



AEFFE

INTERIM CONSOLIDATED FINANCIAL STATEMENT AT 31 MARCH 2011

*Disclaimer*

*This Interim consolidated financial statement at 31 March 2011 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.*

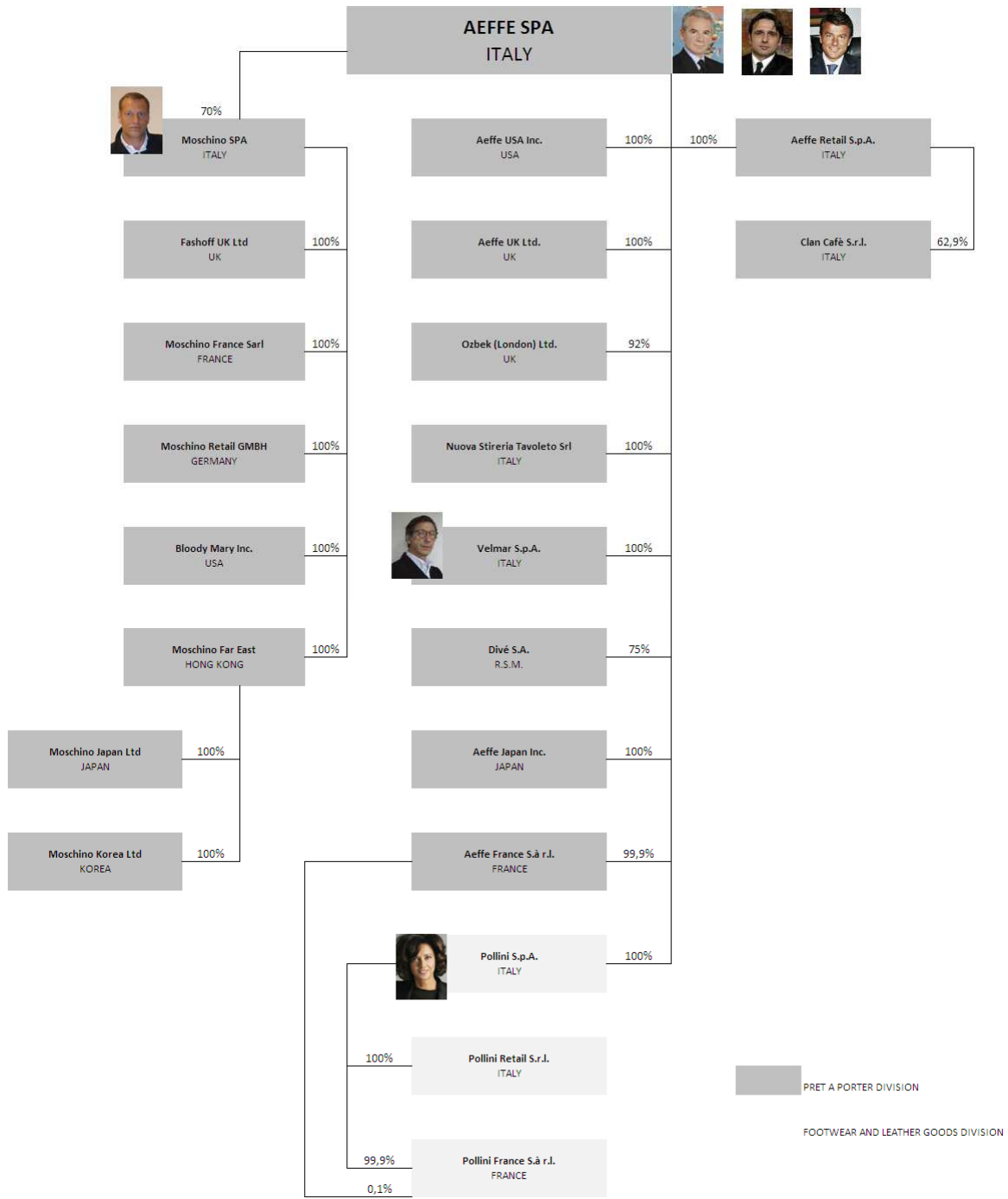
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## Board of directors and control bodies of the Parent Company

