AEFFE

HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2012

Disclaimer

This Half-year financial report at 30 June 2012 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

Corporate Boards of the Parent Company

Board of Directors

Chairman
Massimo Ferretti

Deputy Chairman
Alberta Ferretti

Chief Executive Officer
Simone Badioli

Directors
Marcello Tassinari – Managing Director
Roberto Lugano
Pierfrancesco Giustiniani
Marco Salomoni

Board of Statutory Auditors

President
Pier Francesco Sportoletti

Statutory Auditors
Fernando Ciotti
Romano Del Bianco

Alternate Auditors
Angelo Rivolta
Luca Sapucci

Board of Compensation Committee

President
Marco Salomoni

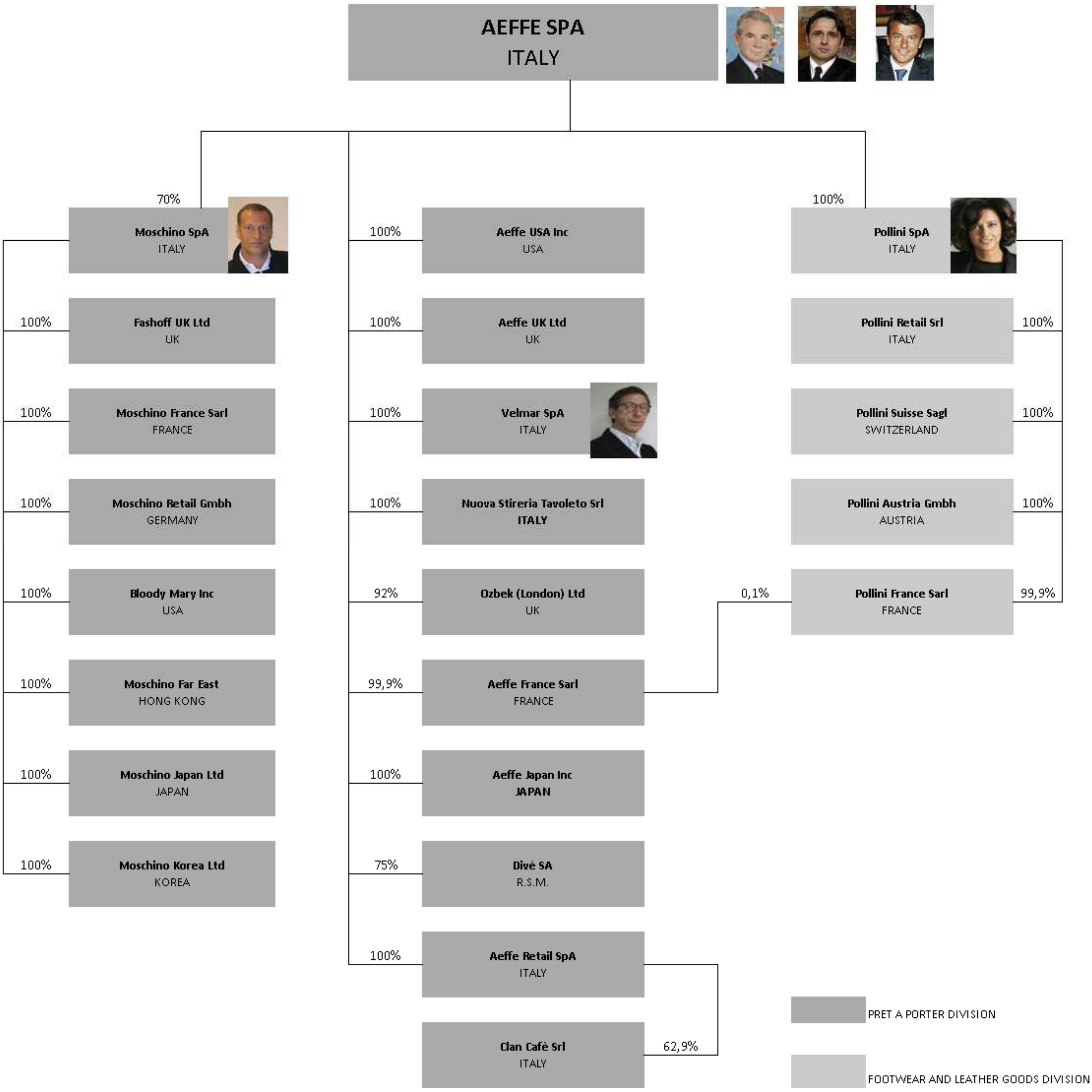
Members
Roberto Lugano
Pierfrancesco Giustiniani

Board of Internal Control Committee

President
Roberto Lugano

Members
Marco Salomoni
Pierfrancesco Giustiniani

Organisation chart



Brands portfolio

AEFFE
Clothing - Accessories

ALBERTA FERRETTI

PHILOSOPHY
DI ALBERTA FERRETTI

MOSCHINO

MOSCHINO CHEAPANDCHIC

CEDRIC CHARLIER

Jean Paul GAULTIER

cacharel

POLLINI Footwear – Leather goods	**MOSCHINO** Licences – Design	**VELMAR** Beachwear - Lingerie
POLLINI	MOSCHINO	MOSCHINO
STUDIO POLLINI	MOSCHINO CHEAPANDCHIC	blugirl beachwear
MOSCHINO	LOVE MOSCHINO	blugirl underwear
MOSCHINO CHEAPANDCHIC		BLUGIRL Folies
LOVE MOSCHINO		

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

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

Showrooms

MILAN
(FERRETTI – GAULTIER – POLLINI)
Via Donizetti, 48
20122 - Milan
Italy

PARIS
(GROUP)
6, Rue Caffarelli
75003 - Paris
France

LONDON
(FERRETTI)
205-206 Sloane Street
SW1X9QX - London
UK

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

MILAN
(MOSCHINO)
Via San Gregorio, 28
20124 - Milan
Italy

MILAN
(MOSCHINO LOVE)
Via Settembrini, 1
20124 - Milan
Italy

LONDON
(MOSCHINO)
28-29 Conduit Street
W1S 2YB - London
UK

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

Main flagshipstore locations under direct management

ALBERTA FERRETTI

Milan
Rome
Capri
Paris
London
New York
Los Angeles
Osaka
Tokyo
Nagoya
Shinsaibashi
Shinjuku
Ginza

POLLINI

Milan
Venice
Bolzano
Varese
Verona

SPAZIO A

Florence
Venice

MOSCHINO

Milan
Rome
Capri
Paris
London
Berlin
New York
Osaka
Tokyo
Nagoya
Shinsaibashi
Shinjuku
Ginza
Seoul
Pusan
Daegu



Main economic-financial data

		1st Half 2011	1st Half 2012
Total revenues	(Values in millions of EUR)	122.5	124.9
Gross operating margin (EBITDA)	(Values in millions of EUR)	4.4	7.1
Net operating profit (EBIT)	(Values in millions of EUR)	-2.6	0.4
Profit before taxes	(Values in millions of EUR)	-4.6	-3.6
Net profit for the Group	(Values in millions of EUR)	-5.1	-4.4
Basic earnings per share	(Values in units of EUR)	-0.050	-0.043
Cash Flow (net profit + depreciation)	(Values in millions of EUR)	1.8	2.5
Cash Flow/Total revenues	(Values in percentage)	1.4	2.0

		31 December 2010	30 June 2011	31 December 2011	30 June 2012
Net capital invested	(Values in millions of EUR)	251.1	252.4	248.3	247.9
Net financial indebtedness	(Values in millions of EUR)	95.5	103.5	98.1	101.6
Group net equity	(Values in millions of EUR)	129.8	133.2	134.2	130.4
Group net equity per share	(Values in units of EUR)	1.2	1.2	1.3	1.2
Current assets/ current liabilities	(Ratio)	2.1	2.1	1.9	2.2
Current assets less invent./ current liabilities (ACID test)	(Ratio)	0.9	1.0	0.9	1.0
Net financial indebtedness/ Net equity	(Ratio)	0.6	0.7	0.7	0.7

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 "Cacharel". 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, sunglasses and other).

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 "Love Moschino") and brands licensed from other companies (such as "Jean Paul Gaultier", "Blugirl" and "Cacharel"). 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, as "Moschino", and under third-party licensed brands 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" 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 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.

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 six single-brand Moschino stores, two in Milan, one in Rome, one in Capri, one in Turin and on-line.

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

Always in 2007, Moschino signed a licence agreement with Newmax for the production of helmets branded "Moschino".

In 2008 Moschino signs a licence agreement with Altana Spa, for the creation, development and world distribution of the "Moschino" boys' and girls' collections.

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 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.

In 2010, Aeffe acquires the remaining 25% of Velmar's share capital.

Aeffe USA

Aeffe USA is 100% owned by Aeffe S.p.A. 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 two single-brand stores; one in Soho, New York and the other in West Hollywood, Los Angeles.

Aeffe Retail

Aeffe Retail operates in the retail segment of the Italian market and directly manages 10 stores, both mono-brand and multi-brand located in major Italian cities such as Milan, Rome, Venice, Florence, Capri, manages also an on-line mono-brand store.

Clan Cafè

Clan Cafè S.r.l., 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.

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.

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.

Aeffe Japan

Aeffe Japan is 100% owned by Aeffe S.p.A. and is based in Tokyo. The company operates both in the wholesale and in the retail segment distributing items of clothing and accessories of the collections branded "Alberta Ferretti" and "Philosophy di Alberta Ferretti" through its showroom based in Tokyo and its flagship stores under direct management placed in the most important cities.

Moschino Far East

Moschino Far East is 100% owned by Moschino Spa and is based in Hong Kong. The company has gone into ending up.

Moschino Japan

Moschino Japan is 100% owned by Moschino S.p.A. and is based in Tokyo. The company operates both in the wholesale and in the retail segment distributing items of clothing and accessories of the Moschino-branded collections through its showroom based in Tokyo and its flagship stores under direct management placed in the most important cities.

Moschino Korea

Moschino Korea is 100% owned by Moschino S.p.A. and is based in Seoul. The company exclusively operates in the retail segment through flagship stores under direct management which sell Moschino-branded collections.

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 Moschino store in Berlin.

Bloody Mary

Bloody Mary directly manages a single-brand Moschino store in New York.

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" products such as umbrellas, foulards and ties.

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, Verona, 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 2008 the stylist Nicholas Kirkwood was appointed as design director of the Pollini accessory collections and bag collections.

Always in 2008, Pollini has entered into new license agreements with Drops S.r.l., for the manufacturing of umbrellas, as well as Larioseta S.p.A., for the manufacturing and distribution of neckwear, including women's shawls, women's and men's scarves and ties.

In 2010, the stylist Nicholas Kirkwood was appointed as creative director of the "Pollini" brand.

In 2011 Aeffe S.p.A. has acquired the remaining 28% shareholding of Pollini S.p.A., becoming the sole shareholder.

Pollini Retail

Pollini Retail is active in the retail segment of the Italian market and directly manages 19 stores, between boutiques and outlets, in major Italian cities such as Milan and Venice.

Pollini Suisse

Pollini Suisse directly manages the mono-brand Pollini store in Mendrisio, Switzerland.

Pollini Austria

Pollini Austria directly manages the mono-brand Pollini store in Pandorf, Austria.

