AEFFE

HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2014

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
Sabrina Borocci

Board of Statutory Auditors

President
Pier Francesco Sportoletti

Statutory Auditors
Fernando Ciotti
Daniela Saitta

Alternate Auditors
Barbara Ceppellini
Luca Sapucci

Board of Compensation Committee

President
Sabrina Borocci

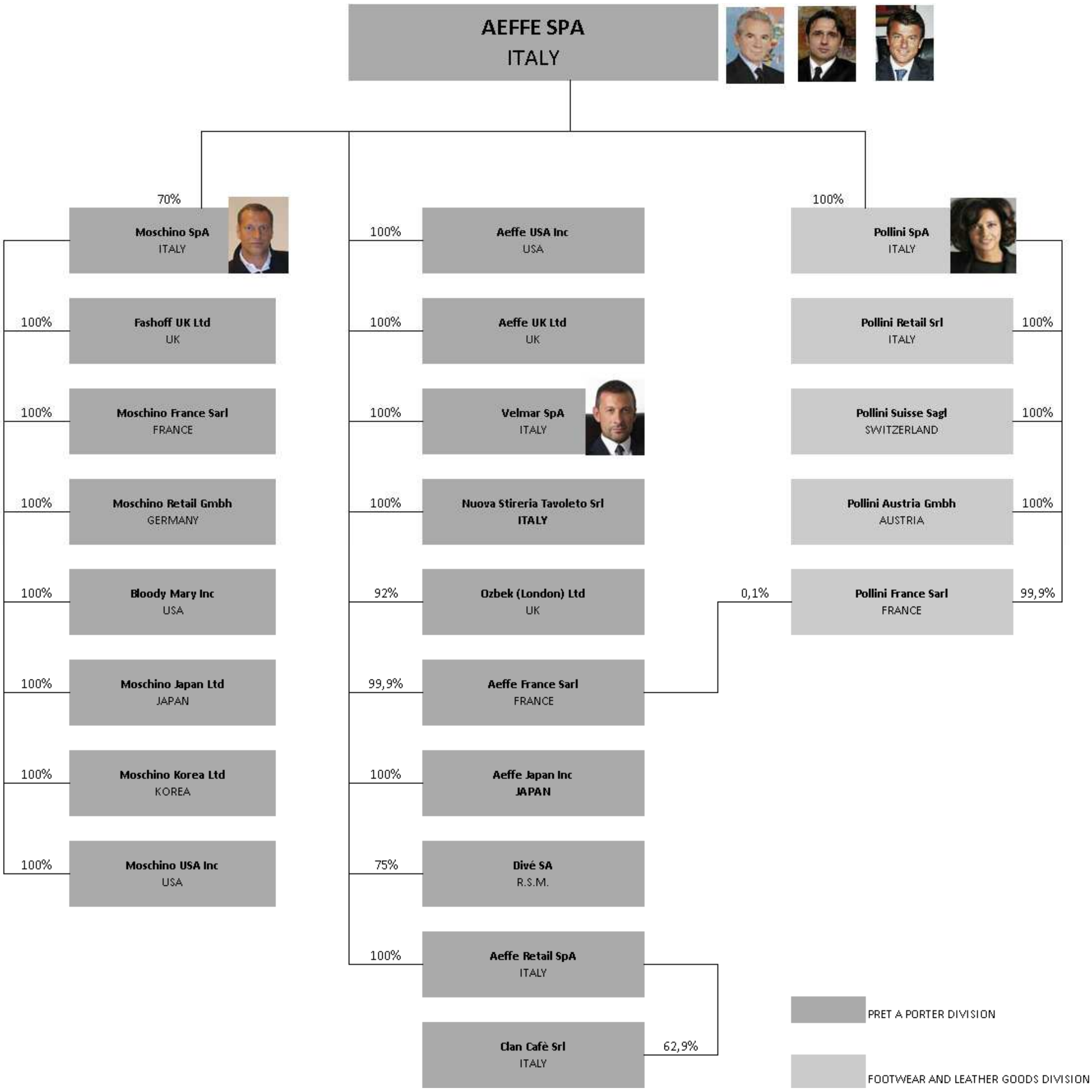
Members
Roberto Lugano
Pierfrancesco Giustiniani

Board of Internal Control Committee

President
Roberto Lugano

Members
Sabrina Borocci
Pierfrancesco Giustiniani

Organization chart



Brands portfolio

AEFFE
Clothing - Accessories

- ALBERTA FERRETTI
- PHILOSOPHY
- MOSCHINO
- MOSCHINO CHEAPANDCHIC
- emanuel ungaro PARIS
- CEDRIC CHARLIER

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

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

MOSCHINO
Via San Gregorio, 28
20124 – Milan (MI)
Italy

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

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

Showrooms

MILAN
(FERRETTI – POLLINI – CEDRIC CHARLIER– UNGARO)
Via Donizetti, 48
20122 - Milan
Italy

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

PARIS
(FERRETTI – MOSCHINO – POLLINI – CEDRIC CHARLIER)
6, Rue Caffarelli
75003 - Paris
France

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

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

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

PARIS
(UNGARO)
6, Avenue Montaigne
75008 - Paris
France

Main flagshipstore locations under direct management

ALBERTA FERRETTI

Milan
Rome
Capri
Paris
London
Los Angeles

POLLINI

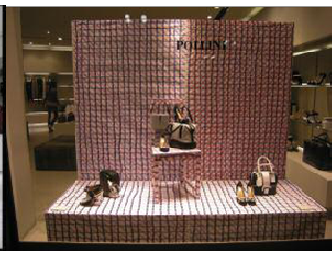
Milan
Venice
Bolzano
Varese
Verona

SPAZIO A

Florence
Venice

MOSCHINO

Milan
Rome
Capri
Paris
London
Berlin
Seoul
Pusan
Daegu


Main economic-financial data

		1st Half 2013	1st Half 2014
Total revenues	(Values in millions of EUR)	125.8	123.1
Gross operating margin (EBITDA)	(Values in millions of EUR)	7.3	12.6
Net operating profit (EBIT)	(Values in millions of EUR)	1.0	6.3
Profit before taxes	(Values in millions of EUR)	-2.2	2.7
Net profit for the Group	(Values in millions of EUR)	-3.7	0.2
Basic earnings per share	(Values in units of EUR)	-0.036	0.001
Cash Flow (net profit + depreciation)	(Values in millions of EUR)	3.0	6.7
Cash Flow/Total revenues	(Values in percentage)	2.4	5.4

		31 December 2012	30 June 2013	31 December 2013	30 June 2014
Net capital invested	(Values in millions of EUR)	234.9	239.5	232.0	234.9
Net financial indebtedness	(Values in millions of EUR)	87.9	97.0	88.6	89.9
Group net equity	(Values in millions of EUR)	131.4	126.5	126.8	127.8
Group net equity per share	(Values in units of EUR)	1.2	1.2	1.2	1.2
Current assets/ current liabilities	(Ratio)	2.2	2.3	2.2	2.3
Current assets less invent./ current liabilities (ACID test)	(Ratio)	1.0	1.1	1.0	1.1
Net financial indebtedness/ Net equity	(Ratio)	0.6	0.7	0.6	0.6

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 "Blugirl", "Cedric Charlier" and "Ungaro". 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", "Moschino", "Moschino Cheap and Chic" and "Love Moschino") and brands licensed from other companies (such as "Blugirl", "Cedric Charlier" and "Ungaro"). 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.

Between 1995 and 2013, Aeffe worked with designer Jean Paul Gaultier producing and distributing the women prêt-à-porter collections branded "Jean Paul Gaultier".

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 becoming 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.

In 2013 Jeremy Scott was appointed as creative director of the "Moschino" brand.

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.

In 2012 Velmar signed a licensing agreement with Blufin for the design, production and international distribution of "teen" women prêt-à-porter line branded *Blugirl Folies*.

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 showroom located in midtown Manhattan. Aeffe USA also manages a single-brand store in West Hollywood, Los Angeles.

Aeffe Retail

Aeffe Retail operates in the retail segment of the Italian market and directly manages 11 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. Since 2011 it entered into a lease of a business with the company Jader S.r.l. for the management of a store located in Milan Via Pontaccio 19, which distributes clothing and accessories produced by Aeffe Group and by third parties.

Nuova Stireria Tavoleto

Nuova Stireria Tavoleto, company based in Tavoleto (Pesaro-Urbino) and 100% owned by Aeffe S.p.A., operating industrial pressing services for the majority of Aeffe and Velmar production and for other clients outside the Group, has sold, starting from the 1st of January 2014, the business division related to industrial pressing services to MOVIMODA S.p.A.

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 labels.

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 brands. The company also acts as an agent for the French market.

Aeffe Japan

Aeffe Japan, company based in Tokyo, is, since 2009, 100% owned by Aeffe S.p.A. The company, operating both in the wholesale and in the retail segment distributing items of clothing and accessories of the collections branded "Alberta Ferretti" and "Philosophy", has sold, starting from the 1st of January 2014, the distributing and franchising activities to Woollen Co., Ltd..

Moschino Japan

Moschino Japan, company based in Tokyo, is, since 2010, 100% owned by Moschino S.p.A.. The company, operating both in the wholesale and in the retail segment distributing items of clothing and accessories of the Moschino-branded collections, has sold, starting from the 1st of January 2014, the distributing and franchising activities to Woollen Co., Ltd..

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, company based in New York and 100% owned by Moschino S.p.A., operating in the retail segment distributing items of clothing and accessories of the Moschino-branded collections, has signed, starting form 2014, a sublease contract for the management of a store placed at 401 West 14th Street New York.

Moschino USA

Moschino USA, founded in 2014 with base in New York, is 100% owned by Moschino S.p.A.. Actually the company is non-operating.