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 Roberto Lugano Pierfrancesco Giustiniani Marco Salomoni
Board of Statutory Auditors	<b>President</b> Pier Francesco Sportoletti
	<b>Statutory Auditors</b> Fernando Ciotti Romano Del Bianco
	<b>Alternate Auditors</b> Angelo Rivolta Luca Sapucci
Board of Compensation Committee	<b>President</b> Marco Salomoni
	<b>Members</b> Roberto Lugano Pierfrancesco Giustiniani
Board of Internal Control Committee	<b>President</b> Roberto Lugano
	<b>Members</b> Marco Salomoni Pierfrancesco Giustiniani

# Organisation chart



**Brands portfolio**

**Aeffe**  
Clothing - Accessories

<b>ALBERTA FERRETTI</b> <b>PHILOSOPHY</b> <small>DI ALBERTA FERRETTI</small>		
<b>MOSCHINO.</b> <b>MOSCHINO.</b> <small>CHEAPANDCHIC</small>		
<i>Jean Paul</i> <b>GAULTIER</b> <b>cacharel</b>		
<b>Pollini</b> <small>Footwear – Leather goods</small>	<b>Moschino</b> <small>Licences – Design</small>	<b>Velmar</b> <small>Beachwear - Lingerie</small>
<b>POLLINI</b> <small>STUDIO POLLINI</small>	<b>MOSCHINO.</b>	<b>MOSCHINO.</b>
<b>MOSCHINO.</b>	<b>MOSCHINO.</b> <small>CHEAPANDCHIC</small>	<i>blugirl blugirl</i> <small>beachwear      underwear</small>
<b>MOSCHINO.</b> <small>CHEAPANDCHIC</small>		
<b>LOVE</b> <b>MOSCHINO</b>	<b>LOVE</b> <b>MOSCHINO</b>	<b>get lost</b> <sup>•••</sup>

## Headquarters

### **AEFFE**

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 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

### TOKYO

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  
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

		I Q 2010	I Q 2011
Total revenues	(Values in millions of EUR)	63.6	73.4
Gross operating margin (EBITDA)	(Values in millions of EUR)	1.5	7.8
Net operating profit/(loss) (EBIT)	(Values in millions of EUR)	-1.9	4.3
Profit/(loss) before taxes	(Values in millions of EUR)	-2.2	3.4
Net profit/(loss) for the Group	(Values in millions of EUR)	-1.7	0.8
Basic earnings per share	(Values in units of EUR)	-0.017	0.008
Cash Flow (net result + depreciation)	(Values in millions of EUR)	1.5	4.6
Cash Flow/total revenues	Ratio	2.4	6.2

		31 December 2009	31 March 2010	31 December 2010	31 March 2011
Net capital invested	(Values in millions of EUR)	258.2	263.9	251.1	257.5
Net financial indebtedness	(Values in millions of EUR)	87.7	95.5	95.5	102.3
Group net equity	(Values in millions of EUR)	143.2	141.3	129.8	139.1
Group net equity per share	(Values in units of EUR)	1.3	1.3	1.2	1.3
Current assets/Current liabilities	Ratio	2.1	2.3	2.1	2.2
Current assets less invent./Current liabilities (ACID Test)	Ratio	1.0	1.2	0.9	1.1
Net financial indebtedness/Net equity	Ratio	0.5	0.6	0.6	0.7