2. CONSOLIDATED RICLASSIFIED INCOME STATEMENT

(Values in units of EUR)	1st Half 2012	% on revenues	1st Half 2011	% on revenues	Change	%
REVENUES FROM SALES AND SERVICES	**121,663,192**	**100.0%**	**119,966,651**	**100.0%**	**1,696,541**	**1.4%**
Other revenues and income	3,204,617	2.6%	2,535,754	2.1%	668,863	26.4%
TOTAL REVENUES	**124,867,809**	**102.6%**	**122,502,405**	**102.1%**	**2,365,404**	**1.9%**
Changes in inventory	4,732,108	3.9%	933,697	0.8%	3,798,411	406.8%
Costs of raw materials, cons. and goods for resale	-40,499,776	-33.3%	-38,930,870	-32.5%	-1,568,906	4.0%
Costs of services	-35,605,507	-29.3%	-36,119,250	-30.1%	513,743	-1.4%
Costs for use of third parties assets	-11,897,126	-9.8%	-11,555,289	-9.6%	-341,837	3.0%
Labour costs	-31,070,773	-25.5%	-29,436,407	-24.5%	-1,634,366	5.6%
Other operating expenses	-3,410,372	-2.8%	-3,029,409	-2.5%	-380,963	12.6%
Total Operating Costs	-117,751,446	-96.8%	-118,137,528	-98.5%	386,082	-0.3%
GROSS OPERATING MARGIN (EBITDA)	**7,116,363**	**5.8%**	**4,364,877**	**3.6%**	**2,751,486**	**63.0%**
Amortisation of intangible fixed assets	-3,866,680	-3.2%	-3,342,453	-2.8%	-524,227	15.7%
Depreciation of tangible fixed assets	-2,859,256	-2.4%	-3,553,812	-3.0%	694,556	-19.5%
Revaluations/(write-downs) and provisions	-35,356	0.0%	-29,138	0.0%	-6,218	21.3%
Total Amortisation, write-downs and provisions	-6,761,292	-5.6%	-6,925,403	-5.8%	164,111	-2.4%
NET OPERATING PROFIT / LOSS (EBIT)	**355,071**	**0.3%**	**-2,560,526**	**-2.1%**	**2,915,597**	**-113.9%**
Financial income	50,787	0.0%	388,475	0.3%	-337,688	-86.9%
Financial expenses	-3,978,562	-3.3%	-2,435,086	-2.0%	-1,543,476	63.4%
Total Financial Income/(Expenses)	-3,927,775	-3.2%	-2,046,611	-1.7%	-1,881,164	91.9%
PROFIT / LOSS BEFORE TAXES	**-3,572,704**	**-2.9%**	**-4,607,137**	**-3.8%**	**1,034,433**	**-22.5%**
Taxes	-605,639	-0.5%	-530,758	-0.4%	-74,881	14.1%
NET PROFIT / LOSS	**-4,178,343**	**-3.4%**	**-5,137,895**	**-4.3%**	**959,552**	**-18.7%**
(Profit)/loss attributable to minority shareholders	-174,084	-0.1%	20,637	0.0%	-194,721	-943.6%
NET PROFIT / LOSS FOR THE GROUP	**-4,352,427**	**-3.6%**	**-5,117,258**	**-4.3%**	**764,831**	**-14.9%**

SALES

In the first semester of 2012, Aeffe consolidated revenues amount to EUR 121,663 thousand compared to EUR 119,967 thousand in the first semester of 2011, with a 1.4% increase at current exchange rates (-0.2% at constant exchange rates).

The revenues of the prêt-à-porter division decrease by 1.3% (-3.2% at constant exchange rates) to EUR 96,894 thousand, while the revenues of the footwear and leather goods division increase by 13.5% to EUR 32,291 thousand, before interdivisional eliminations.

Sales by brand

(Values in thousands of EUR)	1st Half 2012	%	1st Half 2011	%	Change Δ	%
Alberta Ferretti	23,712	19.5%	25,440	21.2%	-1,728	-6.8%
Moschino	71,722	59.0%	67,886	56.6%	3,836	5.7%
Pollini	16,010	13.2%	14,860	12.4%	1,150	7.7%
J.P.Gaultier	5,581	4.6%	5,508	4.6%	73	1.3%
Other	4,638	3.7%	6,273	5.2%	-1,635	-26.1%
Total	**121,663**	**100.0%**	**119,967**	**100.0%**	**1,696**	**1.4%**

In 1stH 2012, Alberta Ferretti brand decreases by 6.8% (-8.9% at constant exchange rates), generating 19.5% of the group's consolidated sales.

In the same period, Moschino brand sales increase by 5.7% (3.9% at constant exchange rates), contributing to 59.0% of consolidated sales.

Pollini brand records a growth of 7.7% (7.3% at constant exchange rates), generating the 13.2% of consolidated sales.

Brand under licence JP Gaultier increases by 1.3% (-0.2% at constant exchange rates), contributing to 4.6% of consolidated sales.

Other brands sales decrease by 26.1% (-26.9% at constant exchange rates), equal to 3.7% of consolidated sales.

Sales by geographical area

(Values in thousands of EUR)	1st Half 2012	%	1st Half 2011	%	Change Δ	%
Italy	49,894	41.0%	52,075	43.4%	-2,181	-4.2%
Europe (Italy and Russia excluded)	24,564	20.2%	24,689	20.6%	-125	-0.5%
Russia	10,153	8.3%	7,929	6.6%	2,224	28.1%
United States	9,311	7.7%	8,821	7.4%	490	5.6%
Japan	11,205	9.2%	9,565	8.0%	1,640	17.1%
Rest of the World	16,536	13.6%	16,888	14.0%	-352	-2.1%
Total	**121,663**	**100.0%**	**119,967**	**100.0%**	**1,696**	**1.4%**

In 1stH 2012, the Group records sales in Italy for EUR 49,894 thousand, contributing to 41.0% of consolidated sales with a 4.2% decrease.

In Europe Group's sales decrease by 0.5% (-1.1% at constant exchange rates), contributing to 20.2% of consolidated sales, while sales in Russia are EUR 10,153 thousand contributing to 8.3% of consolidated sales, with a raise of 28.1% (28.1% at constant exchange rates). Sales in the United States are EUR 9,311 thousand contributing to 7.7% of consolidated sales, with an increase of 5.6% (-1.0% at constant exchange rates). Sales in Japan increase by 17.1% (6.0% at constant exchange rates) to EUR 11,205 thousand, contributing to 9.2% of consolidated sales.

The Rest of the world records sales for EUR 16,536 thousand, down 2.1% (-2.8% at constant exchange rates), contributing to 13.6% of consolidated sales.

Sales by distribution channel

(Values in thousands of EUR)	1st Half 2012	%	1st Half 2011	%	Change Δ	%
Wholesale	75,283	61.9%	74,298	61.9%	985	1.3%
Retail	38,471	31.6%	37,449	31.2%	1,022	2.7%
Royalties	7,909	6.5%	8,220	6.9%	-311	-3.8%
Total	**121,663**	**100.0%**	**119,967**	**100.0%**	**1,696**	**1.4%**

Revenues generated by the Group in the 1stH 2012 are analysed below:

- 61.9% from the Group's sales organisation, showrooms, agents and importers, franchise outlets, corners and shop-in-shops (wholesale channel), which contributes EUR 74,298 thousand in 1stH 2011 and EUR 75,283 thousand in 1stH 2012, with an increase of 1.3% (+0.3% at constant exchange rates).
- 31.6% from sales managed directly by the Group (retail channel), which contributes EUR 37,449 thousand in 1stH 2011 and EUR 38,471 thousand in 1stH 2012, up 2.7% (-0.4% at constant exchange rates).
- 6.5% 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 decrease by 3.8% from EUR 8,220 thousand in 1stH 2011 to EUR 7,909 thousand in 1stH 2012.

Sales by own brands and under licensed brands

(Values in thousands of EUR)	1st Half 2012	%	1st Half 2011	%	Change Δ	%
Own brands	111,444	91.6%	108,186	90.2%	3,258	3.0%
Brands under license	10,219	8.4%	11,781	9.8%	-1,562	-13.3%
Total	**121,663**	**100.0%**	**119,967**	**100.0%**	**1,696**	**1.4%**

Revenues generated by own brands increase in absolute value of EUR 3,258 thousand, +3.0% compared with the previous period, with an incidence on total revenues which increases from 90.2% in 1stH 2011 to 91.6% in 1stH 2012. Revenues generated by brands under license decrease by 13.3%.

LABOUR COSTS

Labour costs increase from EUR 29,436 thousand in 1stH 2011 to EUR 31,071 thousand in 1stH 2012 with an incidence on revenues which changes from 24.5% in the 1stH 2011 to 25.5% in the 1stH 2012.

The workforce decreases from an average of 1,470 units in the 1stH 2011 to 1,455 units in the 1stH 2012.

Average number of employees by category	1st Half 2012	1st Half 2011	Change Δ	% %
Workers	390	408	-18	-4%
Office staff-supervisors	1,038	1,036	2	0%
Executive and senior managers	27	26	1	4%
Total	**1,455**	**1,470**	**-15**	**-1%**

GROSS OPERATING MARGIN (EBITDA)

In 1stH 2012 profitability shows a significant improvement. Consolidated EBITDA is EUR 7,116 thousand (with an incidence of 5.8% of sales) compared to EUR 4,365 thousand in 1stH 2011 (with an incidence of 3.6% of sales). Profitability has been positively influenced by the increase in revenues and 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 has involved both divisions.

EBITDA of the *prêt-à-porter* division is positive for EUR 7,711 thousand (representing the 8.0% of sales) with an increase in absolute value of EUR 1,619 thousand compared to EUR 6,092 thousand (representing the 6.2% of sales) in 1stH 2011.

EBITDA of the Footwear and leather goods division increases of EUR 1,132 thousand from EUR -1,727 thousand in 1stH 2011 to EUR -595 thousand in 1stH 2012.

NET OPERATING PROFIT / LOSS (EBIT)

Consolidated EBIT is positive for EUR 355 thousand compared to a negative EBIT of EUR 2,560 thousand in 1stH 2011.

PROFIT / LOSS BEFORE TAXES

Loss before taxes decreases of EUR 1.034 thousand from EUR 4,607 thousand in 1stH 2011 to EUR 3,573 thousand in 1stH 2012.

NET PROFIT / LOSS FOR THE GROUP

The net loss for the Group changes from EUR 5,117 thousand in 1stH 2011 to EUR 4,352 thousand in 1stH 2012, with a decrease in absolute value of EUR 765.

3. RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Values in units of EUR)	30 June 2012	31 December 2011
Trade receivables	29,587,912	32,547,133
Stock and inventories	77,653,749	74,259,636
Trade payables	-46,252,461	-54,809,403
Operating net working capital	**60,989,200**	**51,997,366**
Other short term receivables	28,039,108	25,113,491
Tax receivables	8,911,114	8,394,168
Other short term liabilities	-17,184,322	-14,944,263
Tax payables	-3,485,564	-3,342,381
Net working capital	**77,269,536**	**67,218,381**
Tangible fixed assets	73,839,636	74,536,548
Intangible fixed assets	141,077,386	145,090,553
Equity investments	30,251	29,625
Other fixed assets	2,918,063	2,915,138
Fixed assets	**217,865,336**	**222,571,864**
Post employment benefits	-7,769,445	-7,942,941
Provisions	-1,007,181	-1,070,987
Assets available for sale	436,885	7,711,633
Long term not financial liabilities	-14,241,401	-14,241,401
Deferred tax assets	13,437,315	14,549,218
Deferred tax liabilities	-38,098,389	-40,515,662
NET CAPITAL INVESTED	**247,892,656**	**248,280,105**
Share capital	25,371,407	25,371,407
Other reserves	119,366,356	117,064,291
Profits/(Losses) carried-forward	-10,011,183	-3,937,904
Profits/(Loss) for the period	-4,352,427	-4,279,554
Group interest in shareholders' equity	**130,374,153**	**134,218,240**
Minority interest in shareholders' equity	15,917,401	15,979,197
Total shareholders' equity	**146,291,554**	**150,197,437**
Financial receivables	-1,015,000	0
Cash	-6,164,107	-8,443,724
Long term financial liabilities	5,519,793	7,059,804
Short term financial liabilities	103,260,416	99,466,588
NET FINANCIAL POSITION	**101,601,102**	**98,082,668**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**247,892,656**	**248,280,105**

NET INVESTED CAPITAL

Net invested capital remains substantially steady compared with 31 December 2011.

