations.

20. Other liabilities

Other current liabilities are analysed on a comparative basis in the following table:

(Values in thousands of EUR)	30 June 2008	31 December 2007	Change Δ	%
Due to total security organization	3,594	3,711	-117	-3.2%
Due to employees for deferred wages and salaries	7,125	4,518	2,607	57.7%
Trade debtors - credit balances	3,130	3,931	-801	-20.4%
Accrued expenses and deferred income	1,259	3,113	-1,854	-59.6%
Other	2,376	1,975	401	20.3%
Total	**17,484**	**17,248**	**236**	**1.4%**

Other liabilities at 30 June 2008 are in line with the amount at 31 December 2007 due to the reason that changes in the single captions counterbalance each other.

The amounts due to social security and pension institutions, recorded at nominal value, relate to the social security charges on the wages and salaries of the Group's employees.

The considerable increase in the amount due to employees is mainly assignable to the combined effects of the renewal of the national textile contract which has arranged the payment of one off in the salary of June and to the presence of the thirteenth monthly pay accrual which has no value as of 31 December 2007.

The caption accrued expenses and deferred income mainly refers to the deferred income relating to the deferment to the next half year of the revenues not of competence. The decrease compared with 31 December 2007 is related to the seasonality of the business.

The other liabilities mainly include commission payables.

SEGMENT INFORMATION BY ACTIVITY AND BY GEOGRAPHICAL AREA

A segment is part of a distinct group providing products and services (activity segment) or providing products and services in a specific geographical area (geographical segment), subject to risks and benefits different from those of other sectors. Within the Group, activity sectors have been identified at primary (numeric) level, while at a secondary level a geographical distribution has been applied from which information is derived on the distribution of net revenue and activities.

SEGMENT INFORMATION BY ACTIVITY

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

(i) *Prêt-à porter* Division;

(ii) Footwear and leather goods Division.

Prêt-à porter Division is mainly represented by the companies Aeffe, Moschino and Velmar, operating in the design, production and distribution of luxury prêt-à porter and lingerie, beachwear and loungewear collections.

In terms of prêt-à porter collections, the activity is carried out by Aeffe, both for the production of the Group's own-label brands ("Alberta Ferretti", "Philosophy di Alberta Ferretti", "Moschino", "Moschino Cheap and Chic" and "Pollini") and brands licensed from other companies (such as "Jean Paul Gaultier" and "Authier"). Aeffe also handles the distribution of all Division products, which takes place via the retail channel through subsidiaries and via the wholesale channel.

Velmar manufactures and distributes lingerie and swimwear collections, and specifically men's/women's lingerie, underwear and beachwear, and loungewear. Collections are produced and distributes under the Group's own-label brands such as "Alberta Ferretti", "Philosophy di Alberta Ferretti", "Moschino" and "Verdemare", and under third-party licensed brands such as "Blugirl".

The Prêt-a-porter Division also manages licensing agreements granted to other companies to manufacture Aeffe and Moschino branded product lines such as the "Moschino" brand licensing agreement relating to the *love* line, "Moschino" branded perfumes and "Moschino" branded sunglasses.

The following table indicates the main economic data for the first half-year 2008 and 2007 of the *Prêt-à porter* and Footwear and leather goods Divisions:

(Values in thousand of EUR) 1st Half 2008	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR REVENUES	**116,550**	**37,136**	**-9,096**	**144,590**
of which intercompany	-1,946	-7,150	-9,096	-
GROSS OPERATING MARGIN (EBITDA) after non-recurring operations	**18,846**	**2,069**	**-**	**20,915**
Total non-recurring operations	-	-	-	0
GROSS OPERATING MARGIN (EBITDA)	**18,846**	**2,069**	**-**	**20,915**
Total Amortisation and write-downs	-4,015	-1,031	-	-5,046
NET OPERATING PROFIT (EBIT)	**14,831**	**1,038**	**-**	**15,869**
OTHER INFORMATION				
Investments	2,047	733	-	2,780
Amortisations	3,974	1,031	-	5,005
Revaluations (write-downs)	41	-	-	41
Other non monetary costs	-	-	-	-

(Values in thousand of EUR) 1st Half 2007	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR REVENUES	**115,075**	**35,402**	**-8,835**	**141,642**
of which intercompany	-1,855	-6,980	-8,835	-
GROSS OPERATING MARGIN (EBITDA) after non-recurring operations	**19,109**	**1,774**	**-**	**20,883**
Total non-recurring operations	2,018	-	-	2,018
GROSS OPERATING MARGIN (EBITDA)	**21,127**	**1,774**	**-**	**22,901**
Total Amortisation and write-downs	-4,152	-1,016	-	-5,168
NET OPERATING PROFIT (EBIT)	**16,975**	**758**	**-**	**17,733**
OTHER INFORMATION				
Investments	3,024	164	-	3,188
Amortisations	3,911	1,016	-	4,927
Revaluations (write-downs)	241	-	-	241
Other non monetary costs	-	-	-	-

The following table indicates the main patrimonial and financial data at 30 June 2008 and 31 December 2007 of the *Prêt-à porter* and Footwear and leather goods Divisions:

(Values in thousand of EUR) 30 June 2008	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR ASSETS	259,698	118,619	26,652	404,969
OTHER ASSETS	11,697	1,685	-	13,382
CONSOLIDATED ASSETS	**271,395**	**120,304**	**26,652**	**418,351**
SECTOR LIABILITIES	94,596	47,419	26,652	168,667
OTHER LIABILITIES	30,351	21,323	-	51,674
CONSOLIDATED LIABILITIES	**124,947**	**68,742**	**26,652**	**220,341**

(Values in thousand of EUR) 31 December 2007	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR ASSETS	302,412	113,596	-21,983	394,025
OTHER ASSETS	12,407	1,249	-	13,656
CONSOLIDATED ASSETS	**314,819**	**114,845**	**-21,983**	**407,681**
SECTOR LIABILITIES	138,136	41,750	-21,983	157,903
OTHER LIABILITIES	33,524	21,626	-	55,150
CONSOLIDATED LIABILITIES	**171,660**	**63,376**	**-21,983**	**213,053**