## Financial statements

### Income statement at 31 March

(Values in units of EUR)	Notes	I Q 2011	% on revenues	I Q 2010	% on revenues	Change	%
<b>REVENUES FROM SALES AND SERVICES</b>	<b>(1)</b>	<b>71,958,833</b>	<b>100.0%</b>	<b>61,284,202</b>	<b>100.0%</b>	<b>10,674,631</b>	<b>17.4%</b>
Other revenues and income		1,471,513	2.0%	2,288,455	3.7%	-816,942	-35.7%
<b>TOTAL REVENUES</b>		<b>73,430,346</b>	<b>102.0%</b>	<b>63,572,657</b>	<b>103.7%</b>	<b>9,857,689</b>	<b>15.5%</b>
Changes in inventory		-3,168,625	-4.4%	-5,693,868	-9.3%	2,525,243	-44.4%
Costs of raw materials, cons. and goods for resale		-18,983,866	-26.4%	-14,193,574	-23.2%	-4,790,292	33.7%
Costs of services		-19,258,975	-26.8%	-18,848,176	-30.8%	-410,799	2.2%
Costs for use of third parties assets		-6,115,351	-8.5%	-5,440,244	-8.9%	-675,107	12.4%
Labour costs		-15,937,549	-22.1%	-16,120,528	-26.3%	182,979	-1.1%
Other operating expenses		-2,175,953	-3.0%	-1,745,618	-2.8%	-430,335	24.7%
<b>Total Operating Costs</b>		<b>-65,640,319</b>	<b>-91.2%</b>	<b>-62,042,008</b>	<b>-101.2%</b>	<b>-3,598,311</b>	<b>5.8%</b>
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(2)</b>	<b>7,790,027</b>	<b>10.8%</b>	<b>1,530,649</b>	<b>2.5%</b>	<b>6,259,378</b>	<b>408.9%</b>
Amortisation of intangible fixed assets		-2,012,397	-2.8%	-1,721,902	-2.8%	-290,495	16.9%
Depreciation of tangible fixed assets		-1,447,573	-2.0%	-1,705,029	-2.8%	257,456	-15.1%
Revaluations / (write-downs) and provisions		-19,376	0.0%	-28,813	0.0%	9,437	-32.8%
<b>Total Amortisation, write-downs and provisions</b>		<b>-3,479,346</b>	<b>-4.8%</b>	<b>-3,455,744</b>	<b>-5.6%</b>	<b>-23,602</b>	<b>0.7%</b>
<b>NET OPERATING PROFIT / LOSS (EBIT)</b>		<b>4,310,681</b>	<b>6.0%</b>	<b>-1,925,095</b>	<b>-3.1%</b>	<b>6,235,776</b>	<b>-323.9%</b>
Financial income		253,118	0.4%	574,712	0.9%	-321,594	-56.0%
Financial expenses		-1,182,055	-1.6%	-833,058	-1.4%	-348,997	41.9%
<b>Total Financial Income/(expenses)</b>		<b>-928,937</b>	<b>-1.3%</b>	<b>-258,346</b>	<b>-0.4%</b>	<b>-670,591</b>	<b>259.6%</b>
<b>PROFIT / LOSS BEFORE TAXES</b>		<b>3,381,744</b>	<b>4.7%</b>	<b>-2,183,441</b>	<b>-3.6%</b>	<b>5,565,185</b>	<b>-254.9%</b>
Current income taxes		-1,237,743	-1.7%	-1,280,309	-2.1%	42,566	-3.3%
Deferred income/(expenses) taxes		-1,041,279	-1.4%	1,578,444	2.6%	-2,619,723	-166.0%
<b>Total Income Taxes</b>		<b>-2,279,022</b>	<b>-3.2%</b>	<b>298,135</b>	<b>0.5%</b>	<b>-2,577,157</b>	<b>-864.4%</b>
<b>NET PROFIT / LOSS</b>		<b>1,102,722</b>	<b>1.5%</b>	<b>-1,885,306</b>	<b>-3.1%</b>	<b>2,988,028</b>	<b>-158.5%</b>
(Profit) / loss attributable to minority shareholders		-290,425	-0.4%	143,307	0.2%	-433,732	-302.7%
<b>NET PROFIT / LOSS FOR THE GROUP</b>	<b>(3)</b>	<b>812,297</b>	<b>1.1%</b>	<b>-1,741,999</b>	<b>-2.8%</b>	<b>2,554,296</b>	<b>-146.6%</b>

