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ALFIRE

INTERIM CONSOLIDATED FINANCIAL STATEMENT AT 31 MARCH 2010

Disclaimer

This interim consolidated financial statement at 31 March 2010 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

SUMMARY

<i>INTERIM CONSOLIDATED FINANCIAL STATEMENT AT 31 MARCH 2010</i>	<i>1</i>
<i>BOARD OF DIRECTORS AND CONTROL BODIES OF THE PARENT COMPANY</i>	<i>3</i>
<i>ORGANISATION CHART</i>	<i>4</i>
<i>BRANDS PORTFOLIO</i>	<i>5</i>
<i>HEADQUARTERS</i>	<i>6</i>
<i>SHOWROOMS</i>	<i>7</i>
<i>MAIN FLAGSHIPSTORE LOCATIONS UNDER DIRECT MANAGEMENT</i>	<i>8</i>
<i>MAIN ECONOMIC-FINANCIAL DATA</i>	<i>9</i>
<i>FINANCIAL STATEMENTS</i>	<i>10</i>
<i>INTERIM MANAGEMENT REPORT</i>	<i>14</i>
<i>EXPLANATORY NOTES</i>	<i>15</i>

Board of directors and control bodies 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

cacharel

POLLINI

SHOES - LEATHER GOODS

MOSCHINO

LICENCES - DESIGN - RETAIL

VELMAR

BEACHWEAR - UNDERWEAR

POLLINI

STUDIO POLLINI

MOSCHINO.

MOSCHINO.
CHEAPANDCHIC

ALBERTA FERRETTI

MOSCHINO.

MOSCHINO.

MOSCHINO.
CHEAPANDCHIC

LOVE
MOSCHINO

BLUGIRL
UNDERWEAR

BLUGIRL
BEACHWEAR

LOVE
MOSCHINO

Headquarters

GRUPPO AEFTE

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

MOSCHINO

Via San Gregorio, 28
20124 - Milan
Italy

POLLINI

Via Erbosa I° tratto, 92
Gatteo (FC)
47030 - Italy

VELMAR

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



Showrooms

AEFFE MILAN

(FERRETTI – GAULTIER – CACHAREL - POLLINI)

Via Donizetti, 48
20122 - Milan
Italy

AEFFE LONDON

(FERRETTI)

205-206 Sloane Street
SW1X9QX - London
UK

AEFFE PARIS

(GRUPPO)

6, Rue Caffarelli
75003 - Paris
France

AEFFE NEW YORK

(GRUPPO)

30 West 56th Street
10019 - New York
USA

MOSCHINO MILAN

Via San Gregorio, 28
20124 - Milan
Italy

MOSCHINO LONDON

28-29 Conduit Street
W1R 9TA - London
UK

MOSCHINO JAPAN

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

MOSCHINO HONG KONG

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



Main flagshipstore locations under direct management

ALBERTA FERRETTI

Milan
Rome
Capri
Paris
London
New York
Los Angeles

POLLINI

Milan
Rome
Florence
Venice
Bolzano
Ravenna
Varese
Verona

SPAZIO A

Florence
Venice

MOSCHINO

Milan
Rome
Capri
Paris
London
Berlin
New York
Osaka
Hong Kong
Kuala Lumpur
Singapore
Taipei
Fukuoka City
Tokyo
Kobe City
Kyoto
Nagoya
Seoul
Pusan
Kaoshiung
Daegu



Main economic-financial data

		I Q	I Q
		2009	2010
Total revenues	(Values in millions of EUR)	73.7	63.6
Gross operating margin (EBITDA)	(Values in millions of EUR)	3.9	1.5
Net operating profit/(loss) (EBIT)	(Values in millions of EUR)	1.3	-1.9
Profit/(loss) before taxes	(Values in millions of EUR)	0.3	-2.2
Net profit/(loss) for the Group	(Values in millions of EUR)	-0.3	-1.7
Basic earnings per share	(Values in units of EUR)	-0.003	-0.017
Cash Flow (net result + depreciation)	(Values in millions of EUR)	2.0	1.5
Cash Flow/total revenues	Ratio	2.8	2.4