NET WORKING CAPITAL

Net working capital amounts to EUR 77,270 thousand (31.2% of LTM sales) compared with EUR 67,218 thousand of 31 December 2011 (27.3% of sales).

The changes in the main items included in the net working capital are described below:

- Operating net working capital (EUR 60,989 thousand) increases of EUR 8,992 thousand compared with the value at 31 December 2011 (EUR 51,997 thousand). Such change is mainly related to the decrease of trade payables, partially due to the payment carried out for the acquisition of a boutique located in Milan;
- Other short term receivables increase of EUR 2,926 thousand mainly due to increase of credits for prepaid costs generated by the seasonality of the business and by the increase of variable costs suspended at the end of June as a consequence of the good performances of sales and orders;
- Other short term payables increase from 31 December 2011 of EUR 2,239 thousand mainly due to the effect of the thirteenth monthly salary accrual, which doesn't have a corresponding value in the balance of ending period 2011;
- The net effect of tax payables/receivables increases net working capital of EUR 374 thousand. The major change is due to the increase of VAT receivables.

FIXED ASSETS

Fixed assets decrease by EUR 4,707 thousand from 31 December 2011 to 30 June 2012.

The changes in the main items are described below:

- the decrease in tangible fixed assets of EUR 697 thousand is determined by the depreciation of the period (equal to EUR 2,859 thousand) partially compensated by new investments. Investments are mainly related to leasehold improvements and to furniture and fittings for the opening of new shops;
- the decrease in intangible fixed assets of EUR 4,014 thousand is mainly due to the sale of the key money of a store located in Paris for EUR 1,052 thousand and to the amortisation of the semester for EUR 3,867 thousand, effects partially compensated by the investments of the period.

NET FINANCIAL POSITION

The net financial position of the Group amounts to EUR 101,601 thousand as of 30 June 2012 compared with EUR 98,083 thousand as of 31 December 2011. Such increase is mainly due to the economic result of the first semester 2012 and to the seasonality of the business.

SHAREHOLDERS' EQUITY

The shareholders' equity decreases for EUR 3,906 thousand from EUR 150,197 thousand as of 31 December 2011 to EUR 146,291 thousand as of 30 June 2012. The reasons of such decrease are illustrated in the explanatory notes. The number of shares is 107,362,504.

4. RESEARCH & DEVELOPMENT ACTIVITIES

Considering the particular nature of the Group's products, research & development activities consist in the continual technical/stylistic renewal of models and the constant improvement of the materials employed in production. Such costs were charged in full to the Income Statement.

5. TRANSACTIONS BETWEEN GROUP COMPANIES AND 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 37 of the Half-year Condensed Financial Statements at 30 June 2012.

6. SIGNIFICANT EVENTS OF THE PERIOD

No significant events occurred during the semester.

7. 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.

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

As emerged from the data published in the economic report of Banca d’Italia, the world economy continued to expand at a moderate pace in the first quarter of 2012, held back by the stagnation of activity in Europe and the slowdown in the United States and the emerging economies. In Italy output has continued to decline also in the second quarter; factors in this were the weakness of employment and real incomes, the fall in household confidence, with the foreign trade that have continued to sustain economic activity.

In 2012 and 2013 economic activity is again likely to be characterized by a pronounced weakness of domestic demand. The main positive contribution to GDP growth is expected to come from exports. Overall, the recession is expected to continue in the second part of the year, but to be milder than in the first two quarters and should end at the beginning of next year.

More optimistic are the forecasts of Altagamma foundation related to the scenario 2012, that indicates, despite the socioeconomic uncertainty, a 6-7% growth, at constant exchange rates, in the luxury sector of worldwide markets.

The results achieved by our Group in the first semester 2012 continue to show a significant recovery in operating profitability, which increased more than proportionally to the trend of revenues. In the current difficult economic conditions, the Group remains also strongly focused on growth through the geographic diversification; in fact, by the end of the year, it is scheduled the opening of around twenty new franchised stores, of which more than half in Asia.

Half-year condensed financial statements at 30 June 2012

Financial statements

CONSOLIDATED BALANCE SHEET ASSETS (*)

(Values in units of EUR)	Notes	30 June 2012	31 December 2011	Change
NON-CURRENT ASSETS				
Intangible fixed assets				
Key money		38,717,590	40,917,446	-2,199,856
Trademarks		101,189,218	102,935,979	-1,746,761
Other intangible fixed assets		1,170,578	1,237,128	-66,550
Total intangible fixed assets	(1)	141,077,386	145,090,553	-4,013,167
Tangible fixed assets				
Lands		17,804,495	17,760,576	43,919
Buildings		32,187,111	32,381,230	-194,119
Leasehold improvements		13,124,138	13,227,883	-103,745
Plant and machinary		6,536,995	7,108,806	-571,811
Equipment		340,253	377,417	-37,164
Other tangible fixed assets		3,846,644	3,680,636	166,008
Total tangible fixed assets	(2)	73,839,636	74,536,548	-696,912
Other fixed assets				
Equity investments	(3)	30,251	29,625	626
Other fixed assets	(4)	2,918,063	2,915,138	2,925
Deferred tax assets	(5)	13,437,315	14,549,218	-1,111,903
Total other fixed assets		16,385,629	17,493,981	-1,108,352
TOTAL NON-CURRENT ASSETS		**231,302,651**	**237,121,082**	**- 5,818,431**
CURRENT ASSETS				
Stocks and inventories	(6)	77,653,749	74,259,636	3,394,113
Trade receivables	(7)	29,587,912	32,547,133	-2,959,221
Tax receivables	(8)	8,911,114	8,394,168	516,946
Cash	(9)	6,164,107	8,443,724	-2,279,617
Financial receivables	(10)	1,015,000	0	1,015,000
Other receivables	(11)	28,039,108	25,113,491	2,925,617
TOTAL CURRENT ASSETS		**151,370,990**	**148,758,152**	**2,612,838**
Assets available for sale	(12)	436,885	7,711,633	-7,274,748
TOTAL ASSETS		**383,110,526**	**393,590,867**	**-10,480,341**

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

CONSOLIDATED BALANCE SHEET LIABILITIES (*)

(Values in units of EUR)	Notes	30 June 2012	31 December 2011	Change
SHAREHOLDERS' EQUITY	**(13)**			
Group interest				
Share capital		25,371,407	25,371,407	0
Share premium reserve		71,240,251	71,240,251	0
Translation reserve		-1,839,881	-2,425,059	585,178
Other reserves		30,605,254	28,888,367	1,716,887
Fair Value reserve		7,901,240	7,901,240	0
IAS reserve		11,459,492	11,459,492	0
Profits/(losses) carried-forward		-10,011,183	-3,937,904	-6,073,279
Net profit/(loss) for the Group		-4,352,427	-4,279,554	-72,873
Group interest in shareholders' equity		130,374,153	134,218,240	-3,844,087
Minority interest				
Minority interest in share capital and reserves		15,743,317	15,806,685	-63,368
Net profit/(loss) for the minority interest		174,084	172,512	1,572
Minority interest in shareholders' equity		15,917,401	15,979,197	-61,796
TOTAL SHAREHOLDERS' EQUITY		**146,291,554**	**150,197,437**	**-3,905,883**
NON-CURRENT LIABILITIES				
Provisions	(14)	1,007,181	1,070,987	-63,806
Deferred tax liabilities	(5)	38,098,389	40,515,662	-2,417,273
Post employment benefits	(15)	7,769,445	7,942,941	-173,496
Long term financial liabilities	(16)	5,519,793	7,059,804	-1,540,011
Long term not financial liabilities	(17)	14,241,401	14,241,401	0
TOTAL NON-CURRENT LIABILITIES		**66,636,209**	**70,830,795**	**-4,194,586**
CURRENT LIABILITIES				
Trade payables	(18)	46,252,461	54,809,403	-8,556,942
Tax payables	(19)	3,485,564	3,342,381	143,183
Short term financial liabilities	(20)	103,260,416	99,466,588	3,793,828
Other liabilities	(21)	17,184,322	14,944,263	2,240,059
TOTAL CURRENT LIABILITIES		**170,182,763**	**172,562,635**	**-2,379,872**
Liabilities available for sale	(12)	0	0	0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**383,110,526**	**393,590,867**	**- 10,480,341**

(*) Pursuant to Consob Resolution N. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated statement of financial position are presented in the specific scheme 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 2012	%	1st Half 2011	%
REVENUES FROM SALES AND SERVICES	**(22)**	**121,663,192**	**100.0%**	**119,966,651**	**100.0%**
Other revenues and income	(23)	3,204,617	2.6%	2,535,754	2.1%
TOTAL REVENUES		**124,867,809**	**102.6%**	**122,502,405**	**102.1%**
Changes in inventory		4,732,108	3.9%	933,697	0.8%
Costs of raw materials, cons. and goods for resale	(24)	-40,499,776	-33.3%	-38,930,870	-32.5%
Costs of services	(25)	-35,605,507	-29.3%	-36,119,250	-30.1%
Costs for use of third parties assets	(26)	-11,897,126	-9.8%	-11,555,289	-9.6%
Labour costs	(27)	-31,070,773	-25.5%	-29,436,407	-24.5%
Other operating expenses	(28)	-3,410,372	-2.8%	-3,029,409	-2.5%
Amortisation, write-downs and provisions	(29)	-6,761,292	-5.6%	-6,925,403	-5.8%
Financial income/(expenses)	(30)	-3,927,775	-3.2%	-2,046,611	-1.7%
PROFIT / LOSS BEFORE TAXES		**-3,572,704**	**-2.9%**	**-4,607,137**	**-3.8%**
Taxes	(31)	-605,639	-0.5%	-530,758	-0.4%
NET PROFIT / LOSS		**-4,178,343**	**-3.4%**	**-5,137,895**	**-4.3%**
(Profit)/loss attributable to minority shareholders		-174,084	-0.1%	20,637	0.0%
NET PROFIT / LOSS FOR THE GROUP		**-4,352,427**	**-3.6%**	**-5,117,258**	**-4.3%**

(*) 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 scheme provided in the attachment III and are further described in the paragraph "Related party transactions".