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 20 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 2014	% on revenues	1st Half 2013	% on revenues	Change	%
REVENUES FROM SALES AND SERVICES	**121,064,933**	**100.0%**	**122,919,259**	**100.0%**	**-1,854,326**	**-1.5%**
Other revenues and income	2,025,757	1.7%	2,909,688	2.4%	-883,931	-30.4%
TOTAL REVENUES	**123,090,690**	**101.7%**	**125,828,947**	**102.4%**	**-2,738,257**	**-2.2%**
Changes in inventory	5,793,082	4.8%	4,483,797	3.6%	1,309,285	29.2%
Costs of raw materials, cons. and goods for resale	-42,642,492	-35.2%	-43,175,059	-35.1%	532,567	-1.2%
Costs of services	-32,013,312	-26.4%	-33,086,978	-26.9%	1,073,666	-3.2%
Costs for use of third parties assets	-10,455,439	-8.6%	-12,558,938	-10.2%	2,103,499	-16.7%
Labour costs	-29,205,519	-24.1%	-31,399,290	-25.5%	2,193,771	-7.0%
Other operating expenses	-1,996,739	-1.6%	-2,757,955	-2.2%	761,216	-27.6%
Total Operating Costs	-110,520,419	-91.3%	-118,494,423	-96.4%	7,974,004	-6.7%
GROSS OPERATING MARGIN (EBITDA)	**12,570,271**	**10.4%**	**7,334,524**	**6.0%**	**5,235,747**	**71.4%**
Amortisation of intangible fixed assets	-3,428,422	-2.8%	-3,558,353	-2.9%	129,931	-3.7%
Depreciation of tangible fixed assets	-2,612,231	-2.2%	-2,705,679	-2.2%	93,448	-3.5%
Revaluations/(write-downs) and provisions	-247,087	-0.2%	-42,820	0.0%	-204,267	477.0%
Total Amortisation, write-downs and provisions	-6,287,740	-5.2%	-6,306,852	-5.1%	19,112	-0.3%
NET OPERATING PROFIT / LOSS (EBIT)	**6,282,531**	**5.2%**	**1,027,672**	**0.8%**	**5,254,859**	**511.3%**
Financial income	120,541	0.1%	117,458	0.1%	3,083	2.6%
Financial expenses	-3,657,528	-3.0%	-3,357,927	-2.7%	-299,601	8.9%
Total Financial Income/(Expenses)	-3,536,987	-2.9%	-3,240,469	-2.6%	-296,518	9.2%
PROFIT / LOSS BEFORE TAXES	**2,745,544**	**2.3%**	**-2,212,797**	**-1.8%**	**4,958,341**	**-224.1%**
Taxes	-2,095,495	-1.7%	-1,087,300	-0.9%	-1,008,195	92.7%
NET PROFIT / LOSS	**650,049**	**0.5%**	**-3,300,097**	**-2.7%**	**3,950,146**	**-119.7%**
(Profit)/loss attributable to minority shareholders	-499,735	-0.4%	-401,778	-0.3%	-97,957	24.4%
NET PROFIT / LOSS FOR THE GROUP	**150,314**	**0.1%**	**-3,701,875**	**-3.0%**	**3,852,189**	**-104.1%**

SALES

In the first semester of 2014, Aeffe consolidated revenues amount to EUR 121,065 thousand compared to EUR 122,919 thousand in the first semester of 2013, with a 1.5% decrease at current exchange rates (-1.4% at constant exchange rates). Net of the effects of already terminated licenses and of the reorganization of the Japanese distribution network, the revenues would have increased by 7,1% at constant exchange rates.

The revenues of the prêt-à-porter division decrease by 3.0% (-2.9% at constant exchange rates) to EUR 94,822 thousand. Net of the effects of already terminated licenses and of the reorganization of the Japanese distribution network, the revenues of the prêt-à-porter division would have increased by 8,0% at constant exchange rates.

The revenues of the footwear and leather goods division increase by 12.0% to EUR 37,729 thousand, before interdivisional eliminations.

Sales by brand

(Values in thousands of EUR)	1st Half 2014	%	1st Half 2013	%	Change Δ	%
Alberta Ferretti	18,588	15.4%	20,389	16.6%	-1,801	-8.8%
Moschino	75,341	62.2%	73,197	59.5%	2,144	2.9%
Pollini	15,449	12.8%	15,258	12.4%	191	1.3%
J.P.Gaultier	365	0.3%	3,901	3.2%	-3,536	-90.6%
Other	11,322	9.3%	10,174	8.3%	1,148	11.3%
Total	**121,065**	**100.0%**	**122,919**	**100.0%**	**-1,854**	**-1.5%**

In 1stH 2014, Alberta Ferretti brand decreases by 8.8% (-8.8% at constant exchange rates), generating 15.4% of the group's consolidated sales. Net of the effects of the reorganization of the Japanese distribution network, the revenues would have increased by 2.3% at constant exchange rates.

In the same period, Moschino brand sales increase by 2.9% (+3.0% at constant exchange rates), contributing to 62.2% of consolidated sales. Net of the effects of the reorganization of the Japanese distribution network, the revenues would have increased by 9.3% at constant exchange rates.

Pollini brand records an increase of 1.3% (+1.3% at constant exchange rates), generating the 12.8% of consolidated sales. Net of the effects of the reorganization of the Japanese distribution network, the revenues would have increased by 4.7% at constant exchange rates.

Brand under licence JP Gaultier decreases by 90.6% (-90.3% at constant exchange rates), contributing to 0.3% of consolidated sales.

Other brands sales increase by 11.3% (+12.1% at constant exchange rates), equal to 9.3% of consolidated sales.

Sales by geographical area

(Values in thousands of EUR)	1st Half 2014	%	1st Half 2013	%	Change Δ	%
Italy	52,925	43.7%	52,763	42.9%	162	0.3%
Europe (Italy and Russia excluded)	28,416	23.5%	24,097	19.6%	4,319	17.9%
Russia	9,482	7.8%	9,541	7.8%	-59	-0.6%
United States	7,100	5.9%	7,724	6.3%	-624	-8.1%
Japan	3,223	2.7%	10,151	8.3%	-6,928	-68.2%
Rest of the World	19,919	16.4%	18,643	15.1%	1,276	6.8%
Total	**121,065**	**100.0%**	**122,919**	**100.0%**	**-1,854**	**-1.5%**

In 1stH 2014, the Group records sales in Italy for EUR 52,925 thousand, contributing to 43.7% of consolidated sales with a 0.3% increase.

In Europe Group's sales increase by 17.9% (+17.5% at constant exchange rates) thanks to a good recovery across the main markets, contributing to 23.5% of consolidated sales, while sales in Russia are EUR 9,482 thousand contributing to 7.8% of consolidated sales, with a decrease of 0.6% (-0.6% at constant exchange rates). Sales in the United States are EUR 7,100 thousand contributing to 5.9% of consolidated sales, with a fall of 8.1% (-4.6% at constant exchange rates). In Japan sales, contributing to 2.7% of consolidated sales, decreased by 68.2%, as a consequence of the reorganization of the local distribution network, effective from the beginning of 2014. Specifically, on the basis of an exclusive distribution and franchise agreement with Woollen Co., Ltd. and Mitsubishi Corporation Fashion Co., Ltd., since the beginning of the year, sales of the collections under the brands Alberta Ferretti, Philosophy, Moschino, Moschino C&C and Love Moschino, are exclusively realized through the wholesale and no longer via retail channel.

The Rest of the world records sales for EUR 19,919 thousand, up 6.8% (+6.7% at constant exchange rates), contributing to 16.4% of consolidated sales, especially thanks to a good trend in Greater China.

Sales by distribution channel

(Values in thousands of EUR)	1st Half 2014	%	1st Half 2013	%	Change Δ	%
Wholesale	79,265	65.5%	76,970	62.6%	2,295	3.0%
Retail	34,514	28.5%	38,410	31.2%	-3,896	-10.1%
Royalties	7,286	6.0%	7,539	6.2%	-253	-3.4%
Total	**121,065**	**100.0%**	**122,919**	**100.0%**	**-1,854**	**-1.5%**

Revenues generated by the Group in the 1stH 2014 are analysed below:

- 65.5% from the Group's sales organisation, showrooms, agents and importers, franchise outlets, corners and shop-in-shops (wholesale channel), which contributes EUR 76,970 thousand in 1stH 2013 and EUR 79,265 thousand in 1stH 2014, with an increase of 3.0% (+3.2% at constant exchange rates). Net of the effects of already terminated licenses and of the reorganization of the Japanese distribution network, the revenues would have increased by 6,9% at constant exchange rates.
- 28.5% from sales managed directly by the Group (retail channel), which contributes EUR 38,410 thousand in 1stH 2013 and EUR 34,514 thousand in 1stH 2014, down by 10.1% (-10.3% at constant exchange rates). Net of the effects of already terminated licenses and of the reorganization of the Japanese distribution network, the revenues would have increased by 10,2% at constant exchange rates.
- 6.0% 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 3.4% from EUR 7,539 thousand in 1stH 2013 to EUR 7,286 thousand in 1stH 2014.

Sales by own brands and under licensed brands

(Values in thousands of EUR)	1st Half 2014	%	1st Half 2013	%	Change Δ	%
Own brands	109,378	90.3%	108,844	88.5%	534	0.5%
Brands under license	11,687	9.7%	14,075	11.5%	-2,388	-17.0%
Total	**121,065**	**100.0%**	**122,919**	**100.0%**	**-1,854**	**-1.5%**

Revenues generated by own brands increase in absolute value of EUR 534 thousand, +0.5% compared with the previous period, with an incidence on total revenues which increases from 88.5% in 1stH 2013 to 90.3% in 1stH 2014. Revenues generated by brands under license decrease by 17.0%.

LABOUR COSTS

Labour costs decrease from EUR 31,399 thousand in 1stH 2013 to EUR 29,206 thousand in 1stH 2014 with an incidence on revenues which decrease from 25.5% in the first semester 2013 to 24.1% in the first semesters 2014.

The workforce decreases from an average of 1,433 units in the 1stH 2013 to 1,248 units in the 1stH 2014.