SEGMENT INFORMATION BY GEOGRAPHICAL AREA

The following table indicates the revenues for the first half-year 2008 and 2007 divided by geographical area:

(Values in thousands of EUR)	1st Half 2008	%	1st Half 2007	%	Change Δ	%
Italy	57,246	39.6%	55,065	38.9%	2,181	4.0%
Europe (Italy and Russia excluded)	30,359	21.0%	30,316	21.4%	43	0.1%
United States	13,232	9.2%	16,785	11.9%	-3,553	-21.2%
Russia	13,618	9.4%	11,348	8.0%	2,270	20.0%
Japan	8,702	6.0%	9,767	6.9%	-1,065	-10.9%
Rest of the World	21,433	14.8%	18,361	12.9%	3,072	16.7%
Total	**144,590**	**100.0%**	**141,642**	**100.0%**	**2,948**	**2.1%**

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

21. *REVENUES FROM SALES AND SERVICES*

The revenues from sales and services generated in the first half of 2008 amount to EUR 144,590 thousand, up 2.1% compared with EUR 141,642 thousand of the same period in the previous year (+5.9% at constant exchange rates and excluding Narciso Rodriguez collections).

This improvement reflects the good performance achieved by the Group's two divisions: the revenues of the prêt-à port division increases by 1.3% (6.0% at constant exchange rates and excluding Narciso Rodriguez collections) to EUR 116,550 thousand, while the revenues of the footwear and leather goods division rise by 4.9% to EUR 37,136 thousand, before interdivisional eliminations.

22. *OTHER REVENUES AND INCOME*

This item comprises:

(Values in thousands of EUR)	1^{st} Half 2008	1^{st} Half 2007	Change Δ	%
Extraordinary income	591	258	333	129.1%
Capital gains	358	2,456	-2,098	-85.4%
Other income	1,490	1,505	-15	-1.0%
Total	**2,439**	**4,219**	**- 1,780**	**-42.2%**

In the first half of 2008, the caption extraordinary income amounts to EUR 591 thousand and increases compared with the corresponding period of the previous year of EUR 333 thousand due to a general increase of the items which compose the above caption (recovery of receivables from bankrupt customers, time expiry of receivables and payables that arose in prior years).

The consistence decrease in the caption capital gains relates to the registration in the first half of 2007 of net gains of roughly EUR 2 million realised by Aeffe USA from the sale, on 18 May 2007, of its 50% stake in Narciso Rodriguez LLC.

In the first half of 2008 other income, which mainly refers to exchange gains on commercial transaction, rental income, sales of raw materials and packaging, amount to EUR 1,490 thousand and are completely in line with the corresponding period of the previous year.

23. *RAW MATERIALS AND CONSUMABLES*

(Values in thousands of EUR)	1^{st} Half 2008	1^{st} Half 2007	Change Δ	%
Raw, ancillary and consumable materials and goods for resale	47,420	45,332	2,088	4.6%
Total	**47,420**	**45,332**	**2,088**	**4.6%**

This item mainly includes costs for the acquisition of raw materials such as fabrics, threads, skins and accessories, purchases of finished products for resale (products sold) and packaging.

The increase in this item is closely linked with the increase in volumes sold, with the consequent increase in revenue and production.

24. COSTS OF SERVICES

This item comprises:

(Values in thousands of EUR)	1^{st} Half 2008	1^{st} Half 2007	Change Δ	%
Subcontracted work	18,867	17,032	1,835	10.8%
Consultancy fees	7,793	6,857	936	13.7%
Advertising	8,327	7,873	454	5.8%
Commission	3,867	3,828	39	1.0%
Transport	2,766	3,105	-339	-10.9%
Utilities	1,314	1,266	48	3.8%
Directors' and auditors' fees	1,841	1,827	14	0.8%
Insurance	441	441	0	n.a.
Bank charges	597	621	-24	-3.9%
Travelling expenses	1,505	1,237	268	21.7%
Other services	3,718	2,994	724	24.2%
Total	**51,036**	**47,081**	**3,955**	**8.4%**

Costs of services amount to EUR 51,036 thousand in the first half of 2008, up 8.4% compared with EUR 47,081 thousand of the first half of 2007. The increase in this caption is essentially due to the subcontracted work and it has be read jointly with the decrease in the cost of raw materials which together contribute to the construction of the cost of goods sold whose incidence on revenues is lower than in the previous half.

25. COSTS FOR USE OF THIRD PARTIES ASSETS

This item comprises:

(Values in thousands of EUR)	1^{st} Half 2008	1^{st} Half 2007	Change Δ	%
Rental expenses	5,994	5,681	313	5.5%
Royalties	1,454	2,239	-785	-35.1%
Hire charges and similar	687	674	13	1.9%
Total	**8,135**	**8,594**	**- 459**	**-5.3%**

26. LABOUR COSTS

The labour cost is EUR 28,110 thousand in the first half of 2007 and EUR 29,630 thousand in the first half of 2008. The incidence of costs of labour on revenues is 19.8% in the first half of 2007 and 20.5% in the first half of 2008. The increase in absolute value of EUR 1,520 thousand is in line with the increase in the workforce as reported below.

A breakdown of the average number of employees is illustrated in the table below:

Average number of employees by category	1^{st} Half 2008	1^{st} Half 2007	Change	%
Workers	492	468	24	5%
Office staff-supervisors	971	937	34	4%
Executive and senior managers	27	25	2	8%
Total	**1,490**	**1,430**	**60**	**4%**

27. OTHER OPERATING EXPENSES

This item includes:

(Values in thousands of EUR)	1^{st} Half 2008	1^{st} Half 2007	Change Δ	%
Taxes	337	361	-24	-6.6%
Gifts	202	104	98	94.2%
Contingent liabilities	281	129	152	117.8%
Write-down of current receivables	146	226	-80	-35.4%
Foreign exchange losses	678	513	165	32.2%
Other operating expenses	312	254	58	22.8%
Total	**1,956**	**1,587**	**369**	**23.3%**

The caption other operating expenses amounts to EUR 1,956 thousand, with an increase of 23.3% compared with EUR 1,587 thousand of the first half of 2007.

