

*Disclaimer*

*This Interim consolidated financial statement at 30 September 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.*



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**INTERIM CONSOLIDATED FINANCIAL STATEMENT AT 30 SEPTEMBER 2010**

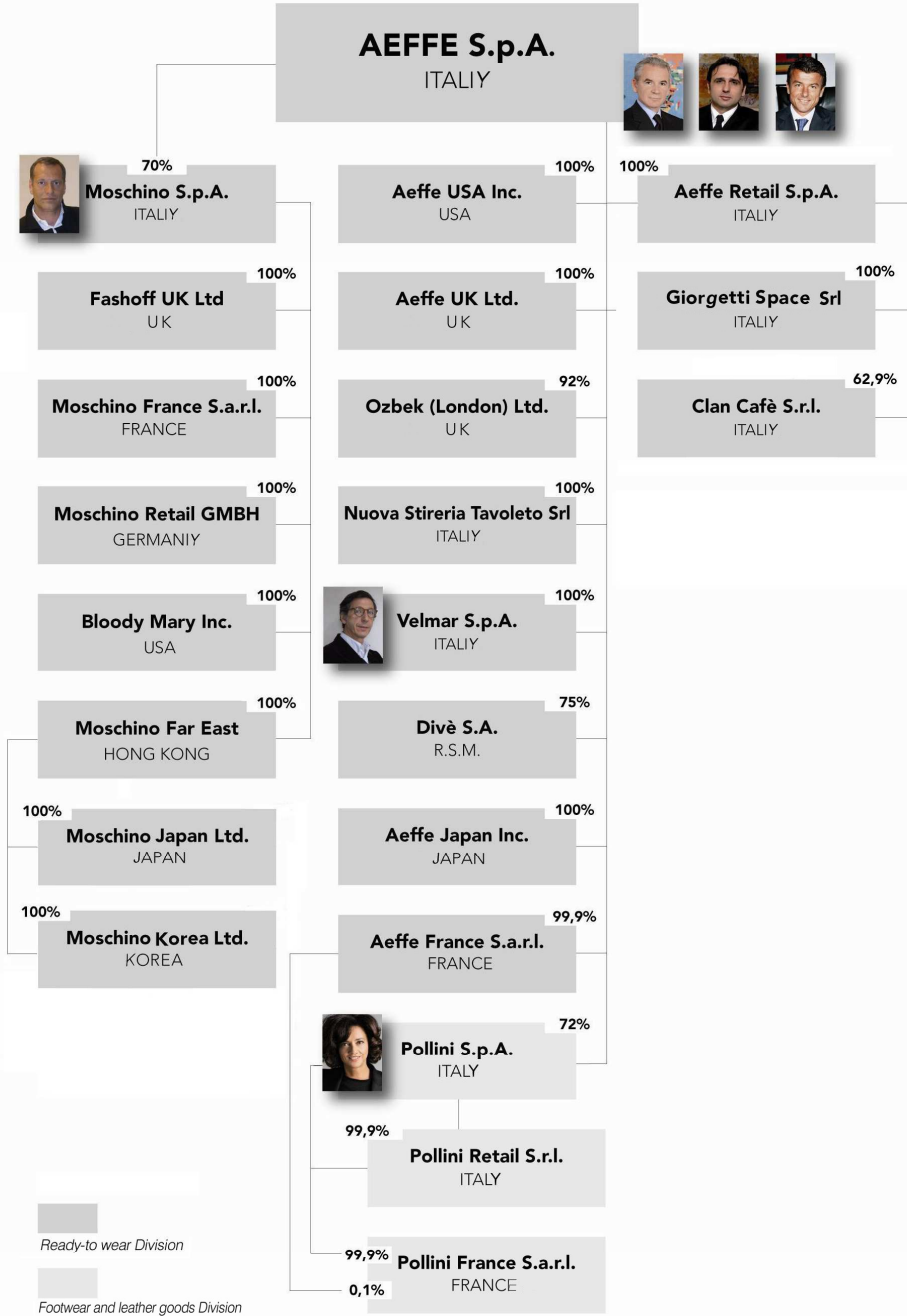
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# Board of directors and control bodies of the Parent Company

Board of Directors	<b>Chairman</b> Massimo Ferretti
	<b>Deputy Chairman</b> Alberta Ferretti
	<b>Chief Executive Officer</b> Simone Badioli
	<b>Directors</b> Marcello Tassinari – Managing Director Umberto Paolucci Roberto Lugano Pierfrancesco Giustiniani
Board of Statutory Auditors	<b>President</b> Fernando Ciotti
	<b>Statutory Auditors</b> Bruno Piccioni Romano Del Bianco
	<b>Alternate Auditors</b> Andrea Moretti Pierfrancesco Gamberini
Board of Compensation Committee	<b>President</b> Umberto Paolucci
	<b>Members</b> Pierfrancesco Giustiniani Roberto Lugano
Board of Internal Control Committee	<b>President</b> Roberto Lugano
	<b>Members</b> Pierfrancesco Giustiniani Umberto Paolucci

# Organisation chart



# Brands portfolio



## Headquarters

### **GRUPPO AEFPE**

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)  
47043 - Italy

### **VELMAR**

Via Degli Ippocastani, 329  
San Giovanni in Marignano (RN)  
47842 - Italy



## Showrooms

### MILAN

(FERRETTI - GAULTIER - CACHAREL - POLLINI)