Average number of employees by category	1st Half 2014	1st Half 2013	Change Δ	%
Workers	247	357	-110	-31%
Office staff-supervisors	976	1,050	-74	-7%
Executive and senior managers	25	26	-1	-4%
Total	**1,248**	**1,433**	**-185**	**-13%**

GROSS OPERATING MARGIN (EBITDA)

In 1stH 2014 consolidated EBITDA is EUR 12,570 thousand (with an incidence of 10.4% of sales) compared to EUR 7,335 thousand in 1stH 2013 (with an incidence of 6.0% of sales).

The growth was significantly driven by the positive effects resulting from the lower incidence of the operating costs thanks to the policies of rationalization and efficiency improvement implemented at Group level.

The improvement in profitability has involved both divisions.

EBITDA of the *prêt-à-porter* division is equal to EUR 10,656 thousand (representing the 11.2% of sales) compared to EUR 7,766 thousand (representing the 7.9% of sales) in 1stH 2013, with an improvement of EUR 2,890 thousand.

EBITDA of the Footwear and leather goods division increases of EUR 2,345 thousand from EUR -431 thousand in 1stH 2013 to EUR +1,914 thousand in 1stH 2014.

NET OPERATING PROFIT / LOSS (EBIT)

Consolidated EBIT is positive for EUR 6,283 thousand compared to EUR 1,028 thousand in 1stH 2013, showing an increase of EUR 5,255 thousand.

PROFIT / LOSS BEFORE TAXES

Result before taxes increases of EUR 4.959 thousand from EUR -2,213 thousand in 1stH 2013 to EUR +2,746 thousand in 1stH 2014.

NET PROFIT / LOSS FOR THE GROUP

The net result for the Group changes from EUR -3,702 thousand in 1stH 2013 to EUR +150 thousand in 1stH 2014, with an increase in absolute value of EUR 3,852.

3. RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Values in units of EUR)	30 June 2014	31 December 2013	30 June 2013
Trade receivables	36,463,901	35,796,691	33,900,599
Stock and inventories	78,628,002	74,085,293	77,859,098
Trade payables	-44,827,217	-45,448,082	-45,237,666
Operating net working capital	**70,264,686**	**64,433,902**	**66,522,031**
Other short term receivables	25,523,300	23,311,361	27,141,547
Tax receivables	6,978,862	7,159,456	9,633,799
Other short term liabilities	-16,538,769	-14,430,223	-16,300,842
Tax payables	-2,948,844	-4,045,012	-3,502,181
Net working capital	**83,279,235**	**76,429,484**	**83,494,354**
Tangible fixed assets	63,827,198	64,554,791	66,723,969
Intangible fixed assets	130,092,062	132,788,262	135,090,050
Equity investments	30,252	30,252	30,252
Other fixed assets	4,784,313	4,793,840	2,705,515
Fixed assets	**198,733,825**	**202,167,145**	**204,549,786**
Post employment benefits	-7,040,370	-7,535,522	-8,697,076
Provisions	-1,356,310	-1,166,839	-886,869
Assets available for sale	436,885	516,885	436,885
Liabilities available for sale	-	-329,200	-
Long term not financial liabilities	-14,045,132	-14,045,132	-14,241,401
Deferred tax assets	12,047,468	13,156,227	12,129,624
Deferred tax liabilities	-37,132,325	-37,173,257	-37,290,926
NET CAPITAL INVESTED	**234,923,276**	**232,019,791**	**239,494,377**
Share capital	25,371,407	25,371,407	25,371,407
Other reserves	115,266,113	118,800,400	119,057,049
Profits/(Losses) carried-forward	-12,946,641	-14,199,499	-14,199,480
Profits/(Loss) for the period	150,314	-3,197,728	-3,701,875
Group interest in shareholders' equity	**127,841,193**	**126,774,580**	**126,527,101**
Minority interest in shareholders' equity	17,144,051	16,644,316	15,939,511
Total shareholders' equity	**144,985,244**	**143,418,896**	**142,466,612**
Short term financial receivables	-1,000,000	-1,000,000	-1,000,000
Cash	-5,606,329	-7,524,153	-4,389,723
Long term financial liabilities	13,910,060	15,559,284	2,417,741
Long term financial receivables	-1,416,166	-1,574,143	-1,714,067
Short term financial liabilities	84,050,467	83,139,907	101,713,814
NET FINANCIAL POSITION	**89,938,032**	**88,600,895**	**97,027,765**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**234,923,276**	**232,019,791**	**239,494,377**

NET INVESTED CAPITAL

Net invested capital increases by 1% compared with 31 December 2013.

NET WORKING CAPITAL

Net working capital amounts to EUR 83,279 thousand (33.4% of LTM sales) compared with EUR 76,429 thousand of 31 December 2013 (30.4% of sales).

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

- Operating net working capital (EUR 70,265 thousand) increases of EUR 5,831 thousand compared with the value at 31 December 2013 (EUR 64,434 thousand). Such increase is mainly due to the seasonality of the business and to the increase in inventories driven by the growth of orders' backlog for Autumn/Winter 2014 collections compared to the Autumn/Winter 2013 collections;
- Other short term receivables increase of EUR 2,212 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 2013 of EUR 2,075 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 2013;
- The net effect of tax payables/receivables increases net working capital of EUR 915 thousand. Such variation is determined by lower IRAP and thirteenth monthly salary payables.

FIXED ASSETS

Fixed assets decrease by EUR 3,433 thousand from 31 December 2013 to 30 June 2014.

The changes in the main items are described below:

- the decrease in tangible fixed assets of EUR 727 thousand is determined by the depreciation of the period (equal to EUR 2,612 thousand) partially compensated by new investmenst. Investments are mainly related to leasehold improvements and to furniture and fittings for the restructuring of some shops;
- the decrease in intangible fixed assets of EUR 2,696 thousand is mainly due to the amortisation of the semester for EUR 3,428 thousand and to the sale of a boutique, effects partially compensated by the investments of the period, especially key money on new boutiques.

NET FINANCIAL POSITION

The net financial position of the Group amounts to EUR 89,938 thousand as of 30 June 2014 compared with EUR 88,600 thousand as of 31 December 2013. Such increase is mainly due to the seasonality of the business.

SHAREHOLDERS' EQUITY

The shareholders' equity increases for EUR 1,566 thousand from EUR 143,419 thousand as of 31 December 2013 to EUR 144,985 thousand as of 30 June 2014. 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 40 of the Half-year Condensed Financial Statements at 30 June 2014.

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 global economy grows, but tensions around the world pose a risk. After a setback in the first quarter of the year, global economic activity appears to have regained strength, in particular in the United States, where growth has resumed, and in China, where the slowdown has come to a halt.

In Italy the outlook is still fragile despite some encouraging signs. The continuing stagnation of economic activity is in contrast with the business and household confidence indicators, which have been picking up since the spring. Household spending rose for the first time since the beginning of 2011, albeit marginally. There was also an increase in investment in machinery and equipment, which responds promptly to changes in the outlook for demand. Business opinion surveys carried out in recent months show an improvement in

investment plans, notably in industry.

Projections point to hesitant growth conditional on a strengthen of domestic demand. Projections for 2014-15 suggest a moderate recovery of the Italian economy, but not without considerable uncertainties. GDP is forecast to expand by 0.2 per cent this year, with downside risks, rising to 1.3 per cent in 2015. Inflation is expected to be 0.4 per cent this year and to rise to 0.8 per cent next year

The gradual return to growth depends on the good performance of international trade and the revival of domestic demand, in particular of investments, which will benefit from the diminishing restrictive effects of the fiscal adjustment of previous years, the fading of uncertainties regarding demand, and the further easing of financial tensions. Domestic demand should also draw strength from the support measures for lower incomes and the accelerated payment of general government commercial debts.

1H 2014 results, in terms of revenues and profitability, represent a significant confirmation of the effectiveness of the strategic actions implemented, both with regard to style and to distribution. Looking forward to the next months, we feel confident of the potential of the business development, also in the light of the orders' backlog for Autumn/Winter 2014 collections, which registered a 10% increase compared to last year.

Half-year condensed financial statements at 30 June 2014

Financial statements

CONSOLIDATED BALANCE SHEET ASSETS (*)

(Values in units of EUR)	Notes	30 June 2014	31 December 2013	Change
NON-CURRENT ASSETS				
Intangible fixed assets				
Key money		35,334,960	36,273,469	-938,509
Trademarks		94,196,436	95,949,341	-1,752,905
Other intangible fixed assets		560,666	565,452	-4,786
Total intangible fixed assets	(1)	130,092,062	132,788,262	-2,696,200
Tangible fixed assets				
Lands		16,176,219	16,176,219	0
Buildings		23,962,701	24,163,170	-200,469
Leasehold improvements		15,851,261	16,025,208	-173,947
Plant and machinary		3,386,294	3,647,099	-260,805
Equipment		327,521	339,479	-11,958
Other tangible fixed assets		4,123,202	4,203,616	-80,414
Total tangible fixed assets	(2)	63,827,198	64,554,791	-727,593
Other fixed assets				
Equity investments	(3)	30,252	30,252	0
Long term financial receivables	(4)	1,416,166	1,574,143	-157,977
Other fixed assets	(5)	4,784,313	4,793,840	-9,527
Deferred tax assets	(6)	12,047,468	13,156,227	-1,108,759
Total other fixed assets		18,278,199	19,554,462	-1,276,263
TOTAL NON-CURRENT ASSETS		**212,197,459**	**216,897,515**	**-4,700,056**
CURRENT ASSETS				
Stocks and inventories	(7)	78,628,002	74,085,293	4,542,709
Trade receivables	(8)	36,463,901	35,796,691	667,210
Tax receivables	(9)	6,978,862	7,159,456	-180,594
Cash	(10)	5,606,329	7,524,153	-1,917,824
Financial receivables	(11)	1,000,000	1,000,000	0
Other receivables	(12)	25,523,300	23,311,361	2,211,939
TOTAL CURRENT ASSETS		**154,200,394**	**148,876,954**	**5,323,440**
Assets available for sale	(13)	436,885	516,885	-80,000
TOTAL ASSETS		**366,834,738**	**366,291,354**	**543,384**