28. AMORTISATION AND WRITE-DOWNS

This item includes:

(Values in thousands of EUR)	1^{st} Half 2008	1^{st} Half 2007	Change Δ	%
Amortisation of intangible fixed assets	1,802	1,819	-17	-0.9%
Depreciation of tangible fixed assets	3,202	3,108	94	3.0%
Write-downs	42	241	-199	-82.6%
Total	**5,046**	**5,168**	**- 122**	**-2.4%**

Amortisation of intangible fixed assets mainly refers to the amortisation of brands. Brands are amortised over 40 years.

Amortisation of tangible fixed assets increases due to the investments made in the period.

29. FINANCIAL INCOME/ EXPENSES

This item includes:

(Values in thousands of EUR)	1^{st} Half 2008	1^{st} Half 2007	Change Δ	%
Interest income	135	99	36	36.4%
Foreign exchange gains	69	107	-38	-35.5%
Financial discounts	11	27	-16	-59.3%
Financial income	**215**	**233**	**- 18**	**-7.7%**
Bank interest expenses	2,053	3,847	-1,794	-46.6%
Lease interest	203	232	-29	-12.5%
Foreign exchange losses	807	328	479	146.0%
Other expenses	491	115	376	327.0%
Financial expenses	**3,554**	**4,522**	**- 968**	**-21.4%**
Total	**- 3,339**	**- 4,289**	**950**	**-22.1%**

30. INCOME TAXES

This item includes:

(Values in thousands of EUR)	1^{st} Half 2008	1^{st} Half 2007	Change Δ	%
Current income taxes	4,441	6,090	-1,649	-27.1%
Deferred income (expenses) taxes	975	693	282	40.7%
Total income taxes	**5,416**	**6,783**	**- 1,367**	**-20.2%**

Details of deferred tax assets and liabilities and changes in this item are described in the paragraph on deferred tax assets and liabilities.

The reconciliation between actual and theoretical taxation for the first half of 2008 and 2007 is illustrated in the following table:

(Values in thousands of EUR)	1^{st} Half 2008	1^{st} Half 2007
Profit before taxes	12,530	13,444
Theoretical tax rate	27.5%	33%
Theoretical income taxes (IRES)	**3,446**	**4,437**
Fiscal effect	44	410
Effect of difference between foreign tax rates and the theoretical Italian tax rate	600	452
Total income taxes excluding IRAP (current and deferred)	**4,090**	**5,299**
IRAP (current and deferred)	**1,326**	**1,484**
Total income taxes (current and deferred)	**5,416**	**6,783**

This reconciliation of the theoretical and effective tax rates does not take account of IRAP, given that it does not use profit before taxes to calculate the taxable amount. Accordingly, the inclusion of IRAP in the reconciliation would generate distorting effects between years.

COMMENTS ON THE CASH FLOW

The cash flow generated during the first half of 2008 is EUR 459 thousand.

(Values in thousands of EUR)	1st Half 2008	1st Half 2007	Change
OPENING BALANCE (A)	**14,525**	**15,320**	**- 795**
Cash flow (absorbed)/ generated by operating activity (B)	-3,019	4,327	-7,346
Cash flow (absorbed)/ generated by investing activity (C)	-2,780	-3,188	408
Cash flow (absorbed)/ generated by financing activity (D)	6,258	-5,336	11,594
Increase (decrease) in cash flow (E)=(B)+(C)+(D)	**459**	**-4,197**	**4,656**
CLOSING BALANCE (F)=(A)+(E)	**14,984**	**11,123**	**3,861**

31. Cash flow (absorbed)/ generated by operating activity

The cash flow absorbed by operating activity during the first half of 2008 amounts to EUR 3,019 thousand.

The cash flow from operating activity is analysed below:

(Values in thousands of EUR)	1st Half 2008	1st Half 2007	Change
Profit before taxes	12,530	13,444	-914
Amortisation	5,046	4,927	119
Accrual (+)/availment (-) of long term provisions and post employment benefits	-562	-2,069	1,507
Paid income taxes	-7,783	-5,561	-2,222
Financial income (-) and financial charges (+)	3,339	4,289	-950
Change in operating assets and liabilities	-15,589	-10,703	-4,886
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**- 3,019**	**4,327**	**- 7,346**

32. Cash flow (absorbed)/ generated by investing activity

The cash flow absorbed by investing activity during the first half of 2008 amounts to EUR 2,780 thousand.

The factors comprising this use of funds are analysed below:

(Values in thousands of EUR)	1st Half 2008	1st Half 2007	Change
Increase (-)/ decrease (+) in intangible fixed assets	1,323	-45	1,368
Increase (-)/ decrease (+) in tangible fixed assets	-4,061	-3,242	-819
Investments (-)/ Disinvestments (+)	-42	99	-141
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**- 2,780**	**- 3,188**	**408**

33. Cash flow (absorbed)/ generated by financing activity

The cash flow generated by financing activity during the first half of 2008 amounts to EUR 6,258 thousand.

The factors comprising this use of funds are analysed below:

(Values in thousands of EUR)	1st Half 2008	1st Half 2007	Change
Increase in reserves and profit carried-forward to shareholders'equity	-2,997	-521	-2,476
Proceeds (repayment) of financial payments	12,606	-534	13,140
Decrease (+)/ increase (-) in long term financial receivables	-12	9	-21
Financial income (+) and financial charges (-)	-3,339	-4,290	951
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**6,258**	**- 5,336**	**11,594**

OTHER INFORMATION

34. NET FINANCIAL POSITION

As required by Consob communication DEM/6264293 dated 28 July 2006 and in compliance with the CESR's "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses" dated 10 February 2005, the Group's net financial position as of 30 June 2008 is analysed below:

(Values in thousands of EUR)	30 June 2008	31 December 2007	Change
A - Cash in hand	2,504	1,449	1,055
B - Other available funds	12,479	13,076	-597
C - Securities held for trading	-	-	-
D - Cash and cash equivalents (A) + (B) + (C)	*14,983*	*14,525*	*458*
E - Short term financial receivables	-	-	-
F - Current bank loans	-23,628	-6,658	-16,970
G - Current portion of long-term bank borrowings	-18,584	-18,447	-137
H - Current portion of loans from other financial istitutions	-1,288	-1,257	-31
I - Current financial indebtedness (F) + (G) + (H)	*-43,500*	*-26,362*	*-17,138*
J - Net current financial indebtedness (I) + (E) + (D)	*-28,517*	*-11,837*	*-16,680*
K - Non current bank loans	-10,348	-14,200	3,852
L - Issued obbligations	-	-	-
M - Other non current loans	-11,766	-12,447	681
N - Non current financial indebtedness (K) + (L) + (M)	*-22,114*	*-26,647*	*4,533*
O - Net financial indebtedness (J) + (N)	*-50,631*	*-38,484*	*-12,147*

Net financial indebtedness of the Group amounts to EUR 50,631 thousand as of 30 June 2008 compared with EUR 38,484 thousand as of 31 December 2007. The change in the net financial indebtedness is due only to the seasonality of the business.