Via Donizetti, 48  
20122 - Milan  
Italy

### MILAN

(MOSCHINO)

Via San Gregorio, 28  
20124 - Milan  
Italy

### LONDON

(FERRETTI)

205-206 Sloane Street  
SW1X9QX - London  
UK

### LONDON

(MOSCHINO)

28-29 Conduit Street  
W1R 9TA - London  
UK

### PARIS

(GRUPPO)

6, Rue Caffarelli  
75003 - Paris  
France

### NEW YORK

(GRUPPO)

30 West 56th Street  
10019 - New York  
USA

### JAPAN

Lexington Bldg. 4F  
5-11-9, Minami Aoyama Minato-ku  
107-0062 - Tokyo  
Japan



## Main flagshipstore locations under direct management

### **ALBERTA FERRETTI**

Milan  
Rome  
Capri  
Paris  
London  
New York  
Los Angeles  
Osaka  
Tokyo  
Nagoya  
Kobe City

### **POLLINI**

Milan  
Rome  
Florence  
Venice  
Bolzano  
Ravenna  
Varese  
Verona

### **SPAZIO A**

Florence  
Venice

### **MOSCHINO**

Milan  
Rome  
Capri  
Paris  
London  
Berlin  
New York  
Osaka  
Tokyo  
Nagoya  
Kobe City  
Seoul  
Pusan  
Daegu





## Main economic-financial data

		9 M	9 M
		2009	2010
Total revenues	(Values in millions of EUR)	180.0	176.6
Gross operating margin (EBITDA)	(Values in millions of EUR)	-5.9	5.9
Net operating profit (EBIT)	(Values in millions of EUR)	-13.8	-4.3
Profit before taxes	(Values in millions of EUR)	-16.8	-5.3
Net profit for the Group	(Values in millions of EUR)	-11.7	-5.1
Basic earnings per share	(Values in units of EUR)	-0.115	-0.050
Cash Flow (net profit + depreciation)	(Values in millions of EUR)	-6.3	4.4
Cash Flow/Total revenues	Ratio	-3.5	2.5

		31 December	30 September	31 December	30 September
		2008	2009	2009	2010
Net capital invested	(Values in millions of EUR)	262.8	274.8	258.2	268.7
Net financial indebtedness	(Values in millions of EUR)	66.8	94.2	87.7	104.2
Group net equity	(Values in millions of EUR)	165.0	152.0	143.2	137.8
Group net equity per share	(Values in units of EUR)	1.5	1.4	1.3	1.3
Current assets/Current liabilities	Ratio	1.9	2.5	2.1	2.5
Current assets less invent./Current liabilities (ACID Test)	Ratio	1.0	1.3	1.0	1.3
Net financial indebtedness/Net equity	Ratio	0.3	0.5	0.5	0.6

## Financial statements

### Income statement at 30 September

(Values in units of EUR)	Notes	9 M 2010	% on revenues	9 M 2009	% on revenues	Change	%
<b>REVENUES FROM SALES AND SERVICES</b>	<b>(1)</b>	<b>173,252,618</b>	<b>100.0%</b>	<b>175,689,136</b>	<b>100.0%</b>	<b>-2,436,518</b>	<b>-1.4%</b>
Other revenues and income		3,305,483	1.9%	4,265,558	2.4%	-960,075	-22.5%
<b>TOTAL REVENUES</b>		<b>176,558,101</b>	<b>101.9%</b>	<b>179,954,694</b>	<b>102.4%</b>	<b>-3,396,593</b>	<b>-1.9%</b>
Changes in inventory		-3,602,290	-2.1%	-6,828,631	-3.9%	3,226,341	-47.2%
Costs of raw materials, cons. and goods for resale		-47,552,913	-27.4%	-50,431,579	-28.7%	2,878,666	-5.7%
Costs of services		-54,228,053	-31.3%	-62,249,707	-35.4%	8,021,654	-12.9%
Costs for use of third parties assets		-16,147,618	-9.3%	-14,743,636	-8.4%	-1,403,982	9.5%
Labour costs		-46,107,175	-26.6%	-47,984,219	-27.3%	1,877,044	-3.9%
Other operating expenses		-2,994,899	-1.7%	-3,622,465	-2.1%	627,566	-17.3%
<b>Total Operating Costs</b>		<b>-170,632,948</b>	<b>-98.5%</b>	<b>-185,860,237</b>	<b>-105.8%</b>	<b>15,227,289</b>	<b>-8.2%</b>
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(2)</b>	<b>5,925,153</b>	<b>3.4%</b>	<b>-5,905,543</b>	<b>-3.4%</b>	<b>11,830,696</b>	<b>-200.3%</b>
Amortisation of intangible fixed assets		-4,864,773	-2.8%	-2,714,100	-1.5%	-2,150,673	79.2%
Depreciation of tangible fixed assets		-5,310,072	-3.1%	-5,149,777	-2.9%	-160,295	3.1%
Revaluations/(write-downs) and provisions		-16,319	0.0%	0	0.0%	-16,319	n.a.
<b>Total Amortisation, write-downs and provisions</b>		<b>-10,191,164</b>	<b>-5.9%</b>	<b>-7,863,877</b>	<b>-4.5%</b>	<b>-2,327,287</b>	<b>29.6%</b>
<b>NET OPERATING PROFIT/LOSS (EBIT)</b>		<b>-4,266,011</b>	<b>-2.5%</b>	<b>-13,769,420</b>	<b>-7.8%</b>	<b>9,503,409</b>	<b>-69.0%</b>
Financial income		1,614,916	0.9%	465,564	0.3%	1,149,352	246.9%
Financial expenses		-2,692,987	-1.6%	-3,506,627	-2.0%	813,640	-23.2%
<b>Total Financial Income/(expenses)</b>		<b>-1,078,071</b>	<b>-0.6%</b>	<b>-3,041,063</b>	<b>-1.7%</b>	<b>1,962,992</b>	<b>-64.5%</b>
<b>PROFIT/LOSS BEFORE TAXES</b>		<b>-5,344,082</b>	<b>-3.1%</b>	<b>-16,810,483</b>	<b>-9.6%</b>	<b>11,466,401</b>	<b>-68.2%</b>
Current income taxes		-2,918,876	-1.7%	-2,305,616	-1.3%	-613,260	26.6%
Deferred income/(expenses) taxes		2,451,526	1.4%	4,995,151	2.8%	-2,543,625	-50.9%
<b>Total Income Taxes</b>		<b>-467,350</b>	<b>-0.3%</b>	<b>2,689,535</b>	<b>1.5%</b>	<b>-3,156,885</b>	<b>-117.4%</b>
<b>NET PROFIT/LOSS</b>		<b>-5,811,432</b>	<b>-3.4%</b>	<b>-14,120,948</b>	<b>-8.0%</b>	<b>8,309,516</b>	<b>-58.8%</b>
(Profit)/loss attributable to minority shareholders		740,636	0.4%	2,377,360	1.4%	-1,636,724	-68.8%
<b>NET PROFIT/LOSS FOR THE GROUP</b>	<b>(3)</b>	<b>-5,070,796</b>	<b>-2.9%</b>	<b>-11,743,588</b>	<b>-6.7%</b>	<b>6,672,792</b>	<b>-56.8%</b>