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 2014	31 December 2013	Change
SHAREHOLDERS' EQUITY	**(14)**			
Group interest				
Share capital		25,371,407	25,371,407	0
Other reserves		115,266,113	118,800,400	-3,534,287
Profits / (losses) carried-forward		-12,946,641	-14,199,499	1,252,858
Net profit / (loss) for the Group		150,314	-3,197,728	3,348,042
Group interest in shareholders' equity		127,841,193	126,774,580	1,066,613
Minority interest				
Minority interests in share capital and reserves		16,644,316	15,417,856	1,226,460
Net profit / (loss) for the minority interests		499,735	1,226,460	-726,725
Minority interests in shareholders' equity		17,144,051	16,644,316	499,735
TOTAL SHAREHOLDERS' EQUITY		**144,985,244**	**143,418,896**	**1,566,348**
NON-CURRENT LIABILITIES				
Provisions	(15)	1,356,310	1,166,839	189,471
Deferred tax liabilities	(6)	37,132,325	37,173,257	-40,932
Post employment benefits	(16)	7,040,370	7,535,522	-495,152
Long term financial liabilities	(17)	13,910,060	15,559,284	-1,649,224
Long term not financial liabilities	(18)	14,045,132	14,045,132	0
TOTAL NON-CURRENT LIABILITIES		**73,484,197**	**75,480,034**	**-1,995,837**
CURRENT LIABILITIES				
Trade payables	(19)	44,827,217	45,448,082	-620,865
Tax payables	(20)	2,948,844	4,045,012	-1,096,168
Short term financial liabilities	(21)	84,050,467	83,139,907	910,560
Other liabilities	(22)	16,538,769	14,430,223	2,108,546
TOTAL CURRENT LIABILITIES		**148,365,297**	**147,063,224**	**1,302,073**
Liabilities available for sale		0	329,200	-329,200
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**366,834,738**	**366,291,354**	**543,384**

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 2014	%	1st Half 2013	%
REVENUES FROM SALES AND SERVICES	**(23)**	**121,064,933**	**100.0%**	**122,919,259**	**100.0%**
Other revenues and income	(24)	2,025,757	1.7%	2,909,688	2.4%
TOTAL REVENUES		**123,090,690**	**101.7%**	**125,828,947**	**102.4%**
Changes in inventory		5,793,082	4.8%	4,483,797	3.6%
Costs of raw materials, cons. and goods for resale	(25)	-42,642,492	-35.2%	-43,175,059	-35.1%
Costs of services	(26)	-32,013,312	-26.4%	-33,086,978	-26.9%
Costs for use of third parties assets	(27)	-10,455,439	-8.6%	-12,558,938	-10.2%
Labour costs	(28)	-29,205,519	-24.1%	-31,399,290	-25.5%
Other operating expenses	(29)	-1,996,739	-1.6%	-2,757,955	-2.2%
Amortisation, write-downs and provisions	(30)	-6,287,740	-5.2%	-6,306,852	-5.1%
Financial income/(expenses)	(31)	-3,536,987	-2.9%	-3,240,469	-2.6%
PROFIT / LOSS BEFORE TAXES		**2,745,544**	**2.3%**	**-2,212,797**	**-1.8%**
Taxes	(32)	-2,095,495	-1.7%	-1,087,300	-0.9%
NET PROFIT / LOSS		**650,049**	**0.5%**	**-3,300,097**	**-2.7%**
(Profit)/loss attributable to minority shareholders		-499,735	-0.4%	-401,778	-0.3%
NET PROFIT / LOSS FOR THE GROUP		**150,314**	**0.1%**	**-3,701,875**	**-3.0%**

(*) 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)	1st Half 2014	1st Half 2013
Profit/(loss) for the period (A)	**650,049**	**-3,300,097**
Other comprehensive income that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	-	-
Income tax relating to components of Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-
Total other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1)	**0**	**0**
Other comprehensive income that will be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedges	-	-
Gains/(losses) on exchange differences on translating foreign operations	917,116	-129,962
Income tax relating to components of Other Comprehensive income / (loss)	-	-
Total other comprehensive income that will be reclassified subsequently to profit or loss, net of tax (B2)	**917,116**	**-129,962**
Totale Other comprehensive income, net of tax(B1)+(B2)=(B)	**917,116**	**-129,962**
Total Comprehensive income / (loss) (A) + (B)	**1,567,165**	**-3,430,059**
Total Comprehensive income / (loss) attributable to:	**1,567,165**	**-3,430,059**
Owners of the parent	1,067,430	-3,831,837
Non-controlling interests	499,735	401,778

CONSOLIDATED CASH FLOW STATEMENT (*)

(Values in thousands of EUR)	Notes	1st Half 2014	1st Half 2013
OPENING BALANCE		**7,524**	**5,362**
Profit / loss before taxes		2,746	-2,213
Amortisation / write-downs		6,288	6,307
Accrual (+)/availment (-) of long term provisions and post employment benefits		-602	-513
Paid income taxes		-2,124	-2,262
Financial income (-) and financial charges (+)		3,537	3,240
Change in operating assets and liabilities		-5,787	-5,557
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**(33)**	**4,058**	**-998**
Increase (-)/ decrease (+) in intangible fixed assets		-732	-575
Increase (-)/ decrease (+) in tangible fixed assets		-1,805	-4,036
Investments and write-downs (-)/ Disinvestments and revaluations (+)		-247	-45
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(34)**	**-2,784**	**-4,656**
Other variations in reserves and profits carried-forward of shareholders' equity		916	-130
Dividends paid		0	0
Proceeds (+)/repayment (-) of financial payments		-739	5,660
Increase (-)/ decrease (+) in long term financial receivables		168	2,392
Financial income (+) and financial charges (-)		-3,537	-3,240
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(35)**	**-3,192**	**4,682**
CLOSING BALANCE		**5,606**	**4,390**

(*) 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	Reamisurement of defined benefit plans reserve	Net profit / loss for the Group	Translation reserve	Group interest in shareholders' equity	Minority interest in shareholders' equity	Total shareholders' equity
BALANCES AT 1 January 2013	**25,371**	**71,240**	**30,605**	**7,901**	**11,459**	**- 10,010**	**- 1,039**	**- 3,028**	**- 2,140**	**130,359**	**15,538**	**145,897**
Allocation of 2012 income/(loss)	-	-	1,160	-	-	- 4,188	-	3,028	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buyback)/sale	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) at 30/06/13	-	-	-	-	-	-	-	- 3,702	- 130	- 3,832	402	- 3,430
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
BALANCES AT 30 June 2013	**25,371**	**71,240**	**31,765**	**7,901**	**11,459**	**- 14,198**	**- 1,039**	**- 3,702**	**- 2,270**	**126,527**	**15,940**	**142,467**

(Values in thousands of EUR)	Share capital	Share premium reserve	Other reserves	Fair Value reserve	IAS reserve	Profit/(losses) carried-forward	Reamisurement of defined benefit plans reserve	Net profit / loss for the Group	Translation reserve	Group interest in shareholders' equity	Minority interest in shareholders' equity	Total shareholders' equity
BALANCES AT 1 January 2014	**25,371**	**71,240**	**31,765**	**7,901**	**11,459**	**- 14,198**	**- 833**	**- 3,198**	**- 2,733**	**126,774**	**16,644**	**143,418**
Allocation of 2013 income/(loss)	-	-	- 5,284	-	-	2,086	-	3,198	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buyback)/sale	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) at 30/06/14	-	-	-	-	-	-	-	150	917	1,067	500	1,567
Other changes	-	-	-	-	-		-	-		-		-
BALANCES AT 30 June 2014	**25,371**	**71,240**	**26,481**	**7,901**	**11,459**	**- 12,112**	**- 833**	**150**	**- 1,816**	**127,841**	**17,144**	**144,985**

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 "Blugirl", "Cedric Charlier" and "Ungaro". 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 2014 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 2014 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 2014 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.p.A.	S.G. in Marignano (RN) Italy	EUR	8,585,150	100%	
Clan Cafè S.r.l.	S.G. in Marignano (RN) Italy	EUR	100,000		62.9% (iii)
Moschino S.p.A.	S.G. in Marignano (RN) Italy	EUR	20,000,000	70%	
Nuova Stireria Tavoleto S.r.l.	Tavoleto (PU) Italy	EUR	10,400	100%	
Pollini S.p.A.	Gatteo (FC) Italy	EUR	6,000,000	100%	
Pollini Retail S.r.l.	Gatteo (FC) Italy	EUR	5,000,000		100% (i)
Velmar S.p.A.	S.G. in Marignano (RN) Italy	EUR	120,000	100%	
Foreign companies					
Aeffe France S.a.r.l.	Paris (FR)	EUR	50,000	99.9%	
Aeffe UK Ltd.	London (GB)	GBP	310,000	100%	
Aeffe USA Inc.	New York (USA)	USD	600,000	100%	
Divè S.a.	Galazzano (RSM)	EUR	260,000	75%	
Fashoff UK Ltd.	London (GB)	GBP	1,550,000		70% (ii)
Moschino Japan Inc.	Tokio (J)	JPY	120,000,000		70% (ii)
Moschino Korea Ltd.	Seoul (ROK)	KRW	6,192,940,000		70% (ii)
Moschino France S.a.r.l.	Paris (FR)	EUR	50,000		70% (ii)
Moschino Retail G.m.b.h.	Berlin (D)	EUR	306,500		70% (ii)
Moschino USA Inc.	New York (USA)	USD	100,000		70% (ii)
Ozbek (london) Ltd.	London (GB)	GBP	300,000	92.0%	
Aeffe Japan Inc.	Tokio (J)	JPY	3,600,000	100%	
Bloody Mary Inc.	New York (USA)	USD	100,000		70% (ii)
Pollini Suisse S.a.g.l.	Chiasso (CH)	CHF	20,000		100% (i)
Pollini Austria G.m.b.h.	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.