COMPREHENSIVE INCOME STATEMENT

(Values in units of EUR)	I° Half 2012	I° Half 2011
Profit/(loss) for the period (A)	**-4,178,343**	**-5,137,895**
Gains/(losses) on cash flow hedges	-	-
Gains/(losses) on exchange differences on translating foreign operations	272,460	-268,209
Income tax relating to components of Other Comprehensive income / (loss)	-	-
Total Other comprehensive income / (loss), net of tax (B)	**272,460**	**-268,209**
Total Comprehensive income / (loss) (A) + (B)	**-3,905,883**	**-5,406,104**
Total Comprehensive income / (loss) attributable to:	**-3,905,883**	**-5,406,104**
Owners of the parent	-4,079,967	-5,385,467
Non-controlling interests	174,084	-20,637

CONSOLIDATED CASH FLOW STATEMENT (*)

(Values in thousands of EUR)	Notes	1st Half 2012	1st Half 2011
OPENING BALANCE		**8,444**	**4,512**
Profit / loss before taxes		-3,573	-4,607
Amortisation / write-downs		6,761	6,925
Accrual (+)/availment (-) of long term provisions and post employment benefits		-237	-967
Paid income taxes		-1,768	-1,030
Financial income (-) and financial charges (+)		3,928	2,047
Change in operating assets and liabilities		-10,194	-5,254
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**(32)**	**-5,083**	**-2,886**
Increase (-)/ decrease (+) in intangible fixed assets		146	-287
Increase (-)/ decrease (+) in tangible fixed assets		-2,162	-1,170
Investments and write-downs (-)/ Disinvestments and revaluations (+)		7,239	-65
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(33)**	**5,223**	**-1,522**
Other variations in reserves and profits carried-forward of shareholders' equity		272	-1,468
Dividends paid		0	0
Proceeds (+)/repayment (-) of financial payments		2,254	7,295
Increase (-)/ decrease (+) in long term financial receivables		-1,018	-26
Financial income (+) and financial charges (-)		-3,928	-2,047
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(34)**	**-2,420**	**3,754**
CLOSING BALANCE		**6,164**	**3,858**

(*) Pursuant to Consob Resolution N. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated statement of cash flows are presented in the specific scheme provided in the attachment IV and are further described in the paragraph “Related party transactions”.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(Values in thousands of EUR)	Share capital	Share premium reserve	Other reserves	Fair Value reserve	IAS reserve	Profit/(losses) carried-forward	Net profit / loss for the Group	Translation reserve	Group interest in shareholders' equity	Minority interest in shareholders' equity	Total shareholders' equity
BALANCES AT 31 December 2010	**25,371**	**71,240**	**31,080**	**7,901**	**11,459**	**-2,342**	**-12,507**	**-2,385**	**129,817**	**25,727**	**155,544**
Changes in equity for 1st H 2011											
Allocation of 2010 income/(loss)	-	-	-2,191	-	-	-10,316	12,507	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buyback)/sale	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) at 30/06/11	-	-	-	-	-		-5,117	-268	-5,385	-21	-5,406
Other changes	-	-	-	-	-	8,720	-	-	8,720	-9,920	-1,200
BALANCES AT 30 June 2011	**25,371**	**71,240**	**28,889**	**7,901**	**11,459**	**-3,938**	**-5,117**	**-2,653**	**133,152**	**15,786**	**148,938**

(Values in thousands of EUR)	Share capital	Share premium reserve	Other reserves	Fair Value reserve	IAS reserve	Profit/(losses) carried-forward	Net profit / loss for the Group	Translation reserve	Group interest in shareholders' equity	Minority interest in shareholders' equity	Total shareholders' equity
BALANCES AT 31 December 2011	**25,371**	**71,240**	**28,890**	**7,901**	**11,459**	**-3,938**	**-4,280**	**-2,425**	**134,218**	**15,979**	**150,197**
Changes in equity for 1st H 2012											
Allocation of 2011 income/(loss)	-	-	1,715	-	-	-5,995	4,280	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buyback)/sale	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) at 30/06/12	-	-	-	-	-	-	-4,352	272	-4,080	174	-3,906
Other changes	-	-	-	-	-	-77	-	313	236	-236	-
BALANCES AT 30 June 2012	**25,371**	**71,240**	**30,605**	**7,901**	**11,459**	**-10,010**	**-4,352**	**-1,840**	**130,374**	**15,917**	**146,291**

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 "Cacharel". 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..

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, comprehensive income statement, cash flow statement, statement of changes in equity 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

The half-year condensed financial statements at 30 June 2012 have been prepared in accordance with International Financial Reporting Standards –"IFRS"- (the designation IFRS also includes all valid International Accounting Standards -"IAS"-, as well as all interpretations of the International Financial Reporting Interpretations Committee -"IFRIC"-, formerly the Standing Interpretations Committee -"SIC"-), 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 2012 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 2012 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, in case it was present, 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.

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%	
Clan Cafè	S.G. in Marignano (RN) Italy	EUR	100,000		62,9% (iii)
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	100%	
Pollini Retail	Gatteo (FC) Italy	EUR	5,000,000		100% (i)
Velmar	S.G. in Marignano (RN) Italy	EUR	120,000	100%	
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%	
Fashoff UK	London (GB)	GBP	1,550,000		70% (ii)
Moschino Far East	Hong Kong (HK)	HKD	1,000,000		70% (ii)
Moschino Japan	Tokio (J)	JPY	120,000,000		70% (ii)
Moschino Korea	Seoul (ROK)	KRW	50,000,000		70% (ii)
Moschino France	Paris (FR)	EUR	50,000		70% (ii)
Moschino Retail	Berlin (D)	EUR	180,000		70% (ii)
Ozbek (london)	London (GB)	GBP	300,000	92%	
Aeffe Japan	Tokio (J)	JPY	3,600,000	100%	
Bloody Mary	New York (USA)	USD	100,000		70% (ii)
Pollini Suisse	Chiasso (CH)	CHF	20,000		100% (i)
Pollini Austria	Vienna (A)	EUR	35,000		100% (i)

Notes (details of indirect shareholdings):

(i) 100% owned by Pollini Spa;

(ii) 100% owned by Moschino Spa;

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

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 2012	Average exchange rate 1st Half 2012	Actual exchange rate 31 December 2011	Average exchange rate FY 2011	Actual exchange rate 30 June 2011	Average exchange rate 1st Half 2011
United States Dollars	1.2590	1.2968	1.2939	1.3917	1.4453	1.4031
United Kingdom Pounds	0.8068	0.8225	0.8353	0.8678	0.9026	0.8680
Japanese Yen	100.1300	103.3668	100.2000	111.0208	116.2500	115.0297
South Korean Won	1441.0000	1480.6233	1498.6900	1541.0467	1543.1900	1544.5617
Swiss Franc	1.2030	1.2048	1.2156	1.2340	1.2071	1.2704

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. The comprehensive income statement is presented using the approach of the two statements.

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 statement of financial position and the statement of cash flows 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.

ACCOUNTING POLICIES

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 2011, as described in the consolidated financial statements for the year ended 31 December 2011, except for the following interpretations and amendments to the accounting principles that have been mandatory since 1 January 2012 (unless otherwise indicated):

On 12 November 2009, the IASB issued a new standard IFRS 9 – *Financial instruments* that was subsequently amended. This standard, having an effective date for mandatory adoption of 1 January 2015, represents the completion of the first part of a project to replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities. The new standard uses a single approach to determine whether a financial asset is measured at amortised cost of fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. The most significant effect of the standard regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss. Under the new standard these changes are recognised in Other comprehensive income and are not subsequently reclassified to profit or loss.

On 7 October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures*. Entities are required to apply the amendments for annual periods beginning on or after 1 July 2011. The amendments will enable users of financial statements to improve their understanding of transfers ("derecognition") of financial assets, including an understanding of the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of a transfer transaction is undertaken at the end of a reporting period.

On 20 December 2010, the IASB issued minor amendments to IFRS 1 – *First-time Adoption of International Financial Reporting Standards*. The first amendment replaces references to a fixed date of "1 January 2004" with the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. These amendments are effective from 1 July 2011.

On 20 December 2010, the IASB issued amendments to IAS 12 – *Income Taxes* that require an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. As a result of the amendments, SIC-21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* no longer applies. These amendments are effective from 1 January 2012.

On 12 May 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements* replacing SIC-12 – *Consolidation-Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements* (which has been renamed *Separate Financial Statements* and addresses the accounting treatment of investments in separate financial statements). The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is effective retrospectively from 1 January 2013.

On 12 May 2011, the IASB issued IFRS 11 – *Joint Arrangements* superseding IAS 31 – *Interests in Joint Ventures* and SIC-13 – *Jointly-controlled Entities-Non-monetary Contributions by Ventures*. The new standard provides the criteria for identifying joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form and requires a single method to account for interests in jointly-controlled entities, the equity method. The standard is effective retrospectively from 1 January 2013. Following the issue of the new standard, IAS 28 – *Investments in Associates* has been amended to include accounting for investments in jointly-controlled entities in its scope of application (from the effective date of the standard).

On 12 May 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities*, a new and comprehensive standard on disclosure requirements for all forms of interests in other entities , including subsidiaries, joint arrangements, associates, special purpose vehicles and other unconsolidated vehicles. The standard is effective for annual periods beginning after 1 January 2013.

On 12 May 2011, the IASB issued IFRS 13 – *Fair Value Measurement*, clarifying the determination of the fair value for the purpose of the financial statements and applying to all IFRSs permitting or requiring a fair value measurement or the presentation of disclosures based on fair value. The standard is effective prospectively from 1 January 2013.

On 16 June 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements* requiring companies to group together items within Other Comprehensive income (loss) that may be reclassified to the profit or loss section of the income statement. The amendment is applicable from periods beginning on or after 1 July 2012.

On 16 June 2011, the IASB issued an amended version of IAS 19 – *Employee Benefits*. The amendments make improvements to the previous version by eliminating the option to defer the recognition of gains and losses, known as the "corridor method", and by requiring the whole of the fund's deficit or surplus to be presented in the statement of financial position, the components of cost relating to service and net interest to be recognized in profit or loss and actuarial gains and losses arising from the remeasurement of assets and liabilities to be recognized in Other comprehensive income (loss). In addition, the return on assets included in net interest costs must now be calculated using the discount rate applicable to liabilities and no longer the expected return on the assets. The amendments also introduce the requirement for additional disclosures to be provided in the notes. The amended version of IAS 19 is applicable on retrospective basis from 1 January 2013.

On 16 December 2011, the IASB issued certain amendment to IFRS 32 – *Financial Instruments: Presentation* to clarify the application of certain offsetting criteria for financial assets and financial liabilities in IAS 32. The amendments are affective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively.

On 16 December 2011, the IASB issued certain amendment to IFRS 7 – *Financial Instruments: Disclosures.* The amendments require information about the effect or potential effect of netting arrangements for financial assets and liabilities on an entity's financial position. Entities are required to apply the amendments for annual reporting periods beginning on or after 1 January 2013, and interim period within those annual periods. The required disclosures should be provided retrospectively.

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

NON-CURRENT ASSETS

At the date of these half-year condensed financial statements there are no indications that assets may be impaired.

1. *INTANGIBLE FIXED ASSETS*

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

(Values in thousands of EUR)	Brands	Key money	Other	Total
Net book value as of 01.01.12	**102,936**	**40,917**	**1,238**	**145,091**
Increases	0	772	142	914
- increases externally acquired	0	*772*	*142*	*914*
- increases from business aggregations	0	0	0	0
Disposals	0	-1,052	-6	-1,058
Translation diff. / other variations	0	0	-3	-3
Amortisation	-1,747	-1,920	*-200*	-3,867
Net book value as of 30.06.12	**101,189**	**38,717**	**1,171**	**141,077**

Changes in intangible fixed assets highlight the following variations:

- the increase, equal to EUR 914 thousand, mainly related to the "key money" category;
- the decrease, equal to EUR 1,058 thousand, of which EUR 1,052 thousand for the sale of a store located in Paris;
- amortisation of the period equal to EUR 3,867 thousand.

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"). A breakdown of brands is given below:

(Values in thousands of EUR)	Brand residual life	30 June 2012	31 December 2011
Alberta Ferretti	31	3,840	3,903
Moschino	33	56,296	57,260
Pollini	29	41,053	41,773
Total		**101,189**	**102,936**

Key money

Key money 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.

The Group, up to the year 2008, even on the stock of valuations drawn up by independent experts, pointed out the scarce significance of the deadline attributable to the term of the leases. Indeed, to this regard the safeguards given to the lessee by the market routine and by specific legal provisions, which are combined with a strategy of progressive further expansion of the network carried forward by the companies of the Group that usually renews the leases before their natural expiration and regardless of the intention to continue using the locations as Group boutiques, in view of the value attributable to the commercial positions concerned.

Following the change of the key money market, the Group deemed it proper to introduce a change of estimate on their useful life, switching from an indefinite useful life to a definite useful life.

In fact, starting from 2009, a reversed trend has been noted. Although not generalised, it has led several of the lessors of the market to ask that the contract be terminated as the expiration date draws near. Even if the most recent transactions carried out by the Group are reassuring with regard to the entire recoverability of the original value of the key money, by virtue of the new market definition, the directors prudentially deemed it correct to change the estimate of useful life. Based on the experience of the renewals obtained from the lessors in past financial years, the directors deemed it fitting to estimate a useful life corresponding to the residual term of the contract, and generally plan a renewal for another 6 years, considering a final end value equal to the amounts due by way of indemnity for taking over the lease if provided for by the national regulations.