		31 December	31 March	31 December	31 March
		2008	2009	2009	2010
Net capital invested	(Values in millions of EUR)	262.8	276.4	258.2	263.9
Net financial indebtedness	(Values in millions of EUR)	66.8	81.2	87.7	95.5
Group net equity	(Values in millions of EUR)	165.0	164.4	143.2	141.3
Group net equity per share	(Values in units of EUR)	1.5	1.5	1.3	1.3
Current assets/Current liabilities	Ratio	1.9	2.2	2.1	2.3
Current assets less invent./Current liabilities (ACID Test)	Ratio	1.0	1.2	1.0	1.2
Net financial indebtedness/Net equity	Ratio	0.3	0.4	0.5	0.6

Financial statements

Income statement at 31 March

(Values in units of EUR)	Notes	I Q 2010	% on revenues	I Q 2009	% on revenues	Change	%
REVENUES FROM SALES AND SERVICES	(1)	61,284,202	100.0%	72,294,248	100.0%	-11,010,046	-15.2%
Other revenues and income		2,288,455	3.7%	1,431,687	2.0%	856,768	59.8%
TOTAL REVENUES		63,572,657	103.7%	73,725,935	102.0%	-10,153,278	-13.8%
Changes in inventory of work in process, semi-finished, finished goods		-5,693,868	-9.3%	-1,975,645	-2.7%	-3,718,223	188.2%
Costs of raw materials, cons. and goods for resale		-14,193,574	-23.2%	-19,884,110	-27.5%	5,690,536	-28.6%
Costs of services		-18,848,176	-30.8%	-23,881,168	-33.0%	5,032,992	-21.1%
Costs for use of third parties assets		-5,440,244	-8.9%	-5,153,223	-7.1%	-287,021	5.6%
Labour costs		-16,120,528	-26.3%	-17,273,312	-23.9%	1,152,784	-6.7%
Other operating expenses		-1,745,618	-2.8%	-1,700,965	-2.4%	-44,653	2.6%
Total Operating Costs		-62,042,008	-101.2%	-69,868,423	-96.6%	7,826,415	-11.2%
GROSS OPERATING MARGIN (EBITDA)	(2)	1,530,649	2.5%	3,857,512	5.3%	-2,326,863	-60.3%
Amortisation of intangible fixed assets		-1,721,902	-2.8%	-901,086	-1.2%	-820,816	91.1%
Depreciation of tangible fixed assets		-1,705,029	-2.8%	-1,648,343	-2.3%	-56,686	3.4%
Revaluations/Write-downs and provisions		-28,813	0.0%	0	0.0%	-28,813	n.a.
Total Amortisation, write-downs and provisions		-3,455,744	-5.6%	-2,549,429	-3.5%	-906,315	35.5%
NET OPERATING PROFIT/(LOSS) (EBIT)		-1,925,095	-3.1%	1,308,083	1.8%	-3,233,178	-247.2%
Financial income		574,712	0.9%	339,761	0.5%	234,951	69.2%
Financial expenses		-833,058	-1.4%	-1,298,779	-1.8%	465,721	-35.9%
Total Financial Income/(expenses)		-258,346	-0.4%	-959,018	-1.3%	700,672	-73.1%
PROFIT/(LOSS) BEFORE TAXES		-2,183,441	-3.6%	349,065	0.5%	-2,532,506	-725.5%
Current income taxes		-1,280,309	-2.1%	-2,278,845	-3.2%	998,536	-43.8%
Deferred income/(expenses) taxes		1,578,444	2.6%	1,410,636	2.0%	167,808	11.9%
Total Income Taxes		298,135	0.5%	-868,209	-1.2%	1,166,344	-134.3%
NET PROFIT/(LOSS)		-1,885,306	-3.1%	-519,144	-0.7%	-1,366,162	263.2%
(Profit)/loss attributable to minority shareholders		143,307	0.2%	221,020	0.3%	-77,713	-35.2%
NET PROFIT/(LOSS) FOR THE GROUP	(3)	-1,741,999	-2.8%	-298,124	-0.4%	-1,443,875	484.3%