During the period the following operations have been completed:

a) Capital increase of EUR 31.500 for Moschino Retail G.m.b.h.;

b) Moschino S.p.A. has set up a new company Moschino USA, 100% owned;

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 2014	Average exchange rate 1st Half 2014	Actual exchange rate 31 December 2013	Average exchange rate FY 2013	Actual exchange rate 30 June 2013	Average exchange rate 1st Half 2013
United States Dollars	1.3658	1.3705	1.3791	1.3281	1.3080	1.3135
United Kingdom Pounds	0.8015	0.8214	0.8337	0.8493	0.8572	0.8512
Japanese Yen	138.4400	140.3957	144.7200	129.6597	129.3900	125.4660
South Korean Won	1382.0400	1438.3833	1450.9300	1453.8550	1494.2400	1450.7667
Swiss Franc	1.2156	1.2214	1.2276	1.2309	1.2338	1.2299

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 2013, as described in the consolidated financial statements for the year ended 31 December 2013, except for the following interpretations and amendments to the accounting principles that have been mandatory since 1 January 2014 (unless otherwise indicated):

On 12 November 2009, the IASB issued IFRS 9 – *Financial instruments:* the new standard was reissued in October 2010 and subsequently amended in November 2013. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities and hedge accounting. It replaces the relevant parts of IAS 19 – *Financial instruments: recognition and measurements*. As part of November 2013 amendments, among other, the IASB removed the standards' mandatory effective date, previously set on 1 January 2015. This date will be added to the standards when all phases of the IFRS 9 project are completed and a final complete version of the standard is issued.

In May 2011, a package of three standards was issued: IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities. IAS 27 – Consolidated and Separate Financial Statements (which has been renamed IAS 27 – Separate Financial Statements) and IAS 28 – Investments in Associates (which has been renamed IAS 28 – Investments in Associates and Joint Ventures) were consequently revised. Subsequently, other amendments were issued to clarify transitional guidance on the first-time adoption of the standards. The new standards are effective for annual periods beginning on or after 1 January 2013, and must be applied retrospectively. The European Union endorsed these standards by postponing their effective date to 1 January 2014, allowing early adoption from 1 January 2013. In particular:

- IFRS 10 – Consolidated Financial Statements will replace SIC-12 – Consolidation: Special Purpose Entities and parts of IAS 27 – Consolidated and Separate Financial Statements (which has been renamed IAS 27 – Separate Financial Statements and addresses the accounting treatment of investments in separate financial statements). The new standard builds on existing principles by identifying a single control model applicable to all entities, including "structured entities". The standard also provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11 – Joint Arrangements supersedes IAS 31 – Interests in Joint Ventures and SIC-13 – Jointly Controlled Entities: Non-monetary Contributions by Venturers. 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. 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).
- IFRS 12 – Disclosure of Interests in Other Entities, is 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.

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 20 May 2013, the IASB issued the IFRIC Interpretation 21 - Levies, an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. The interpretation sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014.

On 29 May 2013, the IASB issued an amendment to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets addressing the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13.

On 27 June 2013, the IASB issued narrow scope amendments to IAS 39 – Financial Instruments: Recognition and Measurement entitled "Novation of Derivatives and Continuation of Hedge Accounting". The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9 - Financial Instruments. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014.

On 21 November 2013, the IASB published narrow scope amendments to IAS 19 – Employee benefits entitled

"Defined Benefit Plans: Employee Contributions". These amendments apply to contributions from employees or third parties to defined benefit plans in order to simplify their accounting in specific cases. The amendments are effective, retrospectively, for annual periods beginning on or after 1 July 2014 with earlier application permitted.

On 12 December 2013 the IASB issued the Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2 – Share based payment, the disclosure on judgment used in the aggregation of operating segments in IFRS 8 – Operating Segments, the identification and disclosure of a related party transaction that arise when a management entity provides key management personnel service to a reporting entity in IAS 24 - Related Party disclosures, the extension of the exclusion from the scope of IFRS 3 – Business Combinations to all types of joint arrangements and to clarify the application of certain exceptions in IFRS 13 – Fair value Measurement.

On 6 May 2014, the IASB issued amendments to IFRS 11 – Joint arrangements: Accounting for acquisitions of interests in joint operations, clarifying the accounting for acquisitions of an interest in a joint operation that constitutes a business. The amendments are effective, retrospectively, for annual periods beginning on or after 1 January 2016 with earlier application permitted.

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 01.01.14	**95,949**	**36,274**	**565**	**132,788**
Increases	0	3,195	164	3,359
- increases externally acquired	0	*3,195*	*164*	*3,359*
- increases from business aggregations	0	0	0	0
Disposals	0	-2,609	*0*	-2,609
Translation diff. / other variations	0	0	-18	-18
Amortisation	-1,753	-1,525	*-150*	-3,428
Net book value as of 30.06.14	**94,196**	**35,335**	**561**	**130,092**

Changes in intangible fixed assets highlight the following variations:

- increases equal to EUR 3,359 thousand, of which EUR 2,745 thousand related to the payment of the key money for the new boutique Alberta Ferretti based in Rue du Faubourg Paris;
- disposals equal to EUR 2,609 thousand related to the sale of the boutique Alberta Ferretti based in Rue St. Honorè Paris ;
- translations differences and other variations equal to EUR -18 thousand;
- amortisation of the period equal to EUR 3,428 thousand.

Brands

This item includes the Group's own-label brands ("Alberta Ferretti", "Philosophy", "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 2014	31 December 2013
Alberta Ferretti	29	3,589	3,652
Moschino	31	52,435	53,405
Pollini	27	38,172	38,892
Total		**94,196**	**95,949**

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 finite useful life.

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 01.01.14	**16,176**	**24,163**	**16,025**	**3,648**	**339**	**4,204**	**64,555**
Increases	-	75	1,106	197	41	421	1,840
Disposals	-	-	-103	-37	-	-	-140
Translation diff. / other variations	-	-	103	80	-	1	184
Depreciation	-	-275	-1,280	-502	-52	-503	-2,612
Net book value as of 30.06.14	**16,176**	**23,963**	**15,851**	**3,386**	**328**	**4,123**	**63,827**

Tangible fixed assets are changed as follows:

- Increases for new investments of EUR 1,840 thousand. These mainly refer to new investments in leasehold improvements.
- Disposals, net of the accumulated depreciation, of EUR 140 thousand.
- Increases for differences arising on translation and other variations of EUR +184 thousand.
- Depreciation of EUR 2,611 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. *LONG TERM FINANCIAL RECEIVABLES*

The value at 30 June 2014 is related to the long term portion of financial receivables generated by the sale of the real estate properties owned by Aeffe USA to the company Ferrim USA, 100% owned by Ferrim S.r.l.. The receivable will be paid in 5 years.

5. *OTHER FIXED ASSETS*

This item mainly includes receivables for security deposits relating to commercial leases and receivables related to the income recognized by Woollen Co., Ltd. to Aeffe Group as a result of the reorganization of the Japanese Distribution Network.

6. *DEFERRED TAX ASSETS AND LIABILITIES*

The table below illustrates the breakdown of this item at 30 June 2014 and at 31 December 2013:

(Values in thousands of EUR)	Receivables		Liabilities	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Tangible fixed assets	-	-	-107	-139
Intangible fixed assets	3	3	-177	-177
Provisions	1,529	1,499	-	-
Costs deductible in future periods	2,377	2,916	-	-
Income taxable in future periods	498	549	-1,160	-1,297
Tax losses carried forward	5,724	6,280	-	-
Other	3	-	-64	-63
Tax assets (liabilities) from transition to IAS	1,913	1,909	-35,624	-35,497
Total	**12,047**	**13,156**	**-37,132**	**-37,173**

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	-139	-1	33	-	-107
Intangible fixed assets	-174	-	-	-	-174
Provisions	1,499	1	274	-245	1,529
Costs deductible in future periods	2,916	-	-388	-151	2,377
Income taxable in future periods	-748	-	86	-	-662
Tax losses carried forward	6,280	74	561	-1,191	5,724
Other	-63	-	51	-49	-61
Tax assets (liabilities) from transition to IAS	-33,588	-1	262	-384	-33,711
Total	**-24,017**	**73**	**879**	**-2,020**	**-25,085**

The negative variation of EUR 2,020 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.

Deferred tax assets related to costs deductible in future periods mainly relate to the deferred taxation on provisions for risks and charges for Bloody Mary Inc., subsidiary of Moschino Spa.

Deferred tax assets have been determined estimating the future recoverability of such activities.

CURRENT ASSETS

7. *STOCKS AND INVENTORIES*

This item comprises:

(Values in thousands of EUR)	30 June 2014	31 December 2013	Change Δ	%
Raw, ancillary and consumable materials	14,036	14,800	-764	-5.2%
Work in progress	8,101	5,827	2,274	39.0%
Finished products and goods for resale	56,257	53,250	3,007	5.6%
Advance payments	234	208	26	12.5%
Total	**78,628**	**74,085**	**4,543**	**6.1%**

Inventories of raw materials and work in progress mainly relate to the production of the Autumn/Winter 2014 collections, while finished products mainly concern the Spring/Summer 2014 and the Autumn/Winter 2014 collections and the Spring/Summer 2015 sample collections.

8. *TRADE RECEIVABLES*

This item is illustrated in details in the following table:

(Values in thousands of EUR)	30 June 2014	31 December 2013	Change Δ	%
Trade receivables	37,963	37,426	537	1.4%
(Allowance for doubtfull account)	-1,499	-1,629	130	-8.0%
Total	**36,464**	**35,797**	**667**	**1.9%**

Trade receivables amount to EUR 36,464 thousand at 30 June 2014, showing an increase of 1.9% compared with the amount at 31 December 2013 (EUR 35,797 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.

9. *TAX RECEIVABLES*

This item in illustrated in details in the following table:

(Values in thousands of EUR)	30 June 2014	31 December 2013	Change Δ	%
VAT	2,664	2,185	479	21.9%
Corporate income taxes (IRES)	1,667	1,879	-212	-11.3%
Local business tax (IRAP)	195	706	-511	-72.4%
Amounts due by tax authority for withheld taxes	1,171	1,122	49	4.4%
Other tax receivables	1,282	1,267	15	1.2%
Total	**6,979**	**7,159**	**-180**	**-2.5%**

As of 30 June 2014, the Group's tax receivables amount to EUR 6,979 thousand, recording a slight decrease of EUR 180 thousand compared to 31 December 2013.