## Reclassified balance sheet

(Values in units of EUR)	Notes	31 March 2011	31 December 2010	31 March 2010
Trade receivables		42,883,770	27,487,606	39,764,603
Stocks and inventories		70,658,355	73,086,479	65,835,812
Trade payables		-47,275,575	-47,643,680	-42,482,809
<b>Operating net working capital</b>		<b>66,266,550</b>	<b>52,930,405</b>	<b>63,117,606</b>
Other short term receivables		25,973,457	26,973,677	26,546,395
Tax receivables		5,758,496	5,118,017	4,381,887
Other short term liabilities		-15,889,201	-13,668,204	-15,354,000
Tax payables		-3,189,078	-2,892,460	-2,678,185
<b>Net working capital</b>	<b>(4)</b>	<b>78,920,224</b>	<b>68,461,435</b>	<b>76,013,703</b>
Tangible fixed assets		73,712,356	75,619,540	77,214,964
Intangible fixed assets		152,600,284	154,173,121	155,331,691
Equity investments		44,936	28,840	27,840
Other fixed assets		2,977,886	2,988,617	2,992,216
<b>Fixed assets</b>	<b>(5)</b>	<b>229,335,462</b>	<b>232,810,118</b>	<b>235,566,711</b>
Post employment benefits		-8,783,141	-9,204,059	-9,702,398
Provisions		-1,152,868	-1,414,943	-1,251,471
Assets available for sale		793,885	793,885	4,959,753
Long term not financial liabilities		-14,241,401	-14,241,401	-14,240,310
Deferred tax assets		13,616,443	15,026,668	15,008,564
Deferred tax liabilities		-40,981,555	-41,161,918	-42,462,249
<b>NET CAPITAL INVESTED</b>		<b>257,507,049</b>	<b>251,069,785</b>	<b>263,892,303</b>
Share capital		25,371,407	25,371,407	25,371,407
Other reserves		119,066,082	119,294,593	124,984,463
Profits / (Losses) carried-forward		-6,128,164	-2,341,726	-7,338,790
Profit / (Loss) of the period		812,297	-12,506,617	-1,741,999
<b>Group interest in shareholders' equity</b>		<b>139,121,622</b>	<b>129,817,657</b>	<b>141,275,081</b>
Minority interests in shareholders' equity		16,097,110	25,726,864	27,157,978
<b>Total shareholders' equity</b>	<b>(6)</b>	<b>155,218,732</b>	<b>155,544,521</b>	<b>168,433,059</b>
Cash		-4,691,035	-4,512,265	-6,054,965
Long term financial liabilities		11,829,674	13,211,420	16,557,194
Short term financial liabilities		95,149,678	86,826,109	84,957,015
<b>NET FINANCIAL POSITION</b>	<b>(7)</b>	<b>102,288,317</b>	<b>95,525,264</b>	<b>95,459,244</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS</b>		<b>257,507,049</b>	<b>251,069,785</b>	<b>263,892,303</b>

## Cash flow

(Values in thousands of EUR)	Notes	I Q 2011	F Y 2010	I Q 2010
<b>OPENING BALANCE</b>		<b>4,512</b>	<b>5,337</b>	<b>5,337</b>
Profit before taxes		3,382	-14,606	-2,183
Amortisation / write-downs		3,479	16,662	3,456
Accrual (+)/availment (-) of long term provisions and post employment benefits		-683	-413	-78
Paid income taxes		-753	-2,227	-1,175
Financial income (-) and financial charges (+)		929	1,482	258
Change in operating assets and liabilities		-10,755	-152	-7,492
<b>CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY</b>		<b>-4,401</b>	<b>746</b>	<b>-7,214</b>
Increase (-)/ decrease (+) in intangible fixed assets		-440	-4,940	-45
Increase (-)/ decrease (+) in tangible fixed assets		460	-5,039	-2,333
Investments and write-downs (-)/ Disinvestments and revaluations (+)		-35	3,727	2,414
<b>CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY</b>		<b>-15</b>	<b>-6,252</b>	<b>36</b>
Other variations in reserves and profits carried-forward of shareholders'equity		-1,429	-694	-176
Dividends paid		0	0	0
Proceeds (+)/ repayment (-) of financial payments		6,942	7,033	8,510
Increase (-)/ decrease (+) in long term financial receivables		11	-176	-180
Financial income (+) and financial charges (-)		-929	-1,482	-258
<b>CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY</b>		<b>4,595</b>	<b>4,681</b>	<b>7,896</b>
<b>CLOSING BALANCE</b>		<b>4,691</b>	<b>4,512</b>	<b>6,055</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	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 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 1Q 2010</b>											
Allocation of 2009 profit / (loss)	-	-	-	-	-	- 20,088	20,088	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive profit / (loss) of 1Q 2010	-	-	-	-	-	-	- 1,742	- 176	- 1,918	- 143	- 2,061
Other changes	-	-	-	-	-	-	-	-	-	-	-
<b>BALANCES AT 31 March 2010</b>	25,371	71,240	36,252	7,901	11,459	- 7,339	- 1,742	- 1,867	141,275	27,158	168,433
<i>(Values in thousands of EUR)</i>											
	Share capital	Share premium reserve	Other reserves	Fair Value reserve	IAS reserve	Profits/(losses) carried - forward	Net profit/(loss) for the Group	Translation reserve	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
<b>BALANCES AT 31 December 2010</b>	25,371	71,240	31,080	7,901	11,459	- 2,342	- 12,507	- 2,385	129,817	25,727	155,544
<b>Changes in equity for 1Q 2011</b>											
Allocation of 2010 profit / (loss)	-	-	-	-	-	- 12,507	12,507	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive profit / (loss) of 1Q 2011	-	-	-	-	-	-	812	- 227	585	290	875
Other changes	-	-	-	-	-	8,720	-	-	8,720	- 9,920	- 1,200
<b>BALANCES AT 31 March 2011</b>	25,371	71,240	31,080	7,901	11,459	- 6,129	812	- 2,612	139,122	16,097	155,219

## **Interim management report**

Revenues from sales and services generated in the first three months of 2011 amount to EUR 71,959 thousand, showing an increase of 17.4% compared with the same period of the previous year (+16.4% at constant exchange rates).