## Income statement for the third quarter

(Values in units of EUR)	Notes	III Q 2010	% on revenues	III Q 2009	% on revenues	Change	%
<b>REVENUES FROM SALES AND SERVICES</b>	<b>(1)</b>	<b>70,383,095</b>	<b>100.0%</b>	<b>64,540,988</b>	<b>100.0%</b>	<b>5,842,107</b>	<b>9.1%</b>
Other revenues and income		-579,835	-0.8%	1,665,263	2.6%	-2,245,098	-134.8%
<b>TOTAL REVENUES</b>		<b>69,803,260</b>	<b>99.2%</b>	<b>66,206,251</b>	<b>102.6%</b>	<b>3,597,009</b>	<b>5.4%</b>
Changes in inventory		-4,244,924	-6.0%	-7,391,591	-11.5%	3,146,667	-42.6%
Costs of raw materials, cons. and goods for resale		-16,946,896	-24.1%	-14,550,483	-22.5%	-2,396,413	16.5%
Costs of services		-19,389,232	-27.5%	-20,283,085	-31.4%	893,853	-4.4%
Costs for use of third parties assets		-5,637,556	-8.0%	-5,050,825	-7.8%	-586,731	11.6%
Labour costs		-15,628,703	-22.2%	-15,957,357	-24.7%	328,654	-2.1%
Other operating expenses		242,046	0.3%	-1,646,729	-2.6%	1,888,775	-114.7%
Total Operating Costs		-61,605,265	-87.5%	-64,880,070	-100.5%	3,274,805	-5.0%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(2)</b>	<b>8,197,995</b>	<b>11.6%</b>	<b>1,326,181</b>	<b>2.1%</b>	<b>6,871,814</b>	<b>518.2%</b>
Amortisation of intangible fixed assets		-1,644,877	-2.3%	-907,505	-1.4%	-737,372	81.3%
Depreciation of tangible fixed assets		-1,947,168	-2.8%	-1,777,562	-2.8%	-169,606	9.5%
Revaluations/(write-downs) and provisions		19,214	0.0%	0	0.0%	19,214	n.a.
Total Amortisation, write-downs and provisions		-3,572,831	-5.1%	-2,685,067	-4.2%	-887,764	33.1%
<b>NET OPERATING PROFIT/LOSS (EBIT)</b>		<b>4,625,164</b>	<b>6.6%</b>	<b>-1,358,886</b>	<b>-2.1%</b>	<b>5,984,050</b>	<b>-440.4%</b>
Financial income		-638,954	-0.9%	84,590	0.1%	-723,544	-855.4%
Financial expenses		-818,447	-1.2%	-1,285,615	-2.0%	467,168	-36.3%
Total Financial Income/(expenses)		-1,457,401	-2.1%	-1,201,025	-1.9%	-256,376	21.3%
<b>PROFIT/LOSS BEFORE TAXES</b>		<b>3,167,763</b>	<b>4.5%</b>	<b>-2,559,911</b>	<b>-4.0%</b>	<b>5,727,674</b>	<b>-223.7%</b>
Current income taxes		-1,747,052	-2.5%	-641,215	-1.0%	-1,105,837	172.5%
Deferred income/(expenses) taxes		-220,925	-0.3%	1,012,857	1.6%	-1,233,782	-121.8%
Total Income Taxes		-1,967,977	-2.8%	371,642	0.6%	-2,339,619	-629.5%
<b>NET PROFIT/LOSS</b>		<b>1,199,786</b>	<b>1.7%</b>	<b>-2,188,269</b>	<b>-3.4%</b>	<b>3,388,055</b>	<b>-154.8%</b>
(Profit)/loss attributable to minority shareholders		31,606	0.0%	479,051	0.7%	-447,445	-93.4%
<b>NET PROFIT/LOSS FOR THE GROUP</b>	<b>(3)</b>	<b>1,231,392</b>	<b>1.7%</b>	<b>-1,709,218</b>	<b>-2.6%</b>	<b>2,940,610</b>	<b>-172.0%</b>