10. CASH

This item includes:

(Values in thousands of EUR)	30 June 2014	31 December 2013	Change Δ	%
Bank and post office deposits	4,916	7,001	-2,085	-29.8%
Cheques	27	33	-6	-18.2%
Cash in hand	663	490	173	35.3%
Total	**5,606**	**7,524**	**-1,918**	**-25.5%**

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 2014 compared with the amount recorded at 31 December 2013, is EUR 1,918 thousand. About the reason of this variation refer to the Statement of Cash Flows.

11. FINANCIAL RECEIVABLES

The item is compared with the respective value at 31 December 2013:

(Values in thousands of EUR)	30 June 2014	31 December 2013	Change Δ	%
Financial receivables	1,000	1,000	0	n.a.
Total	**1,000**	**1,000**	**0**	**n.a.**

12. OTHER RECEIVABLES

This caption comprises:

(Values in thousands of EUR)	30 June 2014	31 December 2013	Change Δ	%
Credits for prepaid costs	18,260	17,079	1,181	6.9%
Advances for royalties and commissions	636	548	88	16.1%
Advances to suppliers	330	537	-207	-38.5%
Accrued income and prepaid expenses	3,393	1,775	1,618	91.2%
Other	2,904	3,372	-468	-13.9%
Total	**25,523**	**23,311**	**2,212**	**9.5%**

Other current receivables increase by EUR 2,212 thousand mainly for the increase of prepaid leases and 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.

Credits for prepaid costs relate to the costs incurred to design and make samples for the Spring/Summer 2015 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 2014 collections.

13. ASSETS AND LIABILITIES AVAILABLE FOR SALE

The change in the captions assets and liabilities available for sale concerns the sale of the line of business of the subsidiary Nuova Stireria Tavoleto to the company Movimoda, that has been closed in January 2014.

This item is illustrated in details in the following table:

(Values in thousands of EUR)	30 June 2014	31 December 2013
Plant and machinery	-	80
Other fixed assets	437	437
Total Assets	**437**	**517**
Post employment benefits	-	296
Due to total security organization	-	33
Total Liabilities	**0**	**329**

14. SHAREHOLDERS' EQUITY

Described below are the main categories of shareholders' equity at 30 June 2014, while the corresponding variations are described in the prospect of shareholders' equity.

(Values in thousands of EUR)	30 June 2014	31 December 2013	Change Δ
Share capital	25,371	25,371	-
Share premium reserve	71,240	71,240	-
Other reserves	26,481	31,765	-5,284
Fair value reserve	7,901	7,901	-
IAS reserve	11,459	11,459	-
Profits / (losses) carried-forward	-12,112	-14,198	2,086
Reamisurement of defined benefit plans reserve	-833	-833	-
Net profit / (loss) for the Group	150	-3,198	3,348
Translation reserve	-1,816	-2,733	917
Minority interest	17,144	16,644	500
Total	**144,985**	**143,418**	**1,567**

SHARE CAPITAL

Share capital as of 30 June 2014, 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 2014 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 2013.

OTHER RESERVES

The changes in these reserves reflect the allocation of prior-year loss 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 increase mainly as a consequence of the consolidated result recorded during the year ended at 31 December 2013.

Reamisurement of defined benefit plans reserve

The reamisurement of defined benefit plans reserve amounts to EUR -833 thousand and it remains unchanged since 31 December 2013.

Translation reserve

The increase of EUR 917 thousand related to such reserve is due to the conversion of companies' financial statements in other currency than EUR.

Minority interests

The variation is due to the portion of result for the period ended at 30 June 2014 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

15. Provisions

Provisions are illustrated in the following statement:

(Values in thousands of EUR)	31 December 2013	Increases	Decreases	30 June 2014
Pensions and similar obligations	955	40		995
Other	212	184	-35	361
Total	**1,167**	**224**	**-35**	**1,356**

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.

The increase in the caption Other is related to the variation of the provision for future risks and charges, that increases for the estimation of costs requested by a former consultant to a company of the Group.

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".

16. *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 2013	Increases	Decreases/ Other variations	30 June 2014
Post employment benefits	7,536	294	-790	7,040
Total	**7,536**	**294**	**-790**	**7,040**

Increases include financial expenses for EUR 101 thousand.

17. *LONG-TERM FINANCIAL LIABILITIES*

The following table contains details of long-term borrowings:

(Values in thousands of EUR)	30 June 2014	31 December 2013	Change Δ	%
Loans from financial institutions	13,839	15,488	-1,649	-10.6%
Amounts due to other creditors	71	71	0	n.a.
Total	**13,910**	**15,559**	**-1,649**	**-10.6%**

The entry "Loans from financial institutions" relate to the portion of bank loans due beyond 12 months. This entry mainly refers to a ten-year mortgage loan disbursed in November 2013 to the Parent company Aeffe

Spa for an amount of EUR 11.5 million on a real estate based in Gatteo, headquarter of the subsidiary Pollini Spa. It should be noted that such real estate from 2002 to 2012 was object of a lease-back operation.

All other operations are unsecured loans and bank finance 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 2014, including the current portion and long term portion:

(Values in thousands of EUR)	Total amount	Current portion	Long term portion
Bank borrowings	17,863	4,024	13,839
Total	**17,863**	**4,024**	**13,839**

The total due beyond five years amount to EUR 5,701 thousand.

18. LONG-TERM NOT FINANCIAL LIABILITIES

This caption equal to EUR 14,045 thousand 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

19. TRADE PAYABLES

The item is compared with the respective value at 31 December 2013:

(Values in thousands of EUR)	30 June 2014	31 December 2013	Change Δ	%
Trade payables	44,827	45,448	-621	-1.4%
Total	**44,827**	**45,448**	**-621**	**-1.4%**

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

20. TAX PAYABLES

Tax payables are analysed in comparison with the related balances as of 31 December 2013 in the following table:

(Values in thousands of EUR)	30 June 2014	31 December 2013	Change Δ	%
Local business tax (IRAP)	221	362	-141	-39.0%
Corporate income tax (IRES)	0	0	0	n.a.
Amounts due to tax authority for withheld taxes	2,028	2,663	-635	-23.8%
VAT due to tax authority	414	598	-184	-30.8%
Other	286	422	-136	-32.2%
Total	**2,949**	**4,045**	**-1,096**	**-27.1%**

Tax payables decrease of EUR 1,096 thousand compared with 31 December 2013, mainly for lower withheld taxes on employees for the thirteenth monthly pay accrual which has no equivalent as of 31 December 2013.

21. Short-term financial liabilities

A breakdown of this item is given below:

(Values in thousands of EUR)	30 June 2014	31 December 2013	Change Δ	%
Due to banks	84,050	83,140	910	1.1%
Total	**84,050**	**83,140**	**910**	**1.1%**

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.

22. Other liabilities

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

(Values in thousands of EUR)	30 June 2014	31 December 2013	Change Δ	%
Due to total security organization	2,877	3,466	-589	-17.0%
Due to employees	6,586	4,958	1,628	32.8%
Trade debtors - credit balances	2,694	1,543	1,151	74.6%
Accrued expenses and deferred income	2,171	2,198	-27	-1.2%
Other	2,211	2,265	-54	-2.4%
Total	**16,539**	**14,430**	**2,109**	**14.6%**

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 2013 is mainly due to the welfare contributions paid in January 2014 on the quota of the thirteenth monthly pay paid in December 2013.

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 2014 which has no equivalent as of 31 December 2013.

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", "Moschino", "Moschino Cheap and Chic" and "Love Moschino") and brands licensed from other companies (such as "Blugirl", "Cedric Charlier" and "Ungaro"). 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 2014 and 2013 of the *Prêt-à porter* and Footwear and leather goods Divisions:

(Values in thousand of EUR) 1st Half 2014	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR REVENUES	**94,823**	**37,729**	**-11,487**	**121,065**
Intercompany revenues	-2,767	-8,720	11,487	0
Revenues with third parties	**92,056**	**29,009**	-	**121,065**
Gross operating margin (EBITDA)	**10,656**	**1,914**	-	**12,570**
Amortisation	-4,619	-1,421	-	-6,040
Other non monetary items:				
Write-downs	-184	-63	-	-247
Net operating profit / loss (EBIT)	**5,853**	**430**	-	**6,283**
Financial income	547	11	-437	121
Financial expenses	-3,168	-927	437	-3,658
Profit / loss before taxes	**3,232**	**-486**	**-**	**2,746**
Income taxes	-2,096	0	-	-2,096
Net profit / loss	**1,136**	**-486**	**-**	**650**

(Values in thousand of EUR) 1st Half 2013	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR REVENUES	**97,782**	**33,690**	**-8,553**	**122,919**
Intercompany revenues	-2,813	-5,740	8,553	0
Revenues with third parties	**94,969**	**27,950**	-	**122,919**
Gross operating margin (EBITDA)	**7,766**	**-431**	-	**7,335**
Amortisation	-4,842	-1,422	-	-6,264
Other non monetary items:				
Write-downs		-43	-	-43
Net operating profit / loss (EBIT)	**2,924**	**-1,896**	-	**1,028**
Financial income	495	9	-387	117
Financial expenses	-2,816	-929	387	-3,358
Profit / loss before taxes	**603**	**-2,816**	**-**	**-2,213**
Income taxes	-1,600	513	-	-1,087
Net profit / loss	**-997**	**-2,303**	**-**	**-3,300**

The following tables indicate the main patrimonial and financial data at 30 June 2014 and 31 December 2013 of the Prêt-à porter and Footwear and leather goods Divisions:

(Values in thousand of EUR) 30 June 2014	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR ASSETS	*292,315*	*108,064*	*-52,570*	347,809
of which non-current assets (*)				
Intangible fixed assets	*85,190*	*44,902*	-	*130,092*
Tangible fixed assets	*60,253*	*3,574*	-	*63,827*
Other non-current assets	*10,119*	*1,581*	*-5,469*	*6,231*
OTHER ASSETS	*15,722*	*3,304*	-	19,026
CONSOLIDATED ASSETS	**308,037**	**111,368**	**-52,570**	**366,835**