Net financial indebtedness includes the recognition of the put/call option under the joint venture agreement between Moschino and Bluebell Far East for the formation of Moschino Far East. In the absence of this option, net financial indebtedness would have amounted to EUR 45,535 thousand rather than 50,631 thousand as reported above.

35. EARNINGS PER SHARE

Basic earnings per share:

(Values in thousands of EUR)	1st Half 2008	1st Half 2007
Consolidated earnings for the period for shareholders of the parent company	5,977	5,862
Medium number of shares for the period	107,363	87,568
Basic earnings per share	**0.056**	**0.067**

Following the issue on 24[t] July 2007 of 19 million new shares, taken up in full, the number of shares currently outstanding is 107,362,504.

36. 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.

Operations carried out with related parties mainly concern the exchange of goods, the performance of services and the provision of financial resources. All transactions arise in the ordinary course of business and are settled on market terms i.e. on the terms that are or would be applied between two independent parties.

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

(Values in thousands of EUR)	1st Half 2008	1st Half 2007	Nature of the transactions
Shareholder Alberta Ferretti with Aeffe S.p.a.			
Contract for the sale of artistic assets and design	150	150	Cost
Other	94	-	Receivable
Ferrim with Aeffe S.p.a.			
Property rental	679	673	Cost
Ferrim with Moschino S.p.a.			
Property rental	390	380	Cost
Commerciale Valconca with Aeffe S.p.a.			
Commercial	108	104	Revenue
Commercial	677	710	Receivable

The following table indicates the data related on the incidence of related party transactions on the income statement, balance sheet, cash flow and indebtedness at 30 June 2008 and at 30 June 2007.

(Values in thousands of EUR)	Balance 1st Half	Value rel. party 2008	%	Balance 1st Half	Value rel. party 2007	%
Incidence of related party transactions on the income statement						
Revenues from sales and services	144,590	108	0.1%	141,642	104	0.1%
Costs of services	51,036	150	0.3%	47,081	150	0.3%
Costs for use of third party assets	8,135	1,069	13.1%	8,595	1,053	12.3%
Incidence of related party transactions on the balance sheet						
Current financial liabilities	43,500	-	n.a.	69,166	-	n.a.
Trade receivables	36,149	677	1.9%	38,766	710	1.9%
Other receivables	30,645	94	0.3%	28,651	-	n.a.
Incidence of related party transactions on the cash flow						
Cash flow (absorbed) / generated by financing activities	6,258	-	n.a.	-5,336	-1,000	18.7%
Cash flow (absorbed) / generated by operating activities	-3,019	-1,335	44.2%	4,327	-817	n.a.
Incidence of related party transactions on the indebtedness						
Net financial indebtedness	-50,631	-1,335	2.6%	-118,977	-1,817	1.5%

37. Business combination carried out during the half-year

During the first six months of 2008 no business combinations have been realised.

38. Atypical and/or unusual transactions

Pursuant to Consob communication DEM/6064296 dated 28 July 2006, it is confirmed that in the first half of 2008 the Group did not enter into any atypical and/or unusual transactions, as defined in that communication.

39. Significant non recurring events and transactions pursuant to Consob regulation dated 28 July 2006

During the first six months of 2008 no significant non recurring events and transactions have been realised.

40. Potential liabilities

Tax disputes

The Group's tax disputes refer to the following companies:

Aeffe: on 16 December 2006, the Rimini Provincial Tax Commissioners published sentence no. 101/2/06 cancelling notices of assessment n. 81203T100562 (RG n. 43/05) and 81203T100570 (RG n. 69/05) issued by the Rimini Tax Authorities in November 2004. The issues rose related to the 1999 and 2000 tax years and concerned costs deemed not allowable and the write-down of the investment in Moschino. The Rimini tax office has appealed against the sentence handed down by the Rimini Provincial Tax Commissioners. The Company presented its counter analysis within the legally-prescribed time period. The favourable first-level decision means that further developments in this dispute can be considered in a positive light. The Company is waiting for the hearing date to be fixed.

On 22 June 2005, the Emilia-Romagna Regional Tax Police issued inspection minutes regarding the 2003 and 2004 tax years in relation to costs not deemed deductible and the alleged improper recovery of VAT. In June 2005, the Company presented its counter analysis pursuant to art. 12 of the taxpayers' code. Following the notice of a meeting of the Rimini tax office, the company is involved in an attempt to settle the matter. The Company's arguments and those of the professionals appointed to defend its position are expected to result a favourable outcome for the costs deducted.

Pollini: the company has initiated a dispute with the tax authorities for the recovery of VAT in relation to inventory differences identified in 2001; on 17 December 2007, the Forlì Provincial Tax Commissioners published a sentence that partially accepted the defendant's reasoning. An appeal will be filed, since the arguments supported by the Company and the professional advisors appointed are expected to result in a positive outcome for the dispute.

In addition, a dispute is still outstanding for the recovery of VAT and IRAP (Regional business tax) charged in 2002 due to the alleged failure to invoice taxable transactions; on 17 December 2007, the Forlì Provincial Tax Commissioners published a sentence that partially accepted the defendant's reasoning. An appeal will also be filed in this case, since the arguments supported by the Company and the professional advisors appointed are expected to result in a positive outcome for the dispute.

Pollini Retail S.r.l.: the company has initiated a dispute with the tax authorities for the recovery of VAT paid in 2002 following failure to recognize the VAT credit carried forward from the previous year. The Company has already filed an appeal with the Bologna Regional Tax Commissioners against the sentence handed down by the Rimini Provincial Tax Commissioners, which confirmed the payment order presented by the tax office. The case will be heard on 17 October 2008.