## Reclassified balance sheet

(Values in units of EUR)	Notes	30 September 2010	31 December 2009
Trade receivables		42,499,145	26,868,686
Stocks and inventories		67,152,026	69,482,860
Trade payables		-37,736,150	-42,133,025
<b>Operating net working capital</b>	<b>(4)</b>	<b>71,915,021</b>	<b>54,218,521</b>
Other short term receivables		24,074,835	25,345,033
Tax receivables		4,533,599	6,284,474
Other short term liabilities		-14,436,622	-14,646,542
Tax payables		-3,235,443	-3,376,900
<b>Net working capital</b>		<b>82,851,390</b>	<b>67,824,586</b>
Tangible fixed assets		76,214,578	76,586,538
Intangible fixed assets		158,275,660	157,008,475
Equity investments		28,840	27,840
Other fixed assets		2,972,351	2,812,254
<b>Fixed assets</b>	<b>(5)</b>	<b>237,491,429</b>	<b>236,435,107</b>
Post employment benefits		-9,271,359	-9,784,848
Provisions		-1,298,505	-1,247,299
Assets available for sale		436,885	9,257,006
Liabilities available for sale		-	-1,853,574
Long term not financial liabilities		-14,239,406	-14,241,401
Deferred tax assets		14,980,139	14,544,857
Deferred tax liabilities		-42,234,072	-42,773,359
<b>NET CAPITAL INVESTED</b>		<b>268,716,501</b>	<b>258,161,075</b>
Share capital		25,371,407	25,371,407
Other reserves		119,820,624	125,160,336
Profits/(Losses) carried-forward		-2,363,216	12,749,353
Profit/(Loss) of the period		-5,070,796	-20,088,143
<b>Group interest in shareholders' equity</b>		<b>137,758,019</b>	<b>143,192,953</b>
Minority interests in shareholders' equity		26,756,508	27,301,285
<b>Total shareholders' equity</b>	<b>(6)</b>	<b>164,514,527</b>	<b>170,494,238</b>
Cash		-4,668,356	-5,336,905
Long term financial liabilities		14,102,519	18,159,414
Short term financial liabilities		94,767,811	74,844,328
<b>NET FINANCIAL POSITION</b>	<b>(7)</b>	<b>104,201,974</b>	<b>87,666,837</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS</b>		<b>268,716,501</b>	<b>258,161,075</b>

## Cash flow

(Values in thousands of EUR)	Notes	9 M 2010	9 M 2009
<b>OPENING BALANCE</b>		<b>5,337</b>	<b>7,706</b>
Profit before taxes		-5,344	-16,810
Amortisation / write-downs		10,191	7,864
Accrual (+) / avallment (-) of long term provisions and post employment benefits		-462	-1,097
Paid income taxes		-1,583	-2,140
Financial income (-) and financial charges (+)		1,078	3,041
Change in operating assets and liabilities		-14,888	-9,914
<b>CASH FLOW (ABSORBED) / GENERATED BY OPERATING ACTIVITY</b>		<b>-11,008</b>	<b>-19,056</b>
Increase (-) / decrease (+) in intangible fixed assets		-6,132	-351
Increase (-) / decrease (+) in tangible fixed assets		-4,938	-3,778
Investments and write-downs (-)/ Disinvestments and revaluations (+)		6,949	-50
<b>CASH FLOW (ABSORBED) / GENERATED BY INVESTING ACTIVITY</b>		<b>-4,121</b>	<b>-4,179</b>
Other variations in reserves and profits carried-forward of shareholders' equity		-168	-558
Dividends paid		0	-710
Proceeds (+) / repayment (-) of financial payments		15,866	26,774
Increase (-) / decrease (+) in long term financial receivables		-160	172
Financial income (+) and financial charges (-)		-1,078	-3,041
<b>CASH FLOW (ABSORBED) / GENERATED BY FINANCING ACTIVITY</b>		<b>14,460</b>	<b>22,637</b>
<b>CLOSING BALANCE</b>		<b>4,668</b>	<b>7,108</b>