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 01.01.12	**17,761**	**32,381**	**13,228**	**7,109**	**377**	**3,681**	**74,537**
Increases	-	40	1,008	141	40	645	1,874
Disposals	-	-3	-17	-55	0	0	-75
Translation diff. / other variations	44	197	106	1	0	15	363
Depreciation	-	-428	-1,201	-659	-77	-494	-2,859
Net book value as of 30.06.12	**17,805**	**32,187**	**13,124**	**6,537**	**340**	**3,847**	**73,840**

Tangible fixed assets are changed as follows:

- Increases for new investments of EUR 1,874 thousand. These mainly refer to new investments in the renovation and modernisation of shops.
- Disposals, net of the accumulated depreciation, of EUR 75 thousand.
- Increase for differences arising on translation and other variations of EUR 363 thousand.
- Depreciation of EUR 2,859 thousand charged in relation to all tangible fixed assets, except for land, using the rates applicable to each category.

OTHER NON-CURRENT ASSETS

3. EQUITY INVESTMENTS

This item includes holdings represented by the cost.

4. OTHER FIXED ASSETS

This item mainly includes receivables for security deposits relating to commercial leases. At 30 June 2012 the value is substantially in line with that of 31 December 2011.

5. DEFERRED TAX ASSETS AND LIABILITIES

The table below illustrates the breakdown of this item at 30 June 2012 and at 31 December 2011:

(Values in thousands of EUR)	Receivables		Liabilities	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Tangible fixed assets	-	-	-263	-292
Intangible fixed assets	3	3	-180	-192
Provisions	1,354	1,545	-	-
Costs deductible in future periods	210	255	-	-
Income taxable in future periods	775	768	-1,127	-1,206
Tax losses carried forward	9,269	10,097	-	-
Other	-	-	-54	-53
Tax assets (liabilities) from transition to IAS	1,826	1,881	-36,474	-38,773
Total	**13,437**	**14,549**	**-38,098**	**-40,516**

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	-292	-6	35	-	-263
Intangible fixed assets	-189	-	12	-	-177
Provisions	1,545	2	-193	-	1,354
Costs deductible in future periods	255	1	75	-121	210
Income taxable in future periods	-438	-	86	-	-352
Tax losses carried forward	10,097	84	1,480	-2,392	9,269
Other	-53	-1	301	-301	-54
Tax assets (liabilities) from transition to IAS	-36,892	-	2,333	-89	-34,648
Total	**-25,967**	**80**	**4,129**	**-2,903**	**-24,661**

The negative variation of EUR 2,903 thousand in the column "Other" mainly refers to the compensation of the tax payables for IRES of the period matured in some of the Group's subsidiaries with the receivable for deferred tax generated in Aeffe Spa as a consequence of the adhesion of the subsidiaries to the fiscal consolidation.

CURRENT ASSETS

6. STOCKS AND INVENTORIES

This item comprises:

(Values in thousands of EUR)	30 June 2012	31 December 2011	Change Δ	%
Raw, ancillary and consumable materials	13,534	15,539	-2,005	-12.9%
Work in progress	7,978	6,099	1,879	30.8%
Finished products and goods for resale	55,652	52,145	3,507	6.7%
Advance payments	490	477	13	2.7%
Total	**77,654**	**74,260**	**3,394**	**4.6%**

Inventories of raw materials and work in progress mainly relate to the production of the Autumn/Winter 2012 collections, while finished products mainly concern the Spring/Summer 2012 and the Autumn/Winter 2012 collections and the Spring/Summer 2013 sample collections.

7. *Trade receivables*

This item is illustrated in details in the following table:

(Values in thousands of EUR)	30 June 2012	31 December 2011	Change Δ	%
Trade receivables	31,051	34,465	-3,414	-9.9%
(Allowance for doubtfull account)	-1,463	-1,918	455	-23.7%
Total	**29,588**	**32,547**	**-2,959**	**-9.1%**

Trade receivables amount to EUR 29,588 thousand at 30 June 2012, showing a decrease of 9.1% compared with the amount at 31 December 2011 (EUR 32,547 thousand).

Management considers that the fair value of amounts due from customers approximates their book value.

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.

8. *Tax receivables*

This item in illustrated in details in the following table:

(Values in thousands of EUR)	30 June 2012	31 December 2011	Change Δ	%
VAT	4,420	3,461	959	27.7%
Corporate income taxes (IRES)	2,100	2,084	16	0.8%
Local business tax (IRAP)	160	66	94	142.4%
Amounts due by tax authority for withheld taxes	983	1,399	-416	-29.7%
Other tax receivables	1,248	1,384	-136	-9.8%
Total	**8,911**	**8,394**	**517**	**6.2%**

As of 30 June 2012, the Group's tax receivables amount to EUR 8,911 thousand. The change of EUR 517 thousand compared to 31 December 2011 is mainly due to the increase of VAT receivables.

9. *Cash*

This item includes:

(Values in thousands of EUR)	30 June	31 December	Change	
	2012	2011	Δ	%
Bank and post office deposits	5,601	7,777	-2,176	-28.0%
Cheques	138	17	121	711.8%
Cash in hand	425	650	-225	-34.6%
Total	**6,164**	**8,444**	**-2,280**	**-27.0%**

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 decrease in cash and cash equivalent, recorded at 30 June 2012 compared with the amount recorded at 31 December 2011, is EUR 2,280 thousand. About the reason of this variation refer to the Statement of Cash Flows.

10. Financial receivables

The item is compared with the respective value at 31 December 2011:

(Values in thousands of EUR)	30 June	31 December	Change	
	2012	2011	Δ	%
Financial receivables	1,015	0	1,015	n.a.
Total	**1,015**	**-**	**1,015**	**n.a.**

The short-term financial receivable at 30 June 2012 is related to the sale of a store located in Paris.

11. Other receivables

This caption comprises:

(Values in thousands of EUR)	30 June	31 December	Change	
	2012	2011	Δ	%
Credits for prepaid costs	20,509	18,770	1,739	9.3%
Advances for royalties and commissions	1,844	1,375	469	34.1%
Advances to suppliers	378	287	91	31.7%
Accrued income and prepaid expenses	1,980	1,500	480	32.0%
Other	3,328	3,181	147	4.6%
Total	**28,039**	**25,113**	**2,926**	**11.7%**

Other current receivables increase by EUR 2,926 thousand mainly for the increase of credits for prepaid costs of EUR 1,739 thousand. Such increase has been generated by the seasonality of the business and by the increase of variable costs suspended at the end of June as a consequence of the good performances of sales and orders.

Credits for prepaid costs relate to the costs incurred to design and make samples for the Spring/Summer 2013 collections, which the corresponding revenues from sales have not been realised yet for and the partial suspension of the same costs for the Autumn/Winter 2012 collections.

12. ASSETS AND LIABILITIES AVAILABLE FOR SALE

The entry assets and liabilities available for sale changes during the semester for the sale of a boutique Pollini based in Milan.

This item is illustrated in details in the following table:

(Values in thousands of EUR)	30 June 2012	31 December 2011	Change Δ
Key money	0	7,207	-7,207
Tangible fixed assets	0	68	-68
Other fixed assets	437	437	0
Total	**437**	**7,712**	**-7,275**

13. SHAREHOLDERS' EQUITY

Described below are the main categories of shareholders' equity at 30 June 2012, while the corresponding variations are described in the prospect of shareholders' equity.

(Values in thousands of EUR)	30 June 2012	31 December 2011	Change Δ
Share capital	25,371	25,371	-
Share premium reserve	71,240	71,240	-
Translation reserve	-1,840	-2,425	585
Other reserves	30,605	28,890	1,715
Fair value reserve	7,901	7,901	-
IAS reserve	11,459	11,459	-
Profits / (losses) carried-forward	-10,010	-3,938	-6,072
Net profit / (loss) for the Group	-4,352	-4,280	-72
Minority interest	15,917	15,979	-62
Total	**146,291**	**150,197**	**-3,906**

SHARE CAPITAL

Share capital as of 30 June 2012, totally subscribed and paid, (gross of treasury shares) totals EUR 26,841 thousand), and is represented by 107,362,504 shares, par value EUR 0.25 each. At 30 June 2012 the Parent Company holds 5,876,878 treasury shares, representing the 5.5% of its share capital.

There are no shares with restricted voting rights, without voting rights or with preferential rights. The number of outstanding shares is not changed during the period.

SHARE PREMIUM RESERVE

The share premium reserve amounts to EUR 71,240 thousand and it remains unchanged since 31 December 2011.

TRANSLATION RESERVE

The increase of EUR 585 thousand related to such reserve is due to the conversion of companies' financial statements in other currency than EUR.

OTHER RESERVES

The changes in these reserves reflect the allocation of prior-year profit of the Parent Company.

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

The caption Profits/(losses) carried-forward decrease mainly as a consequence of the consolidated net loss recorded during the year ended at 31 December 2011.

MINORITY INTERESTS

The variation is due to the portion of result for the period ended at 30 June 2012 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

14. PROVISIONS

Provisions are illustrated in the following statement:

(Values in thousands of EUR)	31 December 2011	Increases	Decreases	30 June 2012
Pensions and similar obligations	926	16	-72	870
Other	145		-8	137
Total	**1,071**	**16**	**-80**	**1,007**

The supplementary clientele severance indemnity fund 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 "Contingent liabilities".

15. *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.

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).

Changes in the provision are illustrated in the following statement:

(Values in thousands of EUR)	31 December 2011	Increases	Decreases/ Other variations	30 June 2012
Post employment benefits	7,943	227	-401	7,769
Total	**7,943**	**227**	**-401**	**7,769**

Increases include financial expenses for EUR 171 thousand.

16. *LONG-TERM FINANCIAL LIABILITIES*

The following table contains details of long-term borrowings:

(Values in thousands of EUR)	30 June 2012	31 December 2011	Change Δ	%
Loans from financial institutions	5,484	7,024	-1,540	-21.9%
Amounts due to other creditors	36	36	0	n.a.
Total	**5,520**	**7,060**	**-1,540**	**-21.8%**

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 2012, including the current portion and long term portion:

(Values in thousands of EUR)	Total amount	Current portion	Long term portion
Bank borrowings	8,543	3,059	5,484
Total	**8,543**	**3,059**	**5,484**

There are no amounts due beyond five years, except for EUR 365 thousand of a loan expiring in 2018.

17. LONG-TERM NOT FINANCIAL LIABILITIES

This caption, in the amount of EUR 14,241 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 as 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

18. TRADE PAYABLES

The item is compared with the respective value at 31 December 2011:

(Values in thousands of EUR)	30 June 2012	31 December 2011	Change Δ	%
Trade payables	46,252	54,809	-8,557	-15.6%
Total	**46,252**	**54,809**	**-8,557**	**-15.6%**

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

19. TAX PAYABLES

Tax payables are analysed in comparison with the related balances as of 31 December 2011 in the following table:

(Values in thousands of EUR)	30 June 2012	31 December 2011	Change Δ	%
Local business tax (IRAP)	593	448	145	32.4%
Corporate income tax (IRES)	126	78	48	61.5%
Amounts due to tax authority for withheld taxes	1,962	2,280	-318	-13.9%
VAT due to tax authority	741	420	321	76.4%
Other	64	116	-52	-44.8%
Total	**3,486**	**3,342**	**144**	**4.3%**

Tax payables remains substantially in line compared with 31 December 2011.

20. SHORT-TERM FINANCIAL LIABILITIES

A breakdown of this item is given below:

(Values in thousands of EUR)	30 June 2012	31 December 2011	Change Δ	%
Due to banks	100,878	96,326	4,552	4.7%
Due to other creditors	2,382	3,141	-759	-24.2%
Total	**103,260**	**99,467**	**3,793**	**3.8%**

Current bank debts include 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.