Reclassified balance sheet

(Values in units of EUR)	Notes	31 March 2010	31 December 2009	31 March 2009
Trade receivables		39,764,603	26,868,686	48,649,738
Stocks and inventories		65,835,812	69,482,860	74,721,846
Trade payables		-42,482,809	-42,133,025	-51,765,672
Operating net working capital		63,117,606	54,218,521	71,605,912
Other short term receivables		26,546,395	25,345,033	28,914,263
Tax receivables		4,381,887	6,284,474	5,921,334
Other short term liabilities		-15,354,000	-14,646,542	-16,277,083
Tax payables		-2,678,185	-3,376,900	-3,854,020
Net working capital	(4)	76,013,703	67,824,586	86,310,406
Tangible fixed assets		77,214,964	76,586,538	79,258,284
Intangible fixed assets		155,331,691	157,008,475	168,637,067
Equity investments		27,840	27,840	27,840
Other fixed assets		2,992,216	2,812,254	2,628,834
Fixed assets	(5)	235,566,711	236,435,107	250,552,025
Post employment benefits		-9,702,398	-9,784,848	-10,343,548
Provisions		-1,251,471	-1,247,299	-1,653,444
Assets available for sale		4,959,753	9,257,006	1,636,885
Liabilities available for sale		-	-1,853,574	-
Long term not financial liabilities		-14,240,310	-14,241,401	-14,352,428
Deferred tax assets		15,008,564	14,544,857	8,588,398
Deferred tax liabilities		-42,462,249	-42,773,359	-44,311,577
NET CAPITAL INVESTED		263,892,303	258,161,075	276,426,717
Share capital		25,371,407	25,371,407	25,488,671
Other reserves		124,984,463	125,160,336	121,330,113
Profits/(Losses) carried-forward		-7,338,790	12,749,353	17,911,524
Profit/(Loss) of the period		-1,741,999	-20,088,143	-298,124
Group interest in shareholders' equity		141,275,081	143,192,953	164,432,184
Minority interests in shareholders' equity		27,157,978	27,301,285	30,769,357
Total shareholders' equity	(6)	168,433,059	170,494,238	195,201,541
Cash		-6,054,965	-5,336,905	-8,669,411
Long term financial liabilities		16,557,194	18,159,414	15,572,030
Short term financial liabilities		84,957,015	74,844,328	74,322,557
NET FINANCIAL POSITION	(7)	95,459,244	87,666,837	81,225,176
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS		263,892,303	258,161,075	276,426,717

Cash flow

(Values in thousands of EUR)	Notes	I Q 2010	F Y 2009	I Q 2009
OPENING BALANCE		5,337	7,706	7,706
Profit before taxes		-2,183	-30,836	349
Amortisation / write-downs		3,456	13,636	2,549
Accrual (+)/availment (-) of long term provisions and post employment benefits		-78	-1,054	-89
Paid income taxes		-1,175	-1,783	-1,709
Financial income (-) and financial charges (+)		258	3,705	959
Change in operating assets and liabilities		-7,492	5,708	-12,463
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY		-7,214	-10,624	-10,404
Increase (-)/ decrease (+) in intangible fixed assets		-45	1,142	-363
Increase (-)/ decrease (+) in tangible fixed assets		-2,333	-4,999	-2,441
Investments and write-downs (-)/ Disinvestments and revaluations (+)		2,414	-362	0
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY		36	-4,219	-2,804
Other variations in reserves and profits carried-forward of shareholders' equity		-176	-1,030	-291
Dividends paid		0	-710	0
Proceeds (+)/ repayment (-) of financial payments		8,510	18,494	15,385
Increase (-)/ decrease (+) in long term financial receivables		-180	-575	36
Financial income (+) and financial charges (-)		-258	-3,705	-959
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY		7,896	12,474	14,171
CLOSING BALANCE		6,055	5,337	8,669

Changes in shareholders' equity

(Values in thousands of EUR)

	Share capital	Share premium reserve	Other reserves	Fair Value reserve	IAS reserve	Profits/(losses) carried - forward	Net profit/(loss) for the Group	Translation reserve	Cash flow hedge reserve	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
BALANCES AT 31 December 2008	25,767	71,796	31,795	7,901	11,459	10,236	7,676	- 1,269	- 340	165,021	30,990	196,011
Changes in equity												
Allocation of profit/(loss) year 2008	-	-	-	-	-	7,676	- 7,676	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	- 278	- 387	-	-	-	-	-	-	-	665	-	665
Net profit/(loss) 1 quarter 2009	-	-	-	-	-	-	- 298	269	105	76	- 221	145
BALANCES AT 31 March 2009	25,489	71,409	31,795	7,901	11,459	17,912	- 298	- 1,000	- 235	164,432	30,769	195,201

(Values in thousands of EUR)