## Changes in shareholders' equity

	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
<i>(Values in thousands of EUR)</i>												
<b>BALANCES AT 31 December 2008</b>	25,767	71,796	31,795	7,901	11,459	10,236	7,676	- 1,269	- 340	165,021	30,990	196,011
<b>Changes in equity for the first 9 M of 2009</b>												
Allocation of 31 December 2008 profit	-	-	4,453	-	-	3,223	- 7,676	-	-	-	-	-
Dividends paid	-	-	-	-	-	- 710	-	-	-	710	-	710
Treasury stock (buy-back)/ sale	- 396	- 556	-	-	-	-	-	-	-	952	-	952
Total comprehensive income/(loss) at 30/09/09	-	-	-	-	-	-	- 11,744	51	340	- 11,353	- 2,377	- 13,730
Other changes	-	-	3	-	-	-	-	-	-	3	-	3
<b>BALANCES AT 30 September 2009</b>	25,371	71,240	36,251	7,901	11,459	12,749	- 11,744	- 1,218	-	152,009	28,613	180,622
<i>(Values in thousands of EUR)</i>												
<b>BALANCES AT 31 December 2009</b>	25,371	71,240	36,252	7,901	11,459	12,749	- 20,088	- 1,691	-	143,193	27,301	170,494
<b>Changes in equity for the first 9 M of 2010</b>												
Loss settlement 31/12/09	-	-	- 5,172	-	-	- 14,916	20,088	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) at 30/09/10	-	-	-	-	-	-	- 5,071	- 168	-	5,239	- 740	- 5,979
Other changes	-	-	-	-	-	- 196	-	-	-	196	196	-
<b>BALANCES AT 30 September 2010</b>	25,371	71,240	31,080	7,901	11,459	- 2,363	- 5,071	- 1,859	-	137,758	26,757	164,515

## Interim management report

The revenues from sales and services generated in the first nine months of 2010 amount to EUR 173,253 thousand compared to EUR 175,689 thousand of the first nine months of 2009, showing a reduction of 1.4% (-2.7% at constant exchange rates). Revenues are positively influenced by the 7% and 9.1% increase, respectively, in the second and third quarter 2010 compared to the same periods of the previous year.

In the first nine months of 2010 EBITDA is positive for EUR 5,925 thousand (with an incidence of 3.4% of consolidated sales), showing a significant improvement compared to a negative EBITDA of EUR 5,906 thousand.

Profitability is positively influenced by the lower incidence of the operating costs thanks to the policy of costs' reduction and efficiency improvement taken by the Group.

Consolidated EBIT is negative for EUR 4,266 thousand, compared to a negative EBIT of EUR 13,769 thousand in the first 9 months of 2009. The difference also includes EUR 2,135 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.

The balance sheet at 30 September 2010 shows a shareholders' equity of EUR 164,515 thousand and an increase in net financial indebtedness from EUR 87,667 thousand at 31 December 2009 to EUR 104,202 thousand at 30 September 2010. Such increase is mainly due to the economic result of the first nine months (EUR -5,811 thousand), to the investments realised in the period (EUR 4,121 thousand) and to the increase of the net working capital.

Net working capital amounts to EUR 82,851 thousand (38.6% of LTM sales) compared to EUR 67,825 thousand at 31 December 2009 (31.2% of sales). The increase of net working capital is mainly due to the seasonality of the business.

Capex realised in the period are mainly related to the key money paid for a store located in Montenapoleone Street in Milan and to the maintenance and stores' refurbishment.

## Explanatory notes

### Income statement

#### 1. Revenues from sales and services

##### *Nine months 2010 vs 2009*

In the first nine months of 2010, revenues from sales and services are equal to EUR 173,253 thousand with a decrease of 1.4% (-2.7% at constant exchange rates) compared with EUR 175,689 thousand in the first nine months of 2009.

#### Sales by brand

(Values in thousands of EUR)	9 M		9 M		Change	
	2010	%	2009	%	Δ	%
Alberta Ferretti	37,451	21.6%	38,622	22.0%	-1,171	-3.0%
Moschino	97,062	56.0%	92,623	52.7%	4,439	4.8%
Pollini	22,082	12.7%	25,619	14.6%	-3,537	-13.8%
J.P.Gaultier	10,307	6.0%	12,500	7.1%	-2,193	-17.5%
Other	6,351	3.7%	6,325	3.6%	26	0.4%
<b>Total</b>	<b>173,253</b>	<b>100.0%</b>	<b>175,689</b>	<b>100.0%</b>	<b>-2,436</b>	<b>-1.4%</b>

In the first nine months of 2010, Alberta Ferretti brand decreases by 3.0% (-4.3% at constant exchange rates), generating 21.6% of consolidated sales.

In the same period, Moschino brand sales increase by 4.8% (+2.9% at constant exchange rates) contributing to 56.0% of consolidated sales.

Pollini brand decreases by 13.8% (-13.8% at constant exchange rates), generating 12.7% of consolidated sales, while brand under licence JP Gaultier decreases by 17.5% (-18.0% at constant exchange rates) contributing to 6.0% of consolidated sales.

The other brands sales increase by 0.4% (+0.1% at constant exchange rates) contributing to 3.7% of consolidated sales.

#### Sales by geographical area

(Values in thousands of EUR)	9 M		9 M		Change	
	2010	%	2009	%	Δ	%
Italy	73,559	42.5%	72,538	41.3%	1,021	1.4%
Europe (Italy and Russia excluded)	37,477	21.6%	38,943	22.2%	-1,466	-3.8%
Russia	11,261	6.5%	11,573	6.6%	-312	-2.7%
United States	14,893	8.6%	13,763	7.8%	1,130	8.2%
Japan	14,528	8.4%	13,270	7.6%	1,258	9.5%
Rest of the World	21,535	12.4%	25,602	14.5%	-4,067	-15.9%
<b>Total</b>	<b>173,253</b>	<b>100.0%</b>	<b>175,689</b>	<b>100.0%</b>	<b>-2,436</b>	<b>-1.4%</b>



In the first nine months of 2010 sales in Italy increase by 1.4% to EUR 73,559 thousand, contributing to 42.5% of consolidated sales.