The amount due to other long term creditors are related to financial payables recorded in the consolidated financial statements in application of the financial accounting method for leasing operations. 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 November 2012. This contract includes an end-of-lease purchase payment of EUR 1,750 thousand.

21. OTHER LIABILITIES

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

(Values in thousands of EUR)	30 June 2012	31 December 2011	Change Δ	%
Due to total security organization	2,997	3,441	-444	-12.9%
Due to employees	6,448	4,503	1,945	43.2%
Trade debtors - credit balances	2,375	1,678	697	41.5%
Accrued expenses and deferred income	3,493	2,609	884	33.9%
Other	1,871	2,713	-842	-31.0%
Total	**17,184**	**14,944**	**2,240**	**15.0%**

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. Their decrease compared to the value at 31 December 2011 is mainly due to the welfare contributions paid in January 2012 on the quota of the thirteenth monthly pay paid in December 2011.

The considerable increase in the amount due to employees is mainly assignable to the presence of the thirteenth monthly pay accrual as of 30 June 2012 which has no equivalent as of 31 December 2011.

The increase of trade debtors is mainly related to the seasonality of the business.

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 other liabilities mainly include commission payables.

SEGMENT INFORMATION REGARDING PROFIT OR LOSS, ASSETS AND LIABILITIES

In order to apply the IFRS 8 the Group has considered to delineate as operative sectors the same used by IAS 14 Segment reporting: *Prêt-à porter* Division and footwear and leather goods Division. Such decision has been taken because they represent business activities from which the entity may earn revenues and incur expenses, whose operating result are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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 "Love Moschino") and brands licensed from other companies (such as "Jean Paul Gaultier", "Blugirl" and "Cacharel"). 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, beachwear and loungewear. Collections are produced and distributed under the Group's own-label brands such as "Moschino", 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 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" products such as umbrellas, foulards and ties.

The following tables indicate the main economic data for the first half-year 2012 and 2011 of the *Prêt-à porter* and Footwear and leather goods Divisions:

(Values in thousand of EUR) 1st Half 2012	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR REVENUES	**96,894**	**32,291**	**-7,522**	**121,663**
Intercompany revenues	-2,497	-5,025	7,522	0
Revenues with third parties	**94,397**	**27,266**	-	**121,663**
Gross operating margin (EBITDA)	**7,711**	**-595**	-	**7,116**
Amortisation	-5,347	-1,379	-	-6,726
Other non monetary items:				
Write-downs	-8	-27	-	-35
Net operating profit / loss (EBIT)	**2,356**	**-2,001**	-	**355**
Financial income	507	23	-479	51
Financial expenses	-3,414	-1,043	479	-3,978
Profit / loss before taxes	**-551**	**-3,021**	**-**	**-3,572**
Income taxes	-1,175	569	-	-606
Net profit / loss	**-1,726**	**-2,452**	**-**	**-4,178**

(Values in thousand of EUR) 1st Half 2011	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR REVENUES	**98,151**	**28,456**	**-6,640**	**119,967**
Intercompany revenues	-1,847	-4,793	6,640	0
Revenues with third parties	**96,304**	**23,663**	-	**119,967**
Gross operating margin (EBITDA)	**6,092**	**-1,727**	-	**4,365**
Amortisation	-5,343	-1,554	-	-6,897
Other non monetary items:				
Write-downs		-29	-	-29
Net operating profit / loss (EBIT)	**749**	**-3,310**	-	**-2,561**
Financial income	516	46	-174	388
Financial expenses	-2,116	-492	174	-2,434
Profit / loss before taxes	**-851**	**-3,756**	**-**	**-4,607**
Income taxes	-1,534	1,003	-	-531
Net profit / loss	**-2,385**	**-2,753**	**-**	**-5,138**

The following tables indicate the main patrimonial and financial data at 30 June 2012 and 31 December 2011 of the Prêt-à porter and Footwear and leather goods Divisions:

(Values in thousand of EUR) 30 June 2012	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR ASSETS	*304,028*	*102,082*	*-45,347*	360,763
of which non-current assets (*)				
Intangible fixed assets	*92,237*	*48,840*	-	*141,077*
Tangible fixed assets	*70,125*	*3,715*	-	*73,840*
Other non-current assets	*8,579*	*1,714*	*-7,345*	*2,948*
OTHER ASSETS	*19,541*	*2,807*	-	22,348
CONSOLIDATED ASSETS	**323,569**	**104,889**	**-45,347**	**383,111**

(*) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts

(Values in thousand of EUR) 30 June 2012	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR LIABILITIES	*180,155*	*60,427*	*-45,347*	195,235
OTHER LIABILITIES	26,242	15,342	-	41,584
CONSOLIDATED LIABILITIES	**206,397**	**75,769**	**-45,347**	**236,819**

(Values in thousand of EUR) 31 December 2011	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR ASSETS	*301,770*	*111,304*	*-42,426*	370,648
of which non-current assets (*)				
Intangible fixed assets	*95,305*	*49,786*	-	*145,091*
Tangible fixed assets	*71,046*	*3,491*	-	*74,537*
Other non-current assets	*6,830*	*1,567*	*-5,452*	*2,945*
OTHER ASSETS	*20,073*	*2,870*	-	22,943
CONSOLIDATED ASSETS	**321,843**	**114,174**	**-42,426**	**393,591**

(*) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts

(Values in thousand of EUR) 31 December 2011	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR LIABILITIES	*176,872*	*65,089*	*-42,426*	199,535
OTHER LIABILITIES	26,347	17,511	-	43,858
CONSOLIDATED LIABILITIES	**203,219**	**82,600**	**-42,426**	**243,393**

Segment information by geographical area

The following table indicates the revenues for the first half-year 2012 and 2011 divided by geographical area:

(Values in thousands of EUR)	1st Half 2012	%	1st Half 2011	%	Change Δ	%
Italy	49,894	41.0%	52,075	43.4%	-2,181	-4.2%
Europe (Italy and Russia excluded)	24,564	20.2%	24,689	20.6%	-125	-0.5%
Russia	10,153	8.3%	7,929	6.6%	2,224	28.1%
United States	9,311	7.7%	8,821	7.4%	490	5.6%
Japan	11,205	9.2%	9,565	8.0%	1,640	17.1%
Rest of the World	16,536	13.6%	16,888	14.0%	-352	-2.1%
Total	**121,663**	**100.0%**	**119,967**	**100.0%**	**1,696**	**1.4%**

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

22. REVENUES FROM SALES AND SERVICES

In the first semester of 2012, Aeffe consolidated revenues amount to EUR 121,663 thousand compared to EUR 119,967 thousand in the first semester of 2011, with a 1.4% increase at current exchange rates (-0.2% at constant exchange rates).

The revenues of the prêt-à-porter division decrease by 1.3% (-3.2% at constant exchange rates) to EUR 96,894 thousand, while the revenues of the footwear and leather goods division increase by 13.5% to EUR 32,291 thousand, before interdivisional eliminations.

23. OTHER REVENUES AND INCOME

This item comprises:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011	Change Δ	%
Extraordinary income	314	746	-432	-57.9%
Other income	2,891	1,790	1,101	61.5%
Total	**3,205**	**2,536**	**669**	**26.4%**

In 1stH 2012, the caption extraordinary income, composed by recovery of receivables from bankrupt customers, time expiry of receivables and payables that arose in prior years, decreases by 432 thousand compared to the previous semester.

The caption other income, which amounts to EUR 2,891 thousand, mainly refers to exchange gains on commercial transaction, rental income, sales of raw materials and packaging. The variation of EUR 1,101 thousand compared to the previous semester is mainly due to the increase of exchange gains on commercial transaction, in particular the ones related to the variation of the Japanese Yen.

24. COSTS OF RAW MATERIALS

(Values in thousands of EUR)	1st Half 2012	1st Half 2011	Change Δ	%
Raw, ancillary and consumable materials and goods for resale	40,500	38,931	1,569	4.0%
Total	**40,500**	**38,931**	**1,569**	**4.0%**

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 caption is linked to the sales growth.

25. COSTS OF SERVICES

This item comprises:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011	Change Δ	%
Subcontracted work	10,956	12,098	-1,142	-9.4%
Consultancy fees	7,286	6,667	619	9.3%
Advertising	5,207	5,723	-516	-9.0%
Commission	2,261	2,417	-156	-6.5%
Transport	2,154	1,895	259	13.7%
Utilities	1,175	1,102	73	6.6%
Directors' and auditors' fees	1,305	1,370	-65	-4.7%
Insurance	370	397	-27	-6.8%
Bank charges	767	617	150	24.3%
Travelling expenses	1,244	1,126	118	10.5%
Other services	2,881	2,707	174	6.4%
Total	**35,606**	**36,119**	**-513**	**-1.4%**

Costs of services decrease from EUR 36,119 thousand in the 1stH 2011 to EUR 35,606 thousand in the 1stH 2012, down 1.4%. The decrease is due to:

- the decrease of subcontracted work, which has to be examined jointly with the cost of raw materials because together form the cost of goods sold. In terms of incidence on turnover, this cost component changes from 41.8% of the first semester 2011 to 38.4% of the first semester 2012.
- the increase of costs for "Consultancy fees" mainly for the stylistic and administrative ones;
- the decrease of costs for "Advertising". The Group expenses for advertising and public relations in total (classified by nature in different entries of the income statement) keep an incidence of about 8% on turnover, in line compared to previous periods.

26. Costs for use of third parties assets

This item comprises:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011	Change Δ	%
Rental expenses	10,414	9,835	579	5.9%
Royalties	1,077	1,341	-264	-19.7%
Hire charges and similar	406	379	27	7.1%
Total	**11,897**	**11,555**	**342**	**3.0%**

The caption costs for use of third parties assets increases of EUR 342 thousand from EUR 11,555 thousand in the 1stH 2011 to EUR 11,897 thousand in the 1stH 2012. Such increase, mainly due to opening of new shops, both the ones realized during the 1stH 2011 and fully operative in the 1stH 2012 and the ones realized in 2012, is partially compensated by less royalties related to brands under license.

27. Labour costs

The item includes:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011	Change Δ	%
Wages and salaries	23,083	22,004	1,079	4.9%
Contributions and other costs	7,988	7,432	556	7.5%
Total	**31,071**	**29,436**	**1,635**	**5.6%**

Labour costs increase from EUR 29,436 thousand in 1stH 2011 to EUR 31,071 thousand in 1stH 2012 with an incidence on revenues which changes from 24.5% in the 1stH 2011 to 25.5% in the 1stH 2012.

The workforce decreases from an average of 1,470 units in the 1stH 2011 to 1,455 units in the 1stH 2012.

Average number of employees by category	1st Half 2012	1st Half 2011	Change Δ	% %
Workers	390	408	-18	-4%
Office staff-supervisors	1,038	1,036	2	0%
Executive and senior managers	27	26	1	4%
Total	**1,455**	**1,470**	**-15**	**-1%**

28. OTHER OPERATING EXPENSES

This item includes:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011	Change Δ	%
Taxes	444	294	150	51.0%
Gifts	154	60	94	156.7%
Contingent liabilities	615	653	-38	-5.8%
Write-down of current receivables	105	83	22	26.5%
Foreign exchange losses	1,805	1,535	270	17.6%
Other operating expenses	287	404	-117	-29.0%
Total	**3,410**	**3,029**	**381**	**12.6%**

The caption other operating expenses amounts to EUR 3,410 thousand, with an increase of 12.6% compared with EUR 3,029 thousand in the 1stH 2011.

29. AMORTISATION, WRITE-DOWNS AND PROVISIONS

This item includes:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011	Change Δ	%
Amortisation of intangible fixed assets	3,867	3,342	525	15.7%
Depreciation of tangible fixed assets	2,859	3,554	-695	-19.6%
Write-downs	35	29	6	20.7%
Total	**6,761**	**6,925**	**-164**	**-2.4%**

Amortisations are substantially in line with the previous period.