	Share capital	Share premium reserve	Other reserves	Fair Value reserve	IAS reserve	Profits/(losses) carried - forward	Net profit/(loss) for the Group	Translation reserve	Cash flow hedge reserve	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
BALANCES AT 31 December 2009	25,371	71,240	36,252	7,901	11,459	12,749	- 20,088	- 1,691	-	143,193	27,301	170,494
Changes in equity												
Allocation of profit/(loss) year 2009	-	-	-	-	-	- 20,088	20,088	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	-	-	-	-	-	-	-	-	-	-	-	-
Net profit/(loss) 1 quarter 2010	-	-	-	-	-	-	- 1,742	- 176	-	1,918	- 143	2,061
BALANCES AT 31 March 2010	25,371	71,240	36,252	7,901	11,459	- 7,339	- 1,742	- 1,867	-	141,275	27,158	168,433

Interim management report

Revenues from sales and services generated in the first three months of 2010 amount to EUR 61,284 thousand, showing a reduction of 15.2% compared with the same period of the previous year (-15.1% at constant exchange rates).

In the first three months of 2010 EBITDA amounts to EUR 1,531 thousand, down 60.3% compared with EUR 3,858 thousand of the first three months of 2009, representing 2.5% of consolidated revenues.

During the first quarter of 2010, four new directly operated stores have been opened in Europe and six new franchised retail stores five of which in Asia and one in Europe.

The Group's balance sheet at 31 March 2010 shows a shareholders' equity of EUR 141,275 thousand and an increase in net financial indebtedness from EUR 87,667 thousand at 31 December 2009 to EUR 95,459 thousand at 31 March 2010 as a consequence of the seasonality of the business.

At 31 March 2010 net working capital amounts to EUR 76,014 thousand (36.9% of LTM sales) compared with EUR 67,825 thousand at 31 December 2009 (31.2% of sales).

Capex realised in the period are mainly related to leasehold improvements.

Explanatory notes

Income statement

1. Revenues from sales and services

First quarter 2010 vs 2009

In the first quarter of 2010, revenues from sales and services are equal to EUR 61,284 thousand with a decrease of 15.2% (-15.1% at constant exchange rates) compared with EUR 72,294 thousand in the first quarter of 2009.

The following table details the revenues by geographical area for the first quarters of 2010 and 2009.

(Values in thousands of EUR)	I Q		I Q		Change	
	2010	%	2009	%	Δ	%
Italy	26,164	42.7%	29,862	41.3%	-3,698	-12.4%
Europe (Italy and Russia excluded)	14,750	24.1%	16,047	22.2%	-1,297	-8.1%
Russia	3,087	5.0%	4,708	6.5%	-1,621	-34.4%
United States	4,303	7.0%	5,456	7.5%	-1,153	-21.1%
Japan	5,113	8.3%	5,107	7.1%	6	0.1%
Rest of the World	7,867	12.9%	11,114	15.4%	-3,247	-29.2%
Total	61,284	100.0%	72,294	100.0%	-11,010	-15.2%

Q1 2010 sales in Italy decrease by 12.4% to EUR 26,164 thousand, contributing to 42.7% of consolidated sales.

Sales in Europe decrease by 8.1% (-8.3% at constant exchange rates), contributing to 24.1% of consolidated sales, while the Russian market records sales equal to EUR 3,087 thousand, contributing to 5.0% of consolidated sales, with a contraction of 34.4% (the decrease remains unchanged at constant exchange rates). Sales in the United States are equal to EUR 4,303 thousand, contributing to 7.0% of consolidated sales, with a decrease of 21.1% (-16.7% at constant exchange rates). In Japan sales increase by 0.1% (+0.4% at constant exchange rates) to EUR 5,113 thousand, contributing to 8.3% of consolidated sales.

In the Rest of the World, sales are equal to EUR 7,867 thousand with a decrease of 29.2% (-30.6% at constant exchange rates) and a contribution of 12.9% of consolidated sales.

The following table details the revenues by brand for the first quarters of 2010 and 2009.

(Values in thousands of EUR)	I Q		I Q		Change	
	2010	%	2009	%	Δ	%
Alberta Ferretti	12,971	21.2%	14,570	20.2%	-1,599	-11.0%
Moschino	34,430	56.2%	35,711	49.4%	-1,281	-3.6%
Pollini	7,449	12.2%	11,496	15.9%	-4,047	-35.2%
J.P.Gaultier	4,411	7.2%	6,721	9.3%	-2,310	-34.4%
Other	2,023	3.2%	3,796	5.2%	-1,773	-46.7%
Total	61,284	100.0%	72,294	100.0%	-11,010	-15.2%

In the first quarter of 2010, Alberta Ferretti brand decreases by 11.0% (-10.5% at constant exchange rates), generating 21.2% of consolidated sales.