In the first quarter 2011 profitability showed a significant improvement, consolidated EBITDA amounts to EUR 7,790 thousand (with an incidence of 10.8% of consolidated sales), compared to EUR 1,531 thousand in the first quarter 2010 (2.5% of total sales).

EBITDA growth has been influenced by two combined positive effects: from one side by the sales increase; from another side by the lower incidence of the operating costs thanks to the policy of costs' reduction and efficiency improvement implemented at Group level.

The strong improvement in EBITDA involves both divisions.

At 31 March 2011 net working capital amounts to EUR 78,920 thousand (34.3% of LTM sales) compared with EUR 68,461 thousand at 31 December 2010 (31.2% of sales). The increase of the incidence of net working capital on sales is due to the seasonality of the business and even more to the sales growth.

Net financial indebtedness increases of EUR 6,763 thousand from EUR 95,525 thousand at 31 December 2010 to EUR 102,288 thousand at 31 March 2011. Such effect is mainly related to the higher net working capital due to the seasonality of the business and to the sales growth.

## Explanatory notes

### **Income statement**

#### **1. Revenues from sales and services**

##### *First quarter 2011 vs 2010*

In the first quarter of 2011, revenues from sales and services are equal to EUR 71,959 thousand with an increase of 17.4% (+16.4% at constant exchange rates) compared with EUR 61,284 thousand in the first quarter of 2010.

The following table details the revenues by geographical area for the first quarters of 2011 and 2010.

(Values in thousands of EUR)	I Q		I Q		Change	
	2011	%	2010	%	Δ	%
Italy	30,871	42.9%	26,164	42.7%	4,707	18.0%
Europe (Italy and Russia excluded)	15,819	22.0%	14,750	24.1%	1,069	7.3%
Russia	5,081	7.1%	3,087	5.0%	1,994	64.6%
United States	4,588	6.4%	4,303	7.0%	285	6.6%
Japan	5,921	8.2%	5,113	8.3%	808	15.8%
Rest of the World	9,679	13.4%	7,867	12.9%	1,812	23.0%
<b>Total</b>	<b>71,959</b>	<b>100.0%</b>	<b>61,284</b>	<b>100.0%</b>	<b>10,675</b>	<b>17.4%</b>

In the first quarter of 2011 sales in Italy increase by 18.0% to EUR 30,871 thousand, contributing to 42.9% of consolidated sales.

Sales in Europe increase by 7.3% (+6.9% at constant exchange rates), contributing to 22.0% of consolidated sales, while the Russian market records sales equal to EUR 5,081 thousand, contributing to 7.1% of consolidated sales, with a growth of 64.6% (the increase remains unchanged at constant exchange rates). Sales in the United States are equal to EUR 4,588 thousand, contributing to 6.4% of consolidated sales, with an increase of 6.6% (+5.4% at constant exchange rates). In Japan sales increase by 15.8% (-1.0% at constant exchange rates) to EUR 5,921 thousand, contributing to 8.2% of consolidated sales.

In the Rest of the World, sales are equal to EUR 9,679 thousand with an increase of 23.0% (+27.6% at constant exchange rates) and a contribution of 13.4% of consolidated sales.

The following table details the revenues by brand for the first quarters of 2011 and 2010.

(Values in thousands of EUR)	I Q		I Q		Change	
	2011	%	2010	%	Δ	%
Alberta Ferretti	15,520	21.6%	12,971	21.2%	2,549	19.7%
Moschino	39,702	55.2%	34,430	56.2%	5,272	15.3%
Pollini	8,293	11.5%	7,449	12.2%	844	11.3%
J.P.Gaultier	4,109	5.7%	4,411	7.2%	-302	-6.8%
Other	4,335	6.0%	2,023	3.2%	2,312	114.3%
<b>Total</b>	<b>71,959</b>	<b>100.0%</b>	<b>61,284</b>	<b>100.0%</b>	<b>10,675</b>	<b>17.4%</b>

In the first quarter of 2011, Alberta Ferretti brand increases by 19.7% (+17.9% at constant exchange rates), generating 21.6% of consolidated sales.