30. FINANCIAL INCOME/ EXPENSES

This item includes:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011	Change Δ	%
Interest income	13	36	-23	-63.9%
Foreign exchange gains	17	330	-313	-94.8%
Financial discounts	4	20	-16	-80.0%
Other income	17	2	15	750.0%
Financial income	**51**	**388**	**-337**	**-86.9%**
Bank interest expenses	3,310	1,699	1,611	94.8%
Other interest expenses	272	184	88	47.8%
Lease interest	69	105	-36	-34.3%
Foreign exchange losses	8	91	-83	-91.2%
Other expenses	320	356	-36	-10.1%
Financial expenses	**3,979**	**2,435**	**1,544**	**63.4%**
Total	**3,928**	**2,047**	**1,881**	**91.9%**

The increase in financial income/expenses amounts to EUR 1,881 thousand. Such effect is substantially linked to:

- the lower positive exchange differences generated by loans in foreign currency in the 1stH 2012 compared to the ones in the 1stH 2011 (in particular those in Japanese Yen);
- the raise of the average interest rate of the first semester 2012 compared to the one of 2011.

31. INCOME TAXES

This item includes:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011	Change Δ	%
Current income taxes	4,467	1,914	2,553	133.4%
Deferred income/(expenses) taxes	-4,129	-1,383	-2,746	198.6%
Taxes related to previous years	268	0	268	n.a.
Total income taxes	**606**	**531**	**75**	**14.1%**

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 1stH 2012 and 2011 is illustrated in the following table:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011
Profit before taxes	-3,573	-4,607
Theoretical tax rate	27.5%	27.5%
Theoretical income taxes (IRES)	**-983**	**-1,267**
Fiscal effect	-159	-217
Effect of foreign tax rates	538	1,290
Total income taxes excluding IRAP (current and deferred)	**-604**	**-194**
IRAP (current and deferred)	**1,210**	**725**
Total income taxes (current and deferred)	**606**	**531**

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 CONSOLIDATED STATEMENT OF CASH FLOWS

The cash flow absorbed during the first half of 2012 is EUR 2,280 thousand.

(Values in thousands of EUR)	1st Half 2012	1st Half 2011
OPENING BALANCE (A)	**8,444**	**4,512**
Cash flow (absorbed)/ generated by operating activity (B)	-5,083	-2,886
Cash flow (absorbed)/ generated by investing activity (C)	5,223	-1,522
Cash flow (absorbed)/ generated by financing activity (D)	-2,420	3,754
Increase/(decrease) in cash flow (E)=(B)+(C)+(D)	**-2,280**	**-654**
CLOSING BALANCE (F)=(A)+(E)	**6,164**	**3,858**

32. *Cash flow (absorbed)/ generated by operating activity*

The cash flow absorbed by operating activity during the first half of 2012 amounts to EUR 5,083 thousand.

The cash flow comprising these funds is analysed below:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011
Profit before taxes	-3,573	-4,607
Amortisation / write-downs	6,761	6,925
Accrual (+)/availment (-) of long term provisions and post employment benefits	-237	-967
Paid income taxes	-1,768	-1,030
Financial income (-) and financial charges (+)	3,928	2,047
Change in operating assets and liabilities	-10,194	-5,254
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**-5,083**	**-2,886**

33. *Cash flow (absorbed)/ generated by investing activity*

The cash flow generated by investing activity during the first half of 2012 amounts to EUR 5,223 thousand.

The factors comprising these funds are analysed below:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011
Increase (-)/ decrease (+) in intangible fixed assets	146	-287
Increase (-)/ decrease (+) in tangible fixed assets	-2,162	-1,170
Investments and write-downs (-)/ Disinvestments and revaluations (+)	7,239	-65
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**5,223**	**-1,522**

34. *Cash flow (absorbed)/ generated by financing activity*

The cash flow absorbed by financing activity during the first half of 2012 amounts to EUR 2,420 thousand.

The factors comprising these funds are analysed below:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011
Other variations in reserves and profits carried-forward of shareholders' equity	272	-1,468
Dividends paid	0	0
Proceeds (+)/repayment (-) of financial payments	2,254	7,295
Increase (-)/ decrease (+) in long term financial receivables	-1,018	-26
Financial income (+) and financial charges (-)	-3,928	-2,047
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**-2,420**	**3,754**

OTHER INFORMATION

35. STOCK OPTIONS PLAN

During the semester no stock options of Aeffe S.p.A. have been granted. For the details relating to the stock options plans refer to the financial statements ended at 31 December 2011.

36. 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 2012 is analysed below:

(Values in thousands of EUR)	30 June 2012	31 December 2011
A - Cash in hand	563	667
B - Other available funds	5,601	7,777
C - Securities held for trading	-	-
D - Cash and cash equivalents (A) + (B) + (C)	*6,164*	*8,444*
E - Short term financial receivables	1,015	-
F - Current bank loans	-97,819	-93,314
G - Current portion of long-term bank borrowings	-3,059	-3,012
H - Current portion of loans from other financial istitutions	-2,382	-3,141
I - Current financial indebtedness (F) + (G) + (H)	*-103,260*	*-99,467*
J - Net current financial indebtedness (I) + (E) + (D)	*-96,081*	*-91,023*
K - Non current bank loans	-5,484	-7,024
L - Issued obbligations	-	-
M - Other non current loans	-36	-36
N - Non current financial indebtedness (K) + (L) + (M)	*-5,520*	*-7,060*
O - Net financial indebtedness (J) + (N)	***-101,601***	***-98,083***

The net financial position of the Group amounts to EUR 101,601 thousand as of 30 June 2012 compared with EUR 98,083 thousand as of 31 December 2011. Such increase is mainly due to the economic result of the first semester 2012 and to the seasonality of the business.

37. EARNINGS PER SHARE

Basic earnings per share:

(Values in thousands of EUR)	1st Half 2012	1st Half 2011
Consolidated earnings for the period for shareholders of the Parent Company	-4,352	-5,117
Medium number of shares for the period	101,486	101,486
Basic earnings per share	**-0.043**	**-0.050**

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

38. 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 2012	1st Half 2011	Nature of the transactions
Shareholder Alberta Ferretti with Aeffe S.p.a.			
Contract for the sale of artistic assets and design	150	150	Cost
Ferrim with Aeffe S.p.a.			
Property rental	609	627	Cost
Commercial	150	0	Receivable
Ferrim with Moschino S.p.a.			
Property rental	421	413	Cost
Commercial	0	91	Receivable
Commercial	0	218	Payable
Commerciale Valconca with Aeffe S.p.a.			
Commercial	63	101	Revenue
Property rental	46	58	Cost
Commercial	933	881	Receivable
Commercial	158	55	Payable
Aeffe France with Società Solide Real Estate France			
Property rental	144	134	Cost
Commercial	0	111	Payable
Commercial	45	0	Receivable
Moschino France with Società Solide Real Estate France			
Property rental	176	164	Cost
Commercial	1,040	627	Payable

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 2012 and at 30 June 2011.

(Values in thousands of EUR)	Balance 1st Half	Value rel. party 2012	%	Balance 1st Half	Value rel. party 2011	%
Incidence of related party transactions on the income statement						
Revenues from sales and services	121,663	63	0.1%	119,967	101	0.1%
Costs of services	35,606	150	0.4%	36,119	150	0.4%
Costs for use of third party assets	11,897	1,396	11.7%	11,555	1,396	12.1%
Incidence of related party transactions on the balance sheet						
Trade payables	46,252	1,198	2.6%	48,418	1,011	2.1%
Trade receivables	29,588	1,128	3.8%	33,119	972	2.9%
Incidence of related party transactions on the cash flow						
Cash flow (absorbed) / generated by operating activities	-5,083	-1,488	29.3%	-2,887	-1,371	47.5%
Incidence of related party transactions on the indebtedness						
Net financial indebtedness	-101,601	-1,488	1.5%	-103,475	-1,371	1.3%

39. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob communication DEM/6064293 dated 28 July 2006, it is confirmed that in the first half of 2012 the Group did not enter into any atypical and/or unusual transactions, as defined in that communication.

40. SIGNIFICANT NON RECURRING EVENTS AND TRANSACTIONS

It is confirmed that in the first six months of 2012 no significant non-recurring events and transactions have been realised.

41. CONTINGENT LIABILITIES

Fiscal disputes

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

Aeffe S.p.A.: the Rimini Provincial Tax Commission with ruling no. 101/2/06 filed on 16 December 2006 cancelled notices of assessment 81203T100562 (RG no. 43/05) and 81203T100570 (RG no. 69/05) issued by the Rimini Tax Authorities in November 2004. The issues raised related to the 1999 and 2000 tax years concern 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 Bologna Regional Tax Commission, as set during the hearing of 27 September 2010, has rejected the appeal, confirming the first level ruling.

On 12 January 2012, the State Legal Bar disputed the validity of the judgment of the Bologna regional tax commission, by bringing an appeal before the Court of Cassation. The company presented its counter-submission within the time limit established by the law.

The positive outcome at the first two levels of judgment means that the further development of this dispute can be considered in a positive light.

The Rimini Provincial Tax Commission with ruling no. 37/02/08 of 28 January 2008, filed on 9 April 2008, cancelled notices of assessment no. 81203T300390/06 and no. 81203T300393/06 issued by the Rimini Tax

Authorities in June 2006. The assessments concern tax years 2001 and 2002, and are connected with non-recognition of utilisation of the tax loss achieved during tax period 2000. The Rimini Tax Office has appealed against the sentence handed down by the Rimini Provincial Tax Commissioners with notification sent to the company on 29 May 2009. The appeal presented its counter analysis to the Regional Tax Commission of Bologna within the legally-prescribed time period. For this tax dispute the company is waiting for the date for discussion of the dispute before the Bologna Regional Tax Commission to be set.

On 1 October 2008 the Rimini Tax Office notified the company of inspection minutes in relation to direct taxes and IRAP for FY 2005. The audits also concerned VAT and were mainly focused on relations with group companies and costs for services. Specifically, the Tax Office raised issues on non-pertinent costs totaling EUR 130 thousand and non-pertinent advertising costs amounting to roughly EUR 580 thousand tied to the disbursement of contributions to subsidiary companies. On 30 August 2010, the Major Taxpayers Office of the Emilia Romagna Regional Tax Department notified assessments TGB03B500172/2010 (IRAP), TGB08B500181/2010 (theoretical IRES) and TGB09B500185/2010 (actual IRES), containing the matters indicated above. The company challenged these assessments before the Bologna Provincial Tax Commissioners ahead of the legal deadline, trusting that the valid defensive reasoning will be accepted. On 13 July 2011, with tax return n. 137 2011 00031537 15 the company has been ordered to pay the amount registered in the roll by the Tax Office, provisionally awaiting trial, equal to half of the taxes in dispute, besides interests, for a total amount of EUR 161 thousand. The application for suspension, lodged by the company in a timely manner, was refused on 22 November 2011.

On 25 October 2010 it has been notified the communication of irregularities, discovered during the automatic control of the Form of declaration "CNM 2008 – tax period 2007" and requested the full payment of EUR 599 thousand (EUR 516 thousand related to VAT, besides penalties –reduced- and interests) for incorrect compensation in the payment form F24 on 30 November 2007, of part of VAT receivable, arising from the VAT declaration concerning the year 2006, with a debt of the EUR 516 thousand due as second advance IRES for the tax period 2007. On 13 May 2011 it has been notified the folder payment n. 137 2011 00031537 37, through which the Tax Office – Regional Tax Commission of Bologna (by the Concessionaire of Collection) has required to pay an amount of totaling EUR 752 thousand (EUR 516 thousand related to VAT, besides penalties and interests). On 6 June 2011 the company has submitted to the Regional Tax Commission of Bologna relevant application for cancellation, in self-defense, of the communication of irregularities received and on 11 July 2011 appealed the registration in the roll contained in the tax return, with notice of timely appeal to the Tax Office, pleading the total inconsistency of the tax claim with many and valid defensive arguments and demanding the judicial suspension. The suspension was then granted on 13 January 2012 by order of the Commission in question, which fixed a hearing on the matter for 20 April 2012, afterwards postpone to 31 October 2012.