In the same period, Moschino brand sales decrease by 3.6% (-3.7% at constant exchange rates) contributing to 56.2% of consolidated sales.

Pollini brand decreases by 35.2% (-35.2% at constant exchange rates), generating 12.2% of consolidated sales, while brand under licence JP Gaultier decreases by 34.4% (-33.8% at constant exchange rates) contributing to 7.2% of consolidated sales.

The other brands sales decrease by 46.7% (-46.6% at constant exchange rates) contributing to 3.2% of consolidated sales.

The following table details the revenues by distribution channel for the first quarters of 2010 and 2009.

(Values in thousands of EUR)	I Q		I Q		Change	
	2010	%	2009	%	Δ	%
Wholesale	41,630	67.9%	53,095	73.4%	-11,465	-21.6%
Retail	15,694	25.6%	14,363	19.9%	1,331	9.3%
Royalties	3,960	6.5%	4,836	6.7%	-876	-18.1%
Total	61,284	100.0%	72,294	100.0%	-11,010	-15.2%

By distribution channel in the first quarter of 2010, wholesale sales decrease by 21.6% (-21.2% at constant exchange rates) contributing to 67.9% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 15,694 thousand with an increase of 9.3% (+8.2% at constant exchange rates) contributing to 25.6% of consolidated sales.

Royalty income is 18.1% lower than in the corresponding period of the previous year, representing 6.5% of consolidated sales.

The following table details the revenues by own brand and brand under license for the first quarters of 2010 and 2009.

(Values in thousands of EUR)	I Q		I Q		Change	
	2010	%	2009	%	Δ	%
Own brands	54,850	89.5%	61,868	85.6%	-7,018	-11.3%
Brands under license	6,434	10.5%	10,426	14.4%	-3,992	-38.3%
Total	61,284	100.0%	72,294	100.0%	-11,010	-15.2%

Revenues generated by own brands decrease in absolute value by EUR 7,018 thousand (-11.3% compared with the previous year), with an incidence on total revenues which increases from 85.6% in the first quarter of 2009 to 89.5% in the first quarter of 2010.

2. Gross Operating Margin (EBITDA)

First quarter 2010 vs 2009

In the first quarter 2010 consolidated EBITDA is equal to EUR 1,531 thousand, down 60% compared to EUR 3,858 thousand in the first quarter 2009, with a 2.5% margin on sales.

Profitability has been negatively affected by the slowdown in revenues, thus increasing the percentage of operating costs of the Group and in particular of the footwear and leather goods Division, for which, the first quarter of the year has not benefited from the CIS procedure (Extraordinary Profit Redundancy) that has started in April and regards part of the internal production.

The Group continues to be highly focused on pursuing actions to improve efficiency and to reduce operating costs in both divisions, with particular attention to research and development costs, prototype costs and more in general to labour costs.

3. Net profit for the Group

First quarter 2010 vs 2009

In the first quarter 2010 Group records a net loss of EUR 1,742 thousand, compared to a net loss of EUR 298 thousand in the first quarter 2009.

Such difference also includes EUR 707 thousand deriving from the change in accounting estimates of the key money useful life from indefinite to finite. The change has been accounted in accordance with IAS 8 and, in details, key money have been amortised on a systematic basis over their residual term of lease.

Financial expenses decrease from EUR 959 thousand to EUR 258 thousand for the combined effect of the reduction of the average interest rate compared with the first quarter 2009 and of the foreign exchange gains following the strengthen of some currency, used by the Group, compared to the values at 31 December 2009.

Segment information

Economic performance by Divisions

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

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

First quarter 2010 vs 2009

The following tables indicate the main economic data for the first quarter of 2010 and 2009 of the *Prêt-à porter* and Footwear and leather goods Divisions.

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
I Q 2010				
SECTOR REVENUES	51,170	13,101	-2,987	61,284
Intercompany revenues	-939	-2,048	2,987	0
Revenues with third parties	50,231	11,053	-	61,284
Gross operating margin (EBITDA)	3,529	-1,998	-	1,531
Amortisation	-2,484	-943	-	-3,427
Other non monetary items:				
Write-downs	-15	-14	-	-29
Net operating profit / loss (EBIT)	1,030	-2,955	-	-1,925
Financial income	586	38	-49	575
Financial expenses	-699	-183	49	-833
Profit / loss before taxes	917	-3,100	-	-2,183
Income taxes	-512	810	-	298
Net profit / loss	405	-2,290	-	-1,885