In the same period, Moschino brand sales increase by 15.3% (+14.3% at constant exchange rates) contributing to 55.2% of consolidated sales.

Pollini brand increases by 11.3% (+11.3% at constant exchange rates), generating 11.5% of consolidated sales, while brand under licence JP Gaultier decreases by 6.8% (-7.0% at constant exchange rates) contributing to 5.7% of consolidated sales.

The other brands sales increase by 114.3% (+113.9% at constant exchange rates) contributing to 6.0% of consolidated sales.

The following table details the revenues by distribution channel for the first quarters of 2011 and 2010.

(Values in thousands of EUR)	I Q		I Q		Change	
	2011	%	2010	%	Δ	%
Wholesale	48,799	67.8%	41,630	67.9%	7,169	17.2%
Retail	18,910	26.3%	15,694	25.6%	3,216	20.5%
Royalties	4,250	5.9%	3,960	6.5%	290	7.3%
<b>Total</b>	<b>71,959</b>	<b>100.0%</b>	<b>61,284</b>	<b>100.0%</b>	<b>10,675</b>	<b>17.4%</b>

By distribution channel in the first quarter of 2011, wholesale sales increase by 17.2% (+16.4% at constant exchange rates) contributing to 67.8% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 18,910 thousand with an increase of 20.5% (+18.8% at constant exchange rates) contributing to 26.3% of consolidated sales.

Royalty income is 7.3% higher than in the corresponding period of the previous year, representing 5.9% of consolidated sales.

The following table details the revenues by own brand and brand under license for the first quarters of 2011 and 2010.

(Values in thousands of EUR)	I Q		I Q		Change	
	2011	%	2010	%	Δ	%
Own brands	63,515	88.3%	54,850	89.5%	8,665	15.8%
Brands under license	8,444	11.7%	6,434	10.5%	2,010	31.2%
<b>Total</b>	<b>71,959</b>	<b>100.0%</b>	<b>61,284</b>	<b>100.0%</b>	<b>10,675</b>	<b>17.4%</b>

Revenues generated by own brands increase in absolute value by EUR 8,665 thousand (+15.8% compared with the previous year), with an incidence on total revenues which decreases from 89.5% in the first quarter of 2010 to 88.3% in the first quarter of 2011.

## 2. Gross Operating Margin (EBITDA)

### *First quarter 2011 vs 2010*

In the first quarter of 2011 profitability showed a significant improvement, consolidated EBITDA amounts to EUR 7,790 thousand (with an incidence of 10.8% of consolidated sales), compared to EUR 1,531 thousand in the first quarter 2010 (2.5% of total sales).



EBITDA growth has been influenced by two combined positive effects: from one side by the sales increase; from another side by the lower incidence of the operating costs thanks to the policy of costs' reduction and efficiency improvement implemented at Group level.

The strong improvement in EBITDA involves both divisions.

EBITDA of the *prêt-à-porter* division amounts to EUR 7,131 thousand (representing 12.2% of sales), compared to EUR 3,529 thousand in the first quarter 2010, posting an increase of EUR 3,602 thousand.

EBITDA of the footwear and leather goods division is positive for EUR 659 thousand compared to a negative EBITDA of EUR 1,998 thousand in the first quarter 2010.

Consolidated Ebit is positive for EUR 4,311 thousand, compared to a negative Ebit of EUR 1,925 thousand in the first quarter 2010.

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

#### *First quarter 2011 vs 2010*

Thanks to the improvement in operating profit, in the first quarter 2011 the Group has showed a strong growth in the net result, posting a net profit of EUR 812 thousand, compared to a net loss of EUR 1,742 thousand in the first quarter 2010.