Ferretti Studio: in February 2007, the Cattolica Tax Police completed a general inspection regarding the 2004 – 2005 – 2006 tax years. Minor tax assessments were presented in this regard during December 2007. On 24 April 2008 settlement procedures have been concluded.

No provisions have been recorded in relation to the above disputes, since the defensive arguments put forward by the Group and its professional advisors are deemed to be fully sustainable.

Having heard the opinion of their tax consultants, the directors do not consider likely the crystallisation of liabilities in relation to the above disputes.

Attachments of the explanatory notes

ATTACHMENT I	Consolidated Assets Balance Sheet with related parties
ATTACHMENT II	Consolidated Liabilities Balance Sheet with related parties
ATTACHMENT III	Consolidated Income Statement with related parties
ATTACHMENT IV	Consolidated Cash Flow with related parties

ATTACHMENT I – CONSOLIDATED ASSETS BALANCE SHEET WITH RELATED PARTIES

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in units of EUR)	Notes	30 June 2008	of which Related parties	31 December 2007	of which Related parties
NON-CURRENT ASSETS					
Intangible fixed assets					
Goodwill		52,973,493		54,316,280	
Trademarks		115,527,244		117,284,499	
Other intangible fixed assets		144,544		169,834	
Total intangible fixed assets	(1)	168,645,281		171,770,613	
Tangible fixed assets					
Lands		17,463,108		17,555,245	
Buildings		32,840,815		33,462,497	
Leasehold improvements		12,539,450		11,812,881	
Plant and machinary		5,169,630		5,008,897	
Equipment		307,307		277,380	
Other tangible fixed assets		2,992,030		3,077,648	
Total tangible fixed assets	(2)	71,312,340		71,194,548	
Other fixed assets					
Equity investments	(3)	21,640		21,641	
Other fixed assets	(4)	3,133,966		3,122,044	
Deferred tax assets	(5)	7,768,549		8,869,181	
Assets available for sale	(6)	1,636,885		1,636,885	
Total other fixed assets		12,561,040		13,649,751	
TOTAL NON-CURRENT ASSETS		**252,518,661**		**256,614,912**	
CURRENT ASSETS					
Stocks and inventories	(7)	78,440,888		67,761,354	
Trade receivables	(8)	36,149,363	676,685	36,910,502	710,000
Tax receivables	(9)	5,613,231		4,786,640	
Cash	(10)	14,983,623		14,525,033	
Other receivables	(11)	30,645,493	94,117	27,082,638	
TOTAL CURRENT ASSETS		**165,832,598**		**151,066,167**	
TOTAL ASSETS		**418,351,259**		**407,681,079**	

ATTACHMENT II – CONSOLIDATED LIABILITIES BALANCE SHEET WITH RELATED PARTIES

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in units of EUR)	Notes	30 June 2008	of which Related parties	31 December 2007	of which Related parties
SHAREHOLDERS' EQUITY	**(12)**				
Group interest					
Share capital		26,754,126		26,840,626	
Share premium reserve		74,544,210		75,307,855	
Translation reserve		-1,682,217		-948,776	
Other reserves		31,795,283		28,204,017	
Fair Value reserve		7,901,240		7,901,240	
IAS reserve		11,459,492		11,459,492	
Profits (Losses) carried-forward		10,236,020		679,150	
Net profit for the Group		5,977,147		15,320,586	
Group interest in shareholders' equity		166,985,301		164,764,190	
Minority interest					
Minority interests in share capital and reserves		29,888,628		26,913,875	
Net profit for the minority interests		1,136,590		2,949,556	
Minority interests in shareholders' equity		31,025,218		29,863,431	
TOTAL SHAREHOLDERS' EQUITY		**198,010,519**		**194,627,621**	
NON-CURRENT LIABILITIES					
Provisions	(13)	1,692,618		1,707,602	
Deferred tax liabilities	(5)	48,032,300		48,022,235	
Post employment benefits	(14)	10,563,879		11,111,030	
Long term financial liabilities	(15)	22,114,504		26,646,683	
Long term not financial liabilities	(16)	14,239,753		14,251,237	
TOTAL NON-CURRENT LIABILITIES		**96,643,054**		**101,738,787**	
CURRENT LIABILITIES					
Trade payables	(17)	59,071,881		60,577,085	
Tax payables	(18)	3,641,912		7,127,302	
Short term financial liabilities	(19)	43,500,049		26,361,882	
Other liabilities	(20)	17,483,844		17,248,402	
TOTAL CURRENT LIABILITIES		**123,697,686**		**111,314,671**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**418,351,259**		**407,681,079**	

ATTACHMENT III – CONSOLIDATED INCOME STATEMENT WITH RELATED PARTIES

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in units of EUR)	Notes	1st Half 2008	of which Related parties	1st Half 2007	of which Related parties
REVENUES FROM SALES AND SERVICES	**(21)**	**144,590,305**	**108,252**	**141,642,015**	**104,038**
Other revenues and income	(22)	2,438,567		4,219,421	
TOTAL REVENUES		**147,028,872**		**145,861,436**	
Changes in inventory		12,063,590		7,744,441	
Costs of raw materials, cons. and goods for resale	(23)	-47,420,303		-45,332,466	
Costs of services	(24)	-51,035,993	-150,000	-47,080,678	-150,000
Costs for use of third parties assets	(25)	-8,135,468	-1,069,340	-8,594,611	-1,052,995
Labour costs	(26)	-29,629,989		-28,109,943	
Other operating expenses	(27)	-1,955,531		-1,586,722	
Amortisation and write-downs	(28)	-5,046,191		-5,168,185	
Financial Income (expenses)	(29)	-3,339,310		-4,289,434	
PROFIT BEFORE TAXES		**12,529,677**		**13,443,838**	
Income Taxes	(30)	-5,415,940		-6,782,895	
NET PROFIT		**7,113,737**		**6,660,943**	
(Profit) loss for the minority interests		-1,136,590		-798,578	
NET PROFIT FOR THE GROUP		**5,977,147**		**5,862,365**	