Sales in Europe decrease by 3.8% (-4.1% at constant exchange rates), contributing to 21.6% of consolidated sales, while the Russian market records sales equal to EUR 11,261 thousand, contributing to 6.5% of consolidated sales, with a contraction of 2.7%. Sales in the United States are equal to EUR 14,893 thousand, contributing to 8.6% of consolidated sales, with an increase of 8.2% (+4.9% at constant exchange rates). In Japan sales increase by 9.5% (+0.4% at constant exchange rates) to EUR 14,528 thousand, contributing to 8.4% of consolidated sales.

In the Rest of the World, sales are equal to EUR 21,535 thousand with a decrease of 15.9% (-17.9% at constant exchange rates) and a contribution of 12.4% of consolidated sales.

### Sales by distribution channel

(Values in thousands of EUR)	9 M		9 M		Change	
	2010	%	2009	%	Δ	%
Wholesale	109,784	63.4%	117,351	66.8%	-7,567	-6.4%
Retail	51,436	29.7%	44,870	25.5%	6,566	14.6%
Royalties	12,033	6.9%	13,468	7.7%	-1,435	-10.7%
<b>Total</b>	<b>173,253</b>	<b>100.0%</b>	<b>175,689</b>	<b>100.0%</b>	<b>-2,436</b>	<b>-1.4%</b>

By distribution channel in the first nine months of 2010, wholesale sales decrease by 6.4% (-7.1% at constant exchange rates) contributing to 63.4% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 51,436 thousand with an increase of 14.6% (+11.1% at constant exchange rates) contributing to 29.7% of consolidated sales.

Royalty income is 10.7% lower than in the corresponding period of the previous year, representing 6.9% of consolidated sales.

### Sales by own brands and under licensed brands

(Values in thousands of EUR)	9 M		9 M		Change	
	2010	%	2009	%	Δ	%
Own brands	156,622	90.4%	156,986	89.4%	-364	-0.2%
Brands under license	16,631	9.6%	18,703	10.6%	-2,072	-11.1%
<b>Total</b>	<b>173,253</b>	<b>100.0%</b>	<b>175,689</b>	<b>100.0%</b>	<b>-2,436</b>	<b>-1.4%</b>

Revenues generated by own brands decrease in absolute value by EUR 364 thousand, -0.2% compared with the previous year, with an incidence on total revenues which increases from 89.4% in the first nine months of 2009 to 90.4% in the first nine months of 2010.

### Third quarter 2010 vs 2009

In the third quarter of 2010, revenues from sales and services are equal to EUR 70,383 thousand with an increase of 9.1% compared with EUR 64,541 thousand in the third quarter of 2009.

## Sales by brand

(Values in thousands of EUR)	III Q		III Q		Change	
	2010	%	2009	%	Δ	%
Alberta Ferretti	16,017	22.8%	15,705	24.3%	312	2.0%
Moschino	37,509	53.3%	33,880	52.5%	3,629	10.7%
Pollini	9,155	13.0%	8,787	13.6%	368	4.2%
J.P.Gaultier	4,831	6.9%	4,789	7.4%	42	0.9%
Other	2,871	4.0%	1,380	2.2%	1,491	108.0%
<b>Total</b>	<b>70,383</b>	<b>100.0%</b>	<b>64,541</b>	<b>100.0%</b>	<b>5,842</b>	<b>9.1%</b>

In the third quarter of 2010, Alberta Ferretti brand increases by 2.0% generating 22.8% of consolidated sales.

In the same period, Moschino brand sales increase by 10.7% contributing to 53.3% of consolidated sales.

Pollini brand increases by 4.2% generating 13.0% of consolidated sales, while brand under licence JP Gaultier increases by 0.9% contributing to 6.9% of consolidated sales.

The other brands sales increase by 108% contributing to 4.0% of consolidated sales.

## Sales by geographical area

(Values in thousands of EUR)	III Q		III Q		Change	
	2010	%	2009	%	Δ	%
Italy	29,488	41.9%	26,134	40.5%	3,354	12.8%
Europe (Italy and Russia excluded)	15,214	21.6%	15,171	23.5%	43	0.3%
Russia	5,146	7.3%	4,226	6.5%	920	21.8%
United States	5,523	7.8%	4,682	7.3%	841	18.0%
Japan	6,234	8.9%	5,107	7.9%	1,127	22.1%
Rest of the World	8,778	12.5%	9,221	14.3%	-443	-4.8%
<b>Total</b>	<b>70,383</b>	<b>100.0%</b>	<b>64,541</b>	<b>100.0%</b>	<b>5,842</b>	<b>9.1%</b>

In the third quarter of 2010 sales in Italy increase by 12.8% to EUR 29,488 thousand, contributing to 41.9% of consolidated sales.

Sales in Europe increase by 0.3% contributing to 21.6% of consolidated sales, while the Russian market records sales equal to EUR 5,146 thousand, contributing to 7.3% of consolidated sales, with an increase of 21.8%. Sales in the United States are equal to EUR 5,523 thousand, contributing to 7.8% of consolidated sales, with an increase of 18%. In Japan sales increase by 22.1% to EUR 6,234 thousand, contributing to 8.9% of consolidated sales.

In the Rest of the World, sales are equal to EUR 8,778 thousand with a decrease of 4.8% and a contribution of 12.5% of consolidated sales.