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
I Q 2009				
SECTOR REVENUES	57,900	18,324	-3,930	72,294
Intercompany revenues	-926	-3,004	3,930	0
Revenues with third parties	56,974	15,320	-	72,294
Gross operating margin (EBITDA)	4,769	-911	-	3,858
Amortisation	-2,019	-531	-	-2,550
Other non monetary items:				
Write-downs	0	0	-	0
Net operating profit / loss (EBIT)	2,750	-1,442	-	1,308
Financial income	428	45	-133	340
Financial expenses	-1,036	-396	133	-1,299
Profit / loss before taxes	2,142	-1,793	-	349
Income taxes	-1,291	423	-	-868
Net profit / loss	851	-1,370	-	-519

Prêt-à porter Division

In the first three months, revenues of the prêt-à-porter division decrease by 11.6% (-11.5% at constant exchange rates) to EUR 51,170 thousand. This division contributes to 76% of consolidated revenues in the first quarter of 2009 and 79.6% in the first quarter of 2010, before inter-divisional eliminations.

EBITDA of the *prêt-à-porter* division is EUR 3,529 thousand in the first quarter of 2010 with a decrease of 26% compared to EUR 4,769 thousand in the first quarter of 2009 and a 6.9% margin on sales.

Footwear and leather goods Division

Revenues of the footwear and leather goods division decrease by 28.5% from EUR 18,324 thousand in the first quarter of 2009 to EUR 13,101 thousand in the first quarter of 2010.

The EBITDA of the footwear and leather goods division decreases from EUR -911 thousand in the first quarter of 2009 to EUR -1,988 thousand in the first quarter of 2010.

Balance sheet

4. Net working capital

At 31 March 2010 net working capital amounts to EUR 76,014 thousand (36.9% of LTM sales) compared to EUR 67,825 thousand at 31 December 2009 (31.2% of sales); the increase in the percentage on sales is mainly related to the seasonality of the business.

5. Fixed assets

The change in fixed assets, that decrease from EUR 236,435 thousand at 31 December 2009 to EUR 235,567 thousand at 31 March 2010, is mainly determined by the depreciation of the period (EUR 3,427 thousand) only partially compensated by the investments of the quarter for EUR 2,378 thousand. Capex realised in the period are mainly related to leasehold improvements.

6. Shareholders' equity

The balance sheet shows a shareholder's equity that decreases from EUR 170,494 thousand at 31 December 2009 to EUR 168,433 thousand at 31 March 2010.

Changes in shareholders' equity are presented in tables at page 13.

7. Net financial position

The net financial indebtedness increases by EUR 7,792 thousand, from EUR 87,667 thousand at 31 December 2009 to EUR 95,459 thousand at 31 March 2010, due to the increase in net working capital and to the result of the period.

Other information

Earnings per share

Basic earnings per share:

(Values in thousands of EUR)	31 March 2010	31 March 2009
Consolidated earnings/(losses) for the period for the shareholders of the Parent Company	-1,742	-298
Weighted average number of outstanding shares	101,486	105,095
Basic earnings per share	-0.017	-0.003

Measurement basis

The main accounting policies and measurement basis adopted in preparing the consolidated financial statements at 31 March 2010 are the same used in preparing the consolidated financial statements at 31 December 2009.

Significant events subsequent the balance sheet date

After the 31 March 2010 no significant events regarding the Group's activities have to be reported.

Outlook

Even though the wholesale channel remains difficult, affected by orders collected in the third quarter 2009 when the macroeconomic situation was very uncertain, the first quarter 2010 has confirmed signs of recovery that begun to glimpse at the end of last year, especially in the retail channel which posted a 8% growth compared to the first quarter of 2009. Based on the results of the recent weeks and of the orders' backlog for Autumn/Winter 2010, we believe the improving trend should continue in the second half of the year. Nevertheless, given the high uncertainty in the macroeconomic environment, AEFEE management continues to be highly focused on pursuing actions to improve efficiency and to reduce operating costs, with benefits already showing in the first quarter of 2010 and having a greater impact during the year.

Atypical and/or unusual transactions

Pursuant to Consob communication n. DEM/6064296 dated 28 July 2006, it is confirmed that during the first quarter of 2010, the Group did not enter into any atypical and/or unusual transactions, as defined in that communication.

Significant non-recurring events and transactions

During the first quarters of 2010 and 2009 no non-recurring events or transactions have been realised.

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