ATTACHMENT IV – CONSOLIDATED CASH FLOW WITH RELATED PARTIES

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in thousands of EUR)	Notes	1st Half 2008	of which Related parties	1st Half 2007	of which Related parties
OPENING BALANCE		**14,525**		**15,320**	
Profit before taxes		12,530	-1,111	13,444	-1,099
Amortisation		5,046		4,927	
Accrual (+)/availment (-) of long term provisions and post employment benefits		-562		-2,069	
Paid income taxes		-7,783		-5,561	
Financial income (-) and financial charges (+)		3,339		4,289	
Change in operating assets and liabilities		-15,589	-224	-10,703	282
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**(31)**	**- 3,019**		**4,327**	
Increase (-)/ decrease (+) in intangible fixed assets		1,323		-45	
Increase (-)/ decrease (+) in tangible fixed assets		-4,061		-3,242	
Investments (-)/ Disinvestments (+)		-42		99	
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(32)**	**- 2,780**		**- 3,188**	
Increase in reserves and profit carried-forward to shareholders'equity		-2,997		-521	
Proceeds (repayment) of financial payments		12,606		-534	-1,000
Increase (-)/ decrease (+) in long term financial receivables		-12		9	
Financial income (+) and financial charges (-)		-3,339		-4,290	
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(33)**	**6,258**		**- 5,336**	
CLOSING BALANCE		**14,984**		**11,123**	

Attestation in respect of the Half Year condensed financial statements under Article 154-bis of Legislative Decree 58/98

The undersigned Massimo Ferretti as President of the Board of Directors, and Marcello Tassinari as manager responsible for preparing Aeffe S.p.A.'s financial reports, pursuant to the provisions of Article 154-bis, clauses 3 and 4, of Legislative Decree n. 58 of 1998 ,hereby attest:

- The adequacy with respect to the Company structure and
- The effective application,

of the administrative and accounting procedures applied in preparation of the Company's Half year condensed financial statements at 30 June 2008.

The undersigned moreover attest that:

The Half Year condensed financial statements at 30 June 2008:

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002 and particularly IAS 34 – *Interim Financial reporting*, as implemented in Italy by Article 9 of Legislative Decree n. 38 of 2005;
- correspond to the amounts shown in the Company's accounts, books and records; and
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries as of 30 June 2008 and for the six months then ended.

The related interim management report contains reference to the important events affecting the Company during the first six months of the current fiscal year, including the impact of such events on the Company's condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the year along with a description of material related party transactions.

31 July 2008

President of the board of directors	Manager responsible for preparing Aeffe S.p.A. financial reports
Massimo Ferretti	Marcello Tassinari

AEFFE S.p.A.

AUDITORS' REPORT ON THE REVIEW OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 PURSUANT TO ART. 154 OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998

To the shareholders of
Aeffe S.p.A.

1. We have reviewed the consolidated condensed interim financial statements of Aeffe S.p.A. as of 30 June 2008 and for the six months then ended, comprising the consolidated balance sheet, consolidated income statement, consolidated statements of changes in shareholders' equity and cash flows and related explanatory notes. The Directors of Aeffe S.p.A. are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2. Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles used therein as well as the application of analytical review procedures on the amounts contained in the above mentioned consolidated condensed interim financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express an audit opinion on the consolidated condensed interim financial statements.

3. With regard to the comparative amounts of the prior year's consolidated financial statements and the prior year's consolidated condensed interim financial statements presented in the consolidated condensed interim financial statements, reference should be made to our reports dated 10 April 2008 and 21 September 2007, respectively.

4. Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Aeffe S.p.A. have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Bologna, 31 July 2008
Mazars & Guerard S.p.A.

Simone Del Bianco
(Partner)

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

VIA RIZZOLI, 1/2 - 40125 BOLOGNA
TEL: +39 051 22 05 66 - FAX: +39 051 22 08 11 - www.mazars.it

SPA - CAPITALE SOCIALE SOTTOSCRITTO € 2.449.500,00 – VERSATO € 2.433.500,00 - SEDE LEGALE: C.SO DI PORTA VIGENTINA, 35 - 20122 MILANO
REA N. 1059307 - COD. FISC. N. 01507630489 - P. IVA 05902570158 - AUTORIZZATA AI SENSI DI L. 1966/39 - REGISTRO DEI REVISORI CONTABILI GU 60/1997
ALBO SPECIALE DELLE SOCIETÀ DI REVISIONE CON DELIBERA CONSOB N° 10829 DEL 16/07/1997

UFFICI IN ITALIA: BOLOGNA - FIRENZE - MILANO - NAPOLI - PADOVA - PALERMO - ROMA – TORINO – UDINE

Aeffe Spa

Financial statements

ASSETS BALANCE SHEET (*)

(Values in units of EUR)	Notes	30 June 2008	31 December 2007	Change
NON-CURRENT ASSETS				
Intangible fixed assets				
Trademarks		4,312,500	4,375,000	-62,500
Other intangible fixed assets		22,207	22,779	-572
Total intangible fixed assets		4,334,707	4,397,779	-63,072
Tangible fixed assets				
Lands		15,803,400	15,803,400	0
Buildings		25,430,264	25,437,905	-7,641
Leasehold improvements		3,906,903	3,324,212	582,691
Plant and machinary		2,570,667	2,468,259	102,408
Equipment		57,644	17,116	40,528
Other tangible fixed assets		927,272	924,945	2,327
Total tangible fixed assets		48,696,150	47,975,837	720,313
Other fixed assets				
Equity investments		86,238,098	86,155,455	82,643
Other fixed assets		44,333,193	44,226,437	106,756
Deferred tax assets		1,833,162	2,242,115	-408,953
Total other fixed assets		132,404,453	132,624,007	-219,554
TOTAL NON-CURRENT ASSETS		**185,435,310**	**184,997,623**	**437,687**
CURRENT ASSETS				
Stocks and inventories		30,017,400	23,491,098	6,526,302
Trade receivables		44,658,488	42,815,191	1,843,297
Tax receivables		3,929,582	4,407,963	-478,381
Cash		6,600,721	4,036,674	2,564,047
Other receivables		15,641,160	13,624,030	2,017,130
TOTAL CURRENT ASSETS		**100,847,351**	**88,374,956**	**12,472,395**
TOTAL ASSETS		**286,282,661**	**273,372,579**	**12,910,082**

Pursuant to Consob Resolution N. 15519 of 27 July 2006, the effects of related party transactions on Balance Sheet of Aeffe Spa are presented in the specific Balance Sheet schedule provided in the attachment I.