## 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 2011 vs 2010*

The following tables indicate the main economic data for the first quarter of 2011 and 2010 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 2011				
<b>SECTOR REVENUES</b>	<b>58,327</b>	<b>17,140</b>	<b>-3,508</b>	<b>71,959</b>
Intercompany revenues	-1,311	-2,197	3,508	0
<b>Revenues with third parties</b>	<b>57,016</b>	<b>14,943</b>	-	<b>71,959</b>
<b>Gross operating margin (EBITDA)</b>	<b>7,131</b>	<b>659</b>	-	<b>7,790</b>
Amortisation	-2,689	-771	-	-3,460
Other non monetary items:				
Write-downs	0	-19	-	-19
<b>Net operating profit / loss (EBIT)</b>	<b>4,442</b>	<b>-131</b>	-	<b>4,311</b>
Financial income	312	19	-78	253
Financial expenses	-1,036	-224	78	-1,182
<b>Profit / loss before taxes</b>	<b>3,718</b>	<b>-336</b>	-	<b>3,382</b>
Income taxes	-2,310	31	-	-2,279
<b>Net profit / loss</b>	<b>1,408</b>	<b>-305</b>	-	<b>1,103</b>

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

### Prêt-à porter Division

In the first three months of 2011, revenues of the prêt-à-porter division increase by 14.0% (+12.8% at constant exchange rates) to EUR 58,327 thousand. This division contributes to 79,6% of consolidated revenues in the first quarter of 2010 and 77.3% in the first quarter of 2011, before inter-divisional

eliminations.

EBITDA of the *prêt-à-porter* division is EUR 7,131 thousand in the first quarter of 2011 with a increase of 102.1% compared to EUR 3,529 thousand in the first quarter of 2010 and a 12.2% margin on sales.

#### Footwear and leather goods Division

Revenues of the footwear and leather goods division increase by 30.8% from EUR 13,101 thousand in the first quarter of 2010 to EUR 17,140 thousand in the first quarter of 2011.

The EBITDA of the footwear and leather goods division has been positive for EUR 659 thousand while in the first quarter 2010 has been negative for EUR 1,988 thousand.

### **Balance sheet**

#### **4. Net working capital**

At 31 March 2011 net working capital amounts to EUR 78,920 thousand (34.3% of LTM sales) compared with EUR 68,461 thousand at 31 December 2010 (31.2% of sales). The increase of the incidence of net working capital on sales is due to the seasonality of the business and even more to the sales growth.

#### **5. Fixed assets**

The change in fixed assets, that decrease from EUR 232,810 thousand at 31 December 2010 to EUR 229,335 thousand at 31 March 2011, is mainly determined by the depreciation of the period (EUR 3,460 thousand).

#### **6. Shareholders' equity**

The balance sheet shows a shareholder's equity that changes from EUR 155,544 thousand at 31 December 2010 to EUR 155,219 thousand at 31 March 2011.

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

#### **7. Net financial position**

Net financial indebtedness increases of EUR 6,763 thousand from EUR 95,525 thousand at 31 December 2010 to EUR 102,288 thousand at 31 March 2011. Such effect is mainly related to the higher net working capital due to the seasonality of the business and to the sales growth.

### **Other information**

#### **Earnings per share**

Basic earnings per share:

(Values in thousands of EUR)	31 March 2011	31 March 2010
Consolidated earnings/(losses) for the period for the shareholders of the Parent Company	812	-1,742
Weighted average number of outstanding shares	101,486	101,486
<b>Basic earnings per share</b>	<b>0.008</b>	<b>-0.017</b>

## Measurement basis

The main accounting policies and measurement basis adopted in preparing the consolidated financial statements at 31 March 2011 are the same used in preparing the consolidated financial statements at 31 December 2010.

## Significant events subsequent the balance sheet date

After the 31 March 2011 no significant events regarding the Group's activities have to be reported.

## Outlook

Our Group is continuing to record very positive results, both in term of sales growth and increase in profitability. The good results of the Spring/Summer collections now in the stores and the encouraging data of the orders' collection for the next Fall/Winter season, which show a 12% growth, make us very confident on the remaining part of the year.

## Atypical and/or unusual transactions

Pursuant to Consob communication n. DEM/6064293 dated 28 July 2006, it is confirmed that during the first quarter of 2011, the Group did not enter into any atypical and/or unusual transactions, as defined in that communication.

## Significant non-recurring events and transactions

On 16 February 2011, Aeffe S.p.A. has acquired from York S.r.l. the remaining 28% shareholding of Pollini S.p.A., becoming the sole shareholder. The acquisition price amounts to EUR 1.2 million, already fully paid. The acquisition permits Aeffe, which already held, with 72% of the capital, the company's control, to ensure the full operational efficiency of the Aeffe Group structure, as well as to acquire flexibility in assessing and catching any opportunities for partnership and for strategic operations, especially in the emerging markets where the brand Pollini has great development potential.

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.