## Sales by distribution channel

(Values in thousands of EUR)	III Q		III Q		Change	
	2010	%	2009	%	Δ	%
Wholesale	46,593	66.2%	44,124	68.4%	2,469	5.6%
Retail	19,515	27.7%	16,067	24.9%	3,448	21.5%
Royalties	4,275	6.1%	4,350	6.7%	-75	-1.7%
<b>Total</b>	<b>70,383</b>	<b>100.0%</b>	<b>64,541</b>	<b>100.0%</b>	<b>5,842</b>	<b>9.1%</b>

By distribution channel in the third quarter of 2010, wholesale sales increase by 5.6% contributing to 66.2% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 19,515 thousand with an increase of 21.5% contributing to 27.7% of consolidated sales.

Royalty income is 1.7% lower than in the corresponding period of the previous year, representing 6.1% of consolidated sales.

### Sales by own brands and under licensed brands

(Values in thousands of EUR)	III Q		III Q		Change	
	2010	%	2009	%	Δ	%
Own brands	62,682	89.1%	58,377	90.4%	4,305	7.4%
Brands under license	7,701	10.9%	6,164	9.6%	1,537	24.9%
<b>Total</b>	<b>70,383</b>	<b>100.0%</b>	<b>64,541</b>	<b>100.0%</b>	<b>5,842</b>	<b>9.1%</b>

Revenues generated by own brands increase in absolute value by EUR 4,305 thousand, with an incidence on total revenues which decreases from 90.4% in the third quarter of 2009 to 89.1% in the third quarter of 2010. Revenues generated by brands under license increase in absolute value by EUR 1,537 thousand.

## 2. Gross Operating Margin (EBITDA)

### *Nine months 2010 vs 2009*

In the first nine months of 2010 EBITDA is positive for EUR 5,925 thousand (with an incidence of 3.4% of consolidated sales), showing a significant improvement compared to a negative EBITDA of EUR 5,906 thousand in the first nine months of 2009.

Profitability is positively influenced by the lower incidence of the operating costs thanks to the policy of costs' reduction and efficiency improvement taken by the Group.

### *Third quarter 2010 vs 2009*

In the third quarter of 2010 consolidated EBITDA is EUR 8,198 thousand, showing a strong recovery of profitability compared to EUR 1,326 thousand in the third quarter of 2009, with an incidence of 11.6% of consolidated sales.

### **3. Net profit for the Group**

#### *Nine months 2010 vs 2009*

In the first nine months of 2010 Group records a net loss of EUR 5,071 thousand, compared to a net loss of EUR 11,744 thousand in the first nine months of 2009. Such variation also includes the effect (net of taxes) of EUR 1,465 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.

#### *Third quarter 2010 vs 2009*

In the third quarter of 2010 Group records a net profit of EUR 1,231 thousand, compared to a net loss of EUR 1,709 thousand in the third quarter of 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.

### *Nine months 2010 vs 2009*

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

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
9M 2010				
<b>SECTOR REVENUES</b>	<b>143,096</b>	<b>38,715</b>	<b>-8,558</b>	<b>173,253</b>
Intercompany revenues	-2,636	-5,922	8,558	-
<b>Revenues with third parties</b>	<b>140,460</b>	<b>32,793</b>	<b>-</b>	<b>173,253</b>
<b>Gross operating margin (EBITDA)</b>	<b>9,490</b>	<b>-3,565</b>	<b>-</b>	<b>5,925</b>
Amortisation	-7,678	-2,497	-	-10,175
Other non monetary items:				
Revaluations / write-downs	-16	0		-16
<b>Net operating profit / loss (EBIT)</b>	<b>1,796</b>	<b>-6,062</b>	<b>-</b>	<b>-4,266</b>
Financial income	1,728	47	-160	1,615
Financial expenses	-2,306	-547	160	-2,693
<b>Profit / loss before taxes</b>	<b>1,218</b>	<b>-6,562</b>	<b>-</b>	<b>-5,344</b>
Income taxes	-2,182	1,715	-	-467
<b>Net profit / loss</b>	<b>-964</b>	<b>-4,847</b>	<b>-</b>	<b>-5,811</b>

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
9M 2009				
<b>SECTOR REVENUES</b>	<b>143,734</b>	<b>41,234</b>	<b>-9,279</b>	<b>175,689</b>
Intercompany revenues	-2,078	-7,201	9,279	-
<b>Revenues with third parties</b>	<b>141,656</b>	<b>34,033</b>	<b>-</b>	<b>175,689</b>
<b>Gross operating margin (EBITDA)</b>	<b>-74</b>	<b>-5,832</b>	<b>-</b>	<b>-5,906</b>
Amortisation	-6,235	-1,628	-	-7,863
Other non monetary items:				
Revaluations / write-downs	-	-		-
<b>Net operating profit / loss (EBIT)</b>	<b>-6,309</b>	<b>-7,460</b>	<b>-</b>	<b>-13,769</b>
Financial income	666	91	-291	466
Financial expenses	-2,956	-842	291	-3,507
<b>Profit / loss before taxes</b>	<b>-8,599</b>	<b>-8,211</b>	<b>-</b>	<b>-16,810</b>
Income taxes	454	2,235	-	2,689
<b>Net profit / loss</b>	<b>-8,145</b>	<b>-5,976</b>	<b>-</b>	<b>-14,121</b>