(*) 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 2014	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR LIABILITIES	*162,869*	*71,469*	*-52,570*	181,768
OTHER LIABILITIES	26,029	14,052	-	40,081
CONSOLIDATED LIABILITIES	**188,898**	**85,521**	**-52,570**	**221,849**

(Values in thousand of EUR) 31 December 2013	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR ASSETS	*291,825*	*103,384*	*-49,234*	345,975
of which non-current assets (*)				
Intangible fixed assets	*86,902*	*45,886*	-	*132,788*
Tangible fixed assets	*60,913*	*3,642*	-	*64,555*
Other non-current assets	*10,284*	*1,583*	*-5,469*	*6,398*
OTHER ASSETS	*16,966*	*3,350*	-	20,316
CONSOLIDATED ASSETS	**308,791**	**106,734**	**-49,234**	**366,291**

(*) 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 2013	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR LIABILITIES	165,102	65,786	*-49,234*	181,654
OTHER LIABILITIES	26,607	14,611	-	41,218
CONSOLIDATED LIABILITIES	**191,709**	**80,397**	**-49,234**	**222,872**

Segment information by geographical area

The following table indicates the revenues for the first half-year 2014 and 2013 divided by geographical area:

(Values in thousands of EUR)	1st Half 2014	%	1st Half 2013	%	Change Δ	%
Italy	52,925	43.7%	52,763	42.9%	162	0.3%
Europe (Italy and Russia excluded)	28,416	23.5%	24,097	19.6%	4,319	17.9%
Russia	9,482	7.8%	9,541	7.8%	-59	-0.6%
United States	7,100	5.9%	7,724	6.3%	-624	-8.1%
Japan	3,223	2.7%	10,151	8.3%	-6,928	-68.2%
Rest of the World	19,919	16.4%	18,643	15.1%	1,276	6.8%
Total	**121,065**	**100.0%**	**122,919**	**100.0%**	**-1,854**	**-1.5%**

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

23. *REVENUES FROM SALES AND SERVICES*

In the first semester of 2014, Aeffe consolidated revenues amount to EUR 121,065 thousand compared to EUR 122,919 thousand in the first semester of 2013, with a 1.5% decrease at current exchange rates (-1.4% at constant exchange rates). Net of the effects of already terminated licenses and of the reorganization of the Japanese distribution network, the revenues would have increased by 7,1% at constant exchange rates.

The revenues of the prêt-à-porter division decrease by 3.0% (-2.9% at constant exchange rates) to EUR 94,822 thousand. Net of the effects of already terminated licenses and of the reorganization of the Japanese distribution network, the revenues of the prêt-à-porter division would have increased by 8,0% at constant exchange rates.

The revenues of the footwear and leather goods division increase by 12.0% to EUR 37,729 thousand, before interdivisional eliminations.

24. *OTHER REVENUES AND INCOME*

This item comprises:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013	Change Δ	%
Extraordinary income	500	848	-348	-41.0%
Other income	1,526	2,062	-536	-26.0%
Total	**2,026**	**2,910**	**-884**	**-30.4%**

In 1stH 2014, 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 348 thousand compared to the previous semester.

The caption other income, which amounts to EUR 1,526 thousand, mainly refers to exchange gains on commercial transaction, rental income, sales of raw materials and packaging. The variation of EUR 536 thousand compared to the previous semester is mainly due to the decrease of exchange gains on commercial transaction.

25. *COSTS OF RAW MATERIALS*

(Values in thousands of EUR)	1st Half 2014	1st Half 2013	Change Δ	%
Raw, ancillary and consumable materials and goods for resale	42,642	43,175	-533	-1.2%
Total	**42,642**	**43,175**	**-533**	**-1.2%**

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.

26. *COSTS OF SERVICES*

This item comprises:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013	Change Δ	%
Subcontracted work	10,953	9,789	1,164	11.9%
Consultancy fees	6,240	6,565	-325	-5.0%
Advertising	3,429	4,644	-1,215	-26.2%
Commission	2,204	2,333	-129	-5.5%
Transport	1,975	2,223	-248	-11.2%
Utilities	1,098	1,263	-165	-13.1%
Directors' and auditors' fees	1,358	1,341	17	1.3%
Insurance	291	357	-66	-18.5%
Bank charges	801	746	55	7.4%
Travelling expenses	1,003	1,026	-23	-2.2%
Other services	2,661	2,800	-139	-5.0%
Total	**32,013**	**33,087**	**-1,074**	**-3.2%**

Costs of services decrease from EUR 33,087 thousand in the 1stH 2013 to EUR 32,013 thousand in the 1stH 2014, down 3.2%. The decrease is due to:

- the increase 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 remains substantially steady changing from 39.4% of the first semester 2013 to 39.5% of the first semester 2014.
- the decrease of costs for "Consultancy fees";
- the decrease of costs for "Advertising".

27. COSTS FOR USE OF THIRD PARTIES ASSETS

This item comprises:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013	Change Δ	%
Rental expenses	8,957	10,340	-1,383	-13.4%
Royalties	1,086	1,747	-661	-37.8%
Hire charges and similar	412	472	-60	-12.7%
Total	**10,455**	**12,559**	**-2,104**	**-16.8%**

The caption costs for use of third parties assets decreases of EUR 2,104 thousand from EUR 12,559 thousand in the 1stH 2013 to EUR 10,455 thousand in the 1stH 2014.

Such decrease is mainly due to lower rental expenses as a result of the reorganization of the Japanese distribution network occurred at the end of 2013 and to lower royalties related to the termination of the licenses Jean Paul Gaultier and Cacharel.

28. LABOUR COSTS

The item includes:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013	Change Δ	%
Wages and salaries	21,241	23,196	-1,955	-8.4%
Contributions and other costs	7,965	8,203	-238	-2.9%
Total	**29,206**	**31,399**	**-2,193**	**-7.0%**

Labour costs decrease from EUR 31,399 thousand in 1stH 2013 to EUR 29,206 thousand in 1stH 2014 with an incidence on revenues which decreases from 25.5% in the first semester 2013 to 24.1% in the first semester 2014.

The workforce decreases from an average of 1,433 units in the 1stH 2013 to 1,248 units in the 1stH 2014.

Average number of employees by category	1st Half 2014	1st Half 2013	Change Δ	%
Workers	247	357	-110	-31%
Office staff-supervisors	976	1,050	-74	-7%
Executive and senior managers	25	26	-1	-4%
Total	**1,248**	**1,433**	**-185**	**-13%**

29. OTHER OPERATING EXPENSES

This item includes:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013	Change Δ	%
Taxes	326	474	-148	-31.2%
Gifts	103	69	34	49.3%
Contingent liabilities	356	223	133	59.6%
Write-down of current receivables	48	83	-35	-42.2%
Foreign exchange losses	924	1,688	-764	-45.3%
Other operating expenses	240	221	19	8.6%
Total	**1,997**	**2,758**	**-761**	**-27.6%**

The caption other operating expenses amounts to EUR 1,997 thousand, with a decrease of 27.6% compared with EUR 2,758 thousand in the 1stH 2013.

30. AMORTISATION, WRITE-DOWNS AND PROVISIONS

This item includes:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013	Change Δ	%
Amortisation of intangible fixed assets	3,429	3,558	-129	-3.6%
Depreciation of tangible fixed assets	2,612	2,706	-94	-3.5%
Write-downs	247	43	204	474.4%
Total	**6,288**	**6,307**	**-19**	**-0.3%**

The entry is in line with the previous semester.

31. FINANCIAL INCOME/ EXPENSES

This item includes:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013	Change Δ	%
Interest income	80	81	-1	-1.2%
Foreign exchange gains	24	6	18	300.0%
Financial discounts	17	31	-14	-45.2%
Financial income	**121**	**118**	**3**	**2.5%**
Bank interest expenses	2,702	2,988	-286	-9.6%
Other interest expenses	86	165	-79	-47.9%
Foreign exchange losses	717	4	713	17825.0%
Other expenses	153	201	-48	-23.9%
Financial expenses	**3,658**	**3,358**	**300**	**8.9%**
Total	**3,537**	**3,240**	**297**	**9.2%**

The increase in financial income/expenses amounts to EUR 297 thousand. Such effect is substantially linked to:

- the lower financial expenses as a result of the lower Group average indebtedness compared at 30 June 2013 and of the better banking conditions applied by the banks;
- the major foreign exchange losses.

32. *Income taxes*

This item includes:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013	Change Δ	%
Current income taxes	2,997	2,240	757	33.8%
Deferred income/(expenses) taxes	-879	-1,175	296	-25.2%
Taxes related to previous years	-23	22	-45	n.a.
Total income taxes	**2,095**	**1,087**	**1,008**	**92.7%**

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 2014 and 2013 is illustrated in the following table:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013
Profit before taxes	2,746	-2,213
Theoretical tax rate	27.5%	27.5%
Theoretical income taxes (IRES)	**755**	**-609**
Fiscal effect	-30	-198
Effect of foreign tax rates	543	1,108
Total income taxes excluding IRAP (current and deferred)	**1,268**	**301**
IRAP (current and deferred)	**827**	**786**
Total income taxes (current and deferred)	**2,095**	**1,087**

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 2014 is EUR 1,918 thousand.

(Values in thousands of EUR)	1st Half 2014	1st Half 2013
OPENING BALANCE (A)	**7,524**	**5,362**
Cash flow (absorbed)/ generated by operating activity (B)	4,058	-998
Cash flow (absorbed)/ generated by investing activity (C)	-2,784	-4,656
Cash flow (absorbed)/ generated by financing activity (D)	-3,192	4,682
Increase/(decrease) in cash flow (E)=(B)+(C)+(D)	**-1,918**	**-972**
CLOSING BALANCE (F)=(A)+(E)	**5,606**	**4,390**

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

The cash flow generated by operating activity during the first half of 2014 amounts to EUR 4,058 thousand.