Pollini Retail S.r.l.: the case regarding the dispute in connection with non-recognition of VAT credit which arose in 2001, equal to approximately EUR 505 thousand, was discussed before the Regional Tax Commission of Bologna on 12 December 2008; on 12 February 2009 the injunction of the regional tax commission of Bologna ordering the Rimini office to provide the information necessary for assessing the amount due of VAT credit accrued by the company during FY 2001 was filed; with sentence no. 106/01/09, filed on 19 November 2009, the Regional Tax Commission of Bologna upheld the first level sentence. The company has appealed against said sentence with recourse to the Court of Cassation and is waiting for the hearing to be set.

The tax dispute introduced with the appeal against the silent refusal of the Rimini Office to the application presented by the company, aimed at recognising the 2001 VAT credit that was the subject matter of the case specified in the foregoing paragraph, was discussed on 26 February 2010 before the Rimini Provincial Tax Commissioners that, in its judgment filed on 5 September 2011, rejected the company's appeal. In response to this judgment, the company will bring a timely appeal before the Bologna regional tax commission.

Pollini S.p.A.: in connection with the tax dispute regarding recovery of VAT for FY 2002 due to non-invoicing of taxable transactions concerning the company (also in its capacity of merging company of the former Pollini Industriale S.r.l.), please be reminded that:

- in 2008 the Cesena Tax Office appealed against the order handed down by the Forlì Provincial Tax Commissioners, which fully upheld the company's appeal, and the appellee company appeared before the Regional Tax Commission of Bologna within the prescribed time;
- in January 2009 the company appealed against the order of the Forlì Provincial Tax Commissioners, which had rejected the defence's arguments on that specific point.

The cases, together, were discussed on 25 January 2010 by the Regional Tax Commission of Bologna. With sentences no. 27/13/10 and no. 23/13/10, filed on 17 February 2010, it confirmed the legitimacy of the notices of assessment issued to the company.

Because the Office has served the ruling n. 23/13/10 on 23 September 2010, on 22 November 2010 it has been presented recourse to the Court of Cassation. The company is waiting for the hearing to be set.

Moschino S.p.A.: the company has been subjected to an inspection covering its direct taxes, VAT and Irap for the 2007 tax year by officials from the Milan Provincial Tax Department II. Following this inspection, on 23 December 2010 the company was notified of the Inspection Minutes which raise matters relevant for the purposes of IRES (with additional taxation of Euro 674 thousand), IRAP (with additional taxation of Euro 67 thousand) and VAT (with additional taxation of Euro 203 thousand). The company has taken the opportunity to present observations refuting the conclusions of the inspectors, as allowed by art. 12.7 of Law 212/2000 (Taxpayers Statute). During 2012 the company entered into negotiation with the Tax Department for closing a fiscal dispute through an agreement.

Furthermore, on 26 August 2011, Milan's Provincial Directorate II sent the company questionnaire No. Q02069/2011, requesting the company to produce a copy of specific documentation regarding the application of articles 167 and 110 of the Italian income tax code and the reconciliation of the fiscal and accounting effects deriving from a merger completed in 2000. The company responded to the request by filing the relevant documentation with the Milan Provincial Directorate on 21/11/2011.

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

The directors, in receipt of the opinion of their fiscal consultants, do not deem it likely that any liabilities will derive from the above-mentioned.

Attachments of the explanatory notes

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

ATTACHMENT I

Consolidated Balance Sheet Assets with related parties

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in units of EUR)	Notes	30 June 2012	of which Rel. parties	31 December 2011	of which Rel. parties
NON-CURRENT ASSETS					
Intangible fixed assets					
Key money		38,717,590		40,917,446	
Trademarks		101,189,218		102,935,979	
Other intangible fixed assets		1,170,578		1,237,128	
Total intangible fixed assets	(1)	141,077,386		145,090,553	
Tangible fixed assets					
Lands		17,804,495		17,760,576	
Buildings		32,187,111		32,381,230	
Leasehold improvements		13,124,138		13,227,883	
Plant and machinary		6,536,995		7,108,806	
Equipment		340,253		377,417	
Other tangible fixed assets		3,846,644		3,680,636	
Total tangible fixed assets	(2)	73,839,636		74,536,548	
Other fixed assets					
Equity investments	(3)	30,251		29,625	
Other fixed assets	(4)	2,918,063		2,915,138	
Deferred tax assets	(5)	13,437,315		14,549,218	
Total other fixed assets		16,385,629		17,493,981	
TOTAL NON-CURRENT ASSETS		**231,302,651**		**237,121,082**	
CURRENT ASSETS					
Stocks and inventories	(6)	77,653,749		74,259,636	
Trade receivables	(7)	29,587,912	1,128,115	32,547,133	905,082
Tax receivables	(8)	8,911,114		8,394,168	
Cash	(9)	6,164,107		8,443,724	
Financial receivables	(10)	1,015,000		0	
Other receivables	(11)	28,039,108		25,113,491	5,042
TOTAL CURRENT ASSETS		**151,370,990**		**148,758,152**	
Assets available for sale	(12)	436,885		7,711,633	
TOTAL ASSETS		**383,110,526**		**393,590,867**	

ATTACHMENT II

Consolidated Balance Sheet Liabilities with related parties

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in units of EUR)	Notes	30 June 2012	of which Rel. parties	31 December 2011	of which Rel. parties
SHAREHOLDERS' EQUITY	**(13)**				
Group interest					
Share capital		25,371,407		25,371,407	
Share premium reserve		71,240,251		71,240,251	
Translation reserve		-1,839,881		-2,425,059	
Other reserves		30,605,254		28,888,367	
Fair Value reserve		7,901,240		7,901,240	
IAS reserve		11,459,492		11,459,492	
Profits/(losses) carried-forward		-10,011,183		-3,937,904	
Net profit/(loss) for the Group		-4,352,427		-4,279,554	
Group interest in shareholders' equity		130,374,153		134,218,240	
Minority interest					
Minority interest in share capital and reserves		15,743,317		15,806,685	
Net profit/(loss) for the minority interest		174,084		172,512	
Minority interest in shareholders' equity		15,917,401		15,979,197	
TOTAL SHAREHOLDERS' EQUITY		**146,291,554**		**150,197,437**	
NON-CURRENT LIABILITIES					
Provisions	(14)	1,007,181		1,070,987	
Deferred tax liabilities	(5)	38,098,389		40,515,662	
Post employment benefits	(15)	7,769,445		7,942,941	
Long term financial liabilities	(16)	5,519,793		7,059,804	
Long term not financial liabilities	(17)	14,241,401		14,241,401	
TOTAL NON-CURRENT LIABILITIES		**66,636,209**		**70,830,795**	
CURRENT LIABILITIES					
Trade payables	(18)	46,252,461	1,197,869	54,809,403	984,969
Tax payables	(19)	3,485,564		3,342,381	
Short term financial liabilities	(20)	103,260,416		99,466,588	
Other liabilities	(21)	17,184,322		14,944,263	
TOTAL CURRENT LIABILITIES		**170,182,763**		**172,562,635**	
Liabilities available for sale	(12)	-		0	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**383,110,526**		**393,590,867**	

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 2012	of which Rel. parties	1st Half 2011	of which Rel. parties
REVENUES FROM SALES AND SERVICES	**(22)**	**121,663,192**	**63,260**	**119,966,651**	**100,558**
Other revenues and income	(23)	3,204,617		2,535,754	
TOTAL REVENUES		**124,867,809**		**122,502,405**	
Changes in inventory		4,732,108		933,697	
Costs of raw materials, cons. and goods for resale	(24)	-40,499,776		-38,930,870	
Costs of services	(25)	-35,605,507	-150,000	-36,119,250	-150,000
Costs for use of third parties assets	(26)	-11,897,126	-1,396,373	-11,555,289	-1,396,175
Labour costs	(27)	-31,070,773		-29,436,407	
Other operating expenses	(28)	-3,410,372		-3,029,409	
Amortisation, write-downs and provisions	(29)	-6,761,292		-6,925,403	
Financial income/(expenses)	(30)	-3,927,775		-2,046,611	
PROFIT / LOSS BEFORE TAXES		**-3,572,704**		**-4,607,137**	
Income taxes	(31)	-605,639		-530,758	
NET PROFIT / LOSS		**-4,178,343**		**-5,137,895**	
(Profit)/loss attributable to minority shareholders		-174,084		20,637	
NET PROFIT / LOSS FOR THE GROUP		**-4,352,427**		**-5,117,258**	

ATTACHMENT IV

Consolidated Cash Flow Statement with related parties

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in thousands of EUR)	Notes	1st Half 2012	of which Rel. parties	1st Half 2011	of which Rel. parties
OPENING BALANCE		**8,444**		**4,512**	
Profit / loss before taxes		-3,573	-1,483	-4,607	-1,446
Amortisation / write-downs		6,761		6,925	
Accrual (+)/availment (-) of long term provisions and post employment benefits		-237		-967	
Paid income taxes		-1,768		-1,030	
Financial income (-) and financial charges (+)		3,928		2,047	
Change in operating assets and liabilities		-10,194	-5	-5,254	75
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**(32)**	**-5,083**		**-2,886**	
Increase (-)/ decrease (+) in intangible fixed assets		146		-287	
Increase (-)/ decrease (+) in tangible fixed assets		-2,162		-1,170	
Investments and write-downs (-)/ Disinvestments and revaluations (+)		7,239		-65	
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(33)**	**5,223**		**-1,522**	
Other variations in reserves and profits carried-forward of shareholders' equity		272		-1,468	
Dividends paid		0		0	
Proceeds (+)/repayment (-) of financial payments		2,254		7,295	
Increase (-)/ decrease (+) in long term financial receivables		-1,018		-26	
Financial income (+) and financial charges (-)		-3,928		-2,047	
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(34)**	**-2,420**		**3,754**	
CLOSING BALANCE		**6,164**		**3,858**	

Attestation of the Half Year condensed financial statements pursuant to 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 Half year condensed financial statements at 30 June 2012.

The undersigned moreover attest that:

The Half Year condensed financial statements:

- 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.

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.

27 July 2012

President of the board of directors	Manager responsible for preparing Company's financial reports
Massimo Ferretti	Marcello Tassinari

MAZARS

Auditors' Review Report on the half year condensed financial statements for the six-month period ended June 30, 2012

To the Stockholders of
Aeffe S.p.A.

1. We have reviewed the half-year condensed financial statements, consisting of the consolidated statement of financial position, consolidated income statement, statement of comprehensive income, consolidated statement of cash flows and statements of changes in equity and related explanatory notes as of June 30, 2012 of Aeffe S.p.A. and its subsidiaries (the "Aeffe Group"). These half-year condensed financial statements, prepared in conformity with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union, are the responsibility of Aeffe S.p.A's Directors. Our responsibility is to issue a report on these half-year financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (CONSOB) for the review of the half-year interim financial statements under Resolution no. 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the half-year condensed financial statements, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as test of controls and substantive verification procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end financial statements, we do not express an audit opinion on the half-year condensed financial statements.

   With regard to the comparative figures related to the year ended December 31, 2012 and to the six-month period ended June 30, 2012, presented in the half condensed financial statements reference should be made to our auditor's report dated March 28, 2012 and our auditor's review report dated July 27, 2011.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed financial statements of the Aeffe Group as of June 30, 2012 are not presented fairly, in all material respect, in accordance with the Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union.

Milan, Italy July 27, 2012

MAZARS S.p.A.
Signed by
Simone Del Bianco
Partner

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

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