LIABILITIES BALANCE SHEET (*)

(Values in units of EUR)	Notes	30 June 2008	31 December 2007	Change
SHAREHOLDERS' EQUITY				
Share capital		26,754,126	26,840,626	-86,500
Share premium reserve		74,544,211	75,307,855	-763,644
Other reserves		31,795,283	28,204,015	3,591,268
Fair Value reserve		7,742,006	7,742,006	0
IAS reserve		1,139,141	-203,646	1,342,787
Profits (Losses) carried-forward		2,171,895	2,171,895	0
Net profit		3,632,461	5,738,517	-2,106,056
TOTAL SHAREHOLDERS' EQUITY		**147,779,123**	**145,801,268**	**1,977,855**
NON-CURRENT LIABILITIES				
Provisions		1,372,789	1,330,955	41,834
Deferred tax liabilities		7,973,079	7,972,888	191
Post employment benefits		5,882,531	6,096,530	-213,999
Long term financial liabilities		15,537,343	19,325,528	-3,788,185
TOTAL NON-CURRENT LIABILITIES		**30,765,742**	**34,725,901**	**- 3,960,159**
CURRENT LIABILITIES				
Trade payables		64,187,626	63,805,483	382,143
Tax payables		1,496,703	4,388,607	-2,891,904
Short term financial liabilities		33,691,447	17,926,043	15,765,404
Other liabilities		8,362,020	6,725,277	1,636,743
TOTAL CURRENT LIABILITIES		**107,737,796**	**92,845,410**	**14,892,386**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**286,282,661**	**273,372,579**	**12,910,082**

Pursuant to Consob Resolution N. 15519 of 27 July 2006, the effects of related party transactions on the Balance Sheet of Aeffe Spa are presented in the specific Balance Sheet schedule provided in the attachment II.

INCOME STATEMENT (*)

(Values in units of EUR)	Notes	1st Half 2008	1st Half 2007
REVENUES FROM SALES AND SERVICES		**73,128,363**	**73,426,792**
Other revenues and income		2,411,164	1,952,021
TOTAL REVENUES		**75,539,527**	**75,378,813**
Changes in inventory		6,802,965	4,376,126
Costs of raw materials, cons. and goods for resale		-25,292,764	-25,602,670
Costs of services		-25,888,774	-24,278,838
Costs for use of third parties assets		-9,434,418	-9,435,029
Labour costs		-11,455,639	-10,561,917
Other operating expenses		-1,052,529	-734,019
Amortisation and write-downs		-1,100,396	-879,000
Financial Income (expenses)		-2,083,711	-3,603,421
PROFIT BEFORE TAXES		**6,034,261**	**4,660,045**
Income Taxes		-2,401,800	-2,445,127
NET PROFIT		**3,632,461**	**2,214,918**

Pursuant to Consob Resolution N. 15519 of 27 July 2006, the effects of related party transactions on the Income Statement of Aeffe Spa are presented in the specific Income Statement schedule provided in the attachment III.

CASH FLOW (*)

(Values in thousands of EUR)	Notes	1st Half 2008	1st Half 2007
OPENING BALANCE		**4,037**	**1,812**
Profit before taxes		6,034	4,660
Amortisation		1,100	879
Accrual (+)/availment (-) of long term provisions and post employment benefits		-172	-1,443
Paid income taxes		-4,885	-2,246
Financial income (-) and financial charges (+)		2,084	3,603
Change in operating assets and liabilities		-7,890	-1,255
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY		**- 3,729**	**4,198**
Increase (-)/ decrease (+) in intangible fixed assets		-9	-8
Increase (-)/ decrease (+) in tangible fixed assets		-1,748	-1,843
Investments (-)/ Disinvestments (+)		-83	-
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY		**- 1,840**	**- 1,851**
Increase in reserves and profit carried-forward to shareholders' equity		-1,655	-
Proceeds (repayment) of financial payments		11,977	-5,226
Increase (-)/ decrease (+) in long term financial receivables		-107	5,312
Financial income (+) and financial charges (-)		-2,084	-3,603
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY		**8,131**	**- 3,517**
CLOSING BALANCE		**6,599**	**642**

Pursuant to Consob Resolution N. 15519 of 27 July 2006, the effects of related party transactions on the Cash Flow of Aeffe Spa are presented in the specific Cash Flow schedule provided in the attachment IV.

CHANGES IN SHAREHOLDERS' EQUITY

(Values in thousands of EUR)	Share capital	Share premium reserve	Partecipatory instruments reserve	Other reserves	Fair Value reserve	IAS reserve	Profits (Losses) carried-forward	Net profit	Total shareholders' equity
BALANCES AT 31 December 2006	**22,500**	**11,345**	**12,400**	**7,439**	**7,306**	**-552**	**1,134**	**3,403**	**64,975**
Allocation of 31 December 2006 profit	-	-	-	2,365	-	-	1,038	-3,403	-
Net profit at 30 June 2007	-	-	-	-	-	-	-	2,215	2,215
Cancellation of own shares	-4,500	-16,600	2,700	18,400	-	-	-	-	-
Conversion of partecipatory instrument	4,091	11,009	-15,100	-	-	-	-	-	-
BALANCES AT 30 June 2007	**22,091**	**5,754**	**-**	**28,204**	**7,306**	**-552**	**2,172**	**2,215**	**67,190**

(Values in thousands of EUR)	Share capital	Share premium reserve	Partecipatory instruments reserve	Other reserves	Fair Value reserve	IAS reserve	Profits (Losses) carried-forward	Net profit	Total shareholders' equity
BALANCES AT 31 December 2007	**26,841**	**75,307**	**-**	**28,204**	**7,742**	**-204**	**2,172**	**5,739**	**145,801**
Allocation of 31 December 2007 profit	-	-	-	**3,591**			**2,148**	**-5,739**	-
Net profit at 30 June 2008	-	-	-	-	-	-	-	3,633	3,633
Dividends paid	-	-	-	-	-	-	**-2,148**	-	-2,148
Treasury stock (buy-back)/ sale	-86	-764	-	-	-	-	-	-	-850
P-box Andegari sale	-	-	-	-	-	**1,343**	-	-	**1,343**
BALANCES AT 30 June 2008	**26,755**	**74,543**	**-**	**31,795**	**7,742**	**1,139**	**2,172**	**3,633**	**147,779**