### *Third Quarter 2010 vs 2009*

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

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
III Q 2010				
<b>SECTOR REVENUES</b>	<b>57,254</b>	<b>16,438</b>	<b>-3,309</b>	<b>70,383</b>
Intercompany revenues	-1,071	-2,238	3,309	0
<b>Revenues with third parties</b>	<b>56,183</b>	<b>14,200</b>		<b>70,383</b>
<b>Gross operating margin (EBITDA)</b>	<b>7,525</b>	<b>673</b>		<b>8,198</b>
Amortisation	-2,756	-836		-3,592
Other non monetary items:				
Revaluations / write-downs	0	19		19
<b>Net operating profit / loss (EBIT)</b>	<b>4,769</b>	<b>-144</b>		<b>4,625</b>
Financial income	-575	-3	-61	-639
Financial expenses	-706	-173	61	-818
<b>Profit / loss before taxes</b>	<b>3,488</b>	<b>-320</b>		<b>3,168</b>
Income taxes	-1,964	-4		-1,968
<b>Net profit / loss</b>	<b>1,524</b>	<b>-324</b>		<b>1,200</b>

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
III Q 2009				
<b>SECTOR REVENUES</b>	<b>53,516</b>	<b>13,667</b>	<b>-2,642</b>	<b>64,541</b>
Intercompany revenues	-750	-1,892	2,642	-
<b>Revenues with third parties</b>	<b>52,766</b>	<b>11,775</b>		<b>64,541</b>
<b>Gross operating margin (EBITDA)</b>	<b>3,164</b>	<b>-1,838</b>		<b>1,326</b>
Amortisation	-2,113	-572		-2,685
Other non monetary items:				
Revaluations / write-downs	-	-		-
<b>Net operating profit / loss (EBIT)</b>	<b>1,051</b>	<b>-2,410</b>		<b>-1,359</b>
Financial income	155	-2	-68	85
Financial expenses	-1,144	-210	68	-1,286
<b>Profit / loss before taxes</b>	<b>62</b>	<b>-2,622</b>		<b>-2,560</b>
Income taxes	-685	1,057		372
<b>Net profit / loss</b>	<b>-623</b>	<b>-1,565</b>		<b>-2,188</b>

#### Prêt-à porter Division

In the first nine months of 2010, revenues of the prêt-à-porter division decrease by 0.4% (-2.1% at constant exchange rates) to EUR 143,096 thousand. This division contributes to 77.7% of consolidated revenues in the first nine months of 2009 and 78.7% in the first nine months of 2010, before inter-divisional eliminations.

EBITDA of the *prêt-à-porter* division is positive for EUR 9,490 thousand in the first nine months of 2010 (representing 6.6% of consolidated sales) compared to a negative amount of EUR 74 thousand in the first nine months of 2009, showing a strong recovery of profitability in the second and third quarter 2010 compared to the correspondent periods of 2009.

#### Footwear and leather goods Division

Revenues of the footwear and leather goods division decrease by 6.1% from EUR 41,234 thousand in the first nine months of 2009 to EUR 38,715 thousand in the first nine months of 2010.

The EBITDA of the footwear and leather goods division increases from a negative value of EUR 5,832 thousand in the first nine months of 2009 to a negative value of EUR 3,565 thousand in the first nine months of 2010.

## **Balance sheet**

Compared to 31 December 2009, the balance sheet at 30 September 2010 shows a decrease in shareholders' equity from EUR 170,494 thousand to EUR 164,515 thousand, mainly due to the economic result.

## **4. Net working capital**

Net working capital amounts to EUR 82,851 thousand (38.6% of LTM sales) compared with EUR 67,825 thousand at 31 December 2009 (31.2% of sales). The increase of net working capital is mainly due to the seasonality of the business.

## **5. Fixed assets**

Capex realised in the period are mainly related to the key money paid for a store located in Montenapoleone Street in Milan and to the maintenance and stores' refurbishment.

## **6. Shareholders' equity**

Changes in shareholders' equity are presented in tables at page 14.

## **7. Net financial position**

Net financial indebtedness increases by EUR 16,535 thousand from EUR 87,667 thousand at 31 December 2009 to EUR 104,202 thousand at 30 September 2010. Such increase is mainly due to the economic result of the first nine months (EUR -5,811 thousand), to the investments realised in the period (EUR 4,121 thousand) and to the increase of the net working capital.

## **Other information**

### **Earnings per share**

Basic earnings per share:

(Values in thousands of EUR)	30 September 2010	30 September 2009
Consolidated earnings/(losses) for the period for the shareholders of the Parent Company	-5,071	-11,744
Weighted average number of outstanding shares	101,486	101,826
<b>Basic earnings per share</b>	<b>-0.050</b>	<b>-0.115</b>

### **Measurement basis**

The main accounting policies and measurement basis adopted in preparing the consolidated financial statements at 30 September 2010 are the same used in preparing the consolidated financial statements at 31 December 2009.

## **Significant events subsequent to the balance sheet date**

After the 30 September 2010 no significant events regarding the Group's activities have to be reported.

## **Outlook**

In line with our expectations, in the third quarter of 2010 sales growth have strengthened further, both in the retail and in the wholesale channel, whose turnover showed, respectively, a 21% and 5.6% growth. Also the profitability growth has been very encouraging, which in the first nine months of 2010 improved by EUR 11,831 thousand compared to the first nine month of 2009, thanks to the effective implementation of the costs reduction and efficiency improvement plans at Group level.

Also the orders backlog for Spring/Summer collections 2011 has been positive and this leaves us optimistic about the strengthening of the market recovery and the prospects of the Group.

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.