Attachments of the explanatory notes

ATTACHMENT I	Aeffe Spa's Assets Balance Sheet with related parties
ATTACHMENT II	Aeffe Spa's Liabilities Balance Sheet with related parties
ATTACHMENT III	Aeffe Spa's Income Statement with related parties
ATTACHMENT IV	Aeffe Spa's Cash Flow with related parties

ATTACHMENT I – ASSETS BALANCE SHEET WITH RELATED PARTIES

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in units of EUR)	Notes	30 June 2008	of which Related parties	31 December 2007	of which Related parties
NON-CURRENT ASSETS					
Intangible fixed assets					
Trademarks		4,312,500		4,375,000	
Other intangible fixed assets		22,207		22,779	
Total intangible fixed assets		4,334,707		4,397,779	
Tangible fixed assets					
Lands		15,803,400		15,803,400	
Buildings		25,430,264		25,437,905	
Leasehold improvements		3,906,903		3,324,212	
Plant and machinary		2,570,667		2,468,259	
Equipment		57,644		17,116	
Other tangible fixed assets		927,272		924,945	
Total tangible fixed assets		48,696,150		47,975,837	
Other fixed assets					
Equity investments		86,238,098	86,234,643	86,155,455	86,152,000
Other fixed assets		44,333,193	44,313,841	44,226,437	44,203,059
Deferred tax assets		1,833,162		2,242,115	
Total other fixed assets		132,404,453		132,624,007	
TOTAL NON-CURRENT ASSETS		**185,435,310**		**184,997,623**	
CURRENT ASSETS					
Stocks and inventories		30,017,400		23,491,098	
Trade receivables		44,658,488	35,064,793	42,815,191	29,600,767
Tax receivables		3,929,582		4,407,963	
Cash		6,600,721		4,036,674	
Other receivables		15,641,160	94,117	13,624,030	
TOTAL CURRENT ASSETS		**100,847,351**		**88,374,956**	
TOTAL ASSETS		**286,282,661**		**273,372,579**	

ATTACHMENT II – LIABILITIES BALANCE SHEET WITH RELATED PARTIES

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in units of EUR)	Notes	30 June 2008	of which Related parties	31 December 2007	of which Related parties
SHAREHOLDERS' EQUITY					
Share capital		26,754,126		26,840,626	
Share premium reserve		74,544,211		75,307,855	
Other reserves		31,795,283		28,204,015	
Fair Value reserve		7,742,006		7,742,006	
IAS reserve		1,139,141		-203,646	
Profits (Losses) carried-forward		2,171,895		2,171,895	
Net profit		3,632,461		5,738,517	
TOTAL SHAREHOLDERS' EQUITY		**147,779,123**		**145,801,268**	
NON-CURRENT LIABILITIES					
Provisions		1,372,789		1,330,955	
Deferred tax liabilities		7,973,079		7,972,888	
Post employment benefits		5,882,531		6,096,530	
Long term financial liabilities		15,537,343		19,325,528	
TOTAL NON-CURRENT LIABILITIES		**30,765,742**		**34,725,901**	
CURRENT LIABILITIES					
Trade payables		64,187,626	32,741,536	63,805,483	29,863,733
Tax payables		1,496,703		4,388,607	
Short term financial liabilities		33,691,447		17,926,043	
Other liabilities		8,362,020		6,725,277	
TOTAL CURRENT LIABILITIES		**107,737,796**		**92,845,410**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**286,282,661**		**273,372,579**	

ATTACHMENT III – INCOME STATEMENT WITH RELATED PARTIES

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in units of EUR)	Notes	1st Half 2008	of which Related parties	1st Half 2007	of which Related parties
REVENUES FROM SALES AND SERVICES		**73,128,363**	**16,828,890**	**73,426,792**	**19,992,491**
Other revenues and income		2,411,164	1,350,339	1,952,021	1,332,807
TOTAL REVENUES		**75,539,527**		**75,378,813**	
Changes in inventory		6,802,965		4,376,126	
Costs of raw materials, cons. and goods for resale		-25,292,764	-5,364,627	-25,602,670	-4,474,256
Costs of services		-25,888,774	-3,217,251	-24,278,838	-2,707,288
Costs for use of third parties assets		-9,434,418	-7,625,013	-9,435,029	-7,061,717
Labour costs		-11,455,639		-10,561,917	
Other operating expenses		-1,052,529		-734,019	
Amortisation and write-downs		-1,100,396		-879,000	
Financial Income (expenses)		-2,083,711	-131,055	-3,603,421	-48,146
PROFIT BEFORE TAXES		**6,034,261**		**4,660,045**	
Income Taxes		-2,401,800		-2,445,127	
NET PROFIT		**3,632,461**		**2,214,918**	

ATTACHMENT IV – CASH FLOW WITH RELATED PARTIES

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in thousands of EUR)	Notes	1st Half 2008	of which Related parties
OPENING BALANCE		**4,037**	
Profit before taxes		6,034	
Amortisation		1,100	
Accrual (+)/availment (-) of long term provisions and post employment benefits		-172	
Paid income taxes		-4,885	
Financial income (-) and financial charges (+)		2,084	
Change in operating assets and liabilities		-7,890	-2,680
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY		**- 3,729**	
Increase (-)/ decrease (+) in intangible fixed assets		-9	
Increase (-)/ decrease (+) in tangible fixed assets		-1,748	
Investments (-)/ Disinvestments (+)		-83	
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY		**- 1,840**	
Increase in reserves and profit carried-forward to shareholders'equity		-1,655	
Proceeds (repayment) of financial payments		11,977	
Increase (-)/ decrease (+) in long term financial receivables		-107	-194
Financial income (+) and financial charges (-)		-2,084	
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY		**8,131**	
CLOSING BALANCE		**6,599**	