The cash flow comprising these funds is analysed below:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013
Profit before taxes	2,746	-2,213
Amortisation / write-downs	6,288	6,307
Accrual (+)/availment (-) of long term provisions and post employment benefits	-602	-513
Paid income taxes	-2,124	-2,262
Financial income (-) and financial charges (+)	3,537	3,240
Change in operating assets and liabilities	-5,787	-5,557
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**4,058**	**-998**

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

The cash flow absorbed by investing activity during the first half of 2014 amounts to EUR 2,784 thousand.

The factors comprising these funds are analysed below:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013
Increase (-)/ decrease (+) in intangible fixed assets	-732	-575
Increase (-)/ decrease (+) in tangible fixed assets	-1,805	-4,036
Investments and write-downs (-)/ Disinvestments and revaluations (+)	-247	-45
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**-2,784**	**-4,656**

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

The cash flow absorbed by financing activity during the first half of 2014 amounts to EUR 3,192 thousand.

The factors comprising these funds are analysed below:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013
Other variations in reserves and profits carried-forward of shareholders' equity	916	-130
Dividends paid	0	0
Proceeds (+)/repayment (-) of financial payments	-739	5,660
Increase (-)/ decrease (+) in long term financial receivables	168	2,392
Financial income (+) and financial charges (-)	-3,537	-3,240
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**-3,192**	**4,682**

OTHER INFORMATION

36. *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 2013.

37. *INCENTIVE PLANS*

Regarding the long term incentive plans reserved to executive directors of Aeffe S.p.A., please refer to the indicated in the Report on remuneration available from the governance section of the following website: www.aeffe.com.

38. *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 2014 is analysed below:

(Values in thousands of EUR)	30 June 2014	31 December 2013
A - Cash in hand	690	523
B - Other available funds	4,916	7,001
C - Securities held for trading	-	-
D - Cash and cash equivalents (A) + (B) + (C)	*5,606*	*7,524*
E - Short term financial receivables	1,000	1,000
F - Current bank loans	-80,026	-78,210
G - Current portion of long-term bank borrowings	-4,024	-4,930
H - Current portion of loans from other financial istitutions	0	0
I - Current financial indebtedness (F) + (G) + (H)	*-84,050*	*-83,140*
J - Net current financial indebtedness (I) + (E) + (D)	*-77,444*	*-74,616*
K - Non current bank loans	-13,839	-15,488
L - Issued obbligations	1,416	1,574
M - Other non current loans	-71	-71
N - Non current financial indebtedness (K) + (L) + (M)	*-12,494*	*-13,985*
O - Net financial indebtedness (J) + (N)	***-89,938***	***-88,601***

The net financial position of the Group amounts to EUR 89,938 thousand as of 30 June 2014 compared with EUR 88,601 thousand as of 31 December 2013.

39. *EARNINGS PER SHARE*

Basic earnings per share:

(Values in thousands of EUR)	1st Half 2014	1st Half 2013
Consolidated earnings for the period for shareholders of the Parent Company	150	-3,702
Medium number of shares for the period	101,486	101,486
Basic earnings per share	**0.001**	**-0.036**

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.

40. 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 2014	1st Half 2013	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	884	697	Cost
Ferrim with Moschino S.p.a.			
Property rental	435	431	Cost
Commerciale Valconca with Aeffe S.p.a.			
Commercial	252	76	Revenue
Property rental	62	49	Cost
Commercial	1,081	973	Receivable
Aeffe France with Società Solide Real Estate France			
Property rental	161	146	Cost
Commercial	41	220	Receivable
Moschino France with Società Solide Real Estate France			
Property rental	193	176	Cost
Commercial	71	481	Payable
Aeffe USA with Ferrim USA			
Long term financial	1,416	1,714	Receivable
Short term financial	1,000	1,000	Receivable
Commercial	51	57	Revenue
Property rental	293	344	Cost

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 2014 and at 30 June 2013.

(Values in thousands of EUR)	Balance 1st Half	Value rel. party 2014	%	Balance 1st Half	Value rel. party 2013	%
Incidence of related party transactions on the income statement						
Revenues from sales and services	121,065	252	0.2%	122,919	76	0.1%
Costs of services	32,013	150	0.5%	33,087	150	0.5%
Costs for use of third party assets	10,455	2,028	19.4%	12,559	1,843	14.7%
Financial income	121	51	42.4%	117	57	48.4%
Incidence of related party transactions on the balance sheet						
Long term financial receivables	1,416	1,416	100.0%	1,714	1,714	100.0%
Trade receivables	36,464	1,122	3.1%	33,901	1,193	3.5%
Short term financial receivables	1,000	1,000	100.0%	1,000	1,000	100.0%
Trade payables	44,827	71	0.2%	45,238	481	1.1%
Incidence of related party transactions on the cash flow						
Cash flow (absorbed) / generated by operating activities	4,058	-2,120	n.a.	-998	-1,685	168.8%
Cash flow (absorbed) / generated by financial activities	-3,192	158	n.a.	4,682	-23	n.a.
Incidence of related party transactions on the indebtedness						
Net financial indebtedness	-89,938	-1,962	2.2%	-97,028	-1,708	1.8%

41. Atypical and/or unusual transactions

Pursuant to Consob communication DEM/6064293 dated 28 July 2006, it is confirmed that in the first half of 2014 the Group did not enter into any atypical and/or unusual transactions, as defined in that communication.

42. Significant non recurring events and transactions

It is confirmed that in the first six months of 2014 no significant non-recurring events and transactions have been realised.

43. 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. The Bologna Regional Tax Commission ordered on 14 April 2011 the suspension of this judgment pending resolution of the dispute ruling related to the notice of assessment 81203T100570/20042 (tax year 2000) with sentence become final.

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. This tax dispute has been disputed in December 2012 before the Bologna Provincial Tax Commission, who, with sentence no. 40/13/13, filed on 14 March 2013, has accepted the request of the company, annulling the contested measures with reference to the matter relating to intra-group costs for advertising contributions and confirming the contested measures related to the reliefs for costs to be incurred and intra-group costs for lease payments. The Office, with act of appeal notified to the company on 28 October 2013, appealed against the sentence of the Bologna Provincial Tax Commission requesting the reform in relation to the matter relating to intra-group costs for advertising contributions. The Company, on 23 December 2013, filed a timely notice of cross-appeal counterclaims and contextual interlocutory appeal.

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 has timely appealed before the Bologna regional tax commission and is waiting for the hearing to be set.

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.

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 and legal 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 2014	of which Rel. parties	31 December 2013	of which Rel. parties
NON-CURRENT ASSETS					
Intangible fixed assets					
Key money		35,334,960		36,273,469	
Trademarks		94,196,436		95,949,341	
Other intangible fixed assets		560,666		565,452	
Total intangible fixed assets	(1)	130,092,062		132,788,262	
Tangible fixed assets					
Lands		16,176,219		16,176,219	
Buildings		23,962,701		24,163,170	
Leasehold improvements		15,851,261		16,025,208	
Plant and machinary		3,386,294		3,647,099	
Equipment		327,521		339,479	
Other tangible fixed assets		4,123,202		4,203,616	
Total tangible fixed assets	(2)	63,827,198		64,554,791	
Other fixed assets					
Equity investments	(3)	30,252		30,252	
Long term financial receivables	(4)	1,416,166	1,416,166	1,574,143	1,574,143
Other fixed assets	(5)	4,784,313		4,793,840	
Deferred tax assets	(6)	12,047,468		13,156,227	
Total other fixed assets		18,278,199		19,554,462	
TOTAL NON-CURRENT ASSETS		**212,197,459**		**216,897,515**	
CURRENT ASSETS					
Stocks and inventories	(7)	78,628,002		74,085,293	
Trade receivables	(8)	36,463,901	1,122,094	35,796,691	926,412
Tax receivables	(9)	6,978,862		7,159,456	
Cash	(10)	5,606,329		7,524,153	
Financial receivables	(11)	1,000,000	1,000,000	1,000,000	1,000,000
Other receivables	(12)	25,523,300		23,311,361	386,000
TOTAL CURRENT ASSETS		**154,200,394**		**148,876,954**	
Assets available for sale	(13)	436,885		516,885	
TOTAL ASSETS		**366,834,738**		**366,291,354**	

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 2014	of which Rel. parties	31 December 2013	of which Rel. parties
SHAREHOLDERS' EQUITY	**(14)**				
Group interest					
Share capital		25,371,407		25,371,407	
Other reserves		115,266,113		118,800,400	
Profits/(losses) carried-forward		-12,946,641		-14,199,499	
Net profit/(loss) for the Group		150,314		-3,197,728	
Group interest in shareholders' equity		127,841,193		126,774,580	
Minority interest					
Minority interest in share capital and reserves		16,644,316		15,417,856	
Net profit/(loss) for the minority interest		499,735		1,226,460	
Minority interest in shareholders' equity		17,144,051		16,644,316	
TOTAL SHAREHOLDERS' EQUITY		**144,985,244**		**143,418,896**	
NON-CURRENT LIABILITIES					
Provisions	(15)	1,356,310		1,166,839	
Deferred tax liabilities	(6)	37,132,325		37,173,257	
Post employment benefits	(16)	7,040,370		7,535,522	
Long term financial liabilities	(17)	13,910,060		15,559,284	
Long term not financial liabilities	(18)	14,045,132		14,045,132	
TOTAL NON-CURRENT LIABILITIES		**73,484,197**		**75,480,034**	
CURRENT LIABILITIES					
Trade payables	(19)	44,827,217	71,496	45,448,082	508,209
Tax payables	(20)	2,948,844		4,045,012	
Short term financial liabilities	(21)	84,050,467		83,139,907	
Other liabilities	(22)	16,538,769		14,430,223	
TOTAL CURRENT LIABILITIES		**148,365,297**		**147,063,224**	
Liabilities available for sale				329,200	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**366,834,738**		**366,291,354**	

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 2014	of which Rel. parties	1st Half 2013	of which Rel. parties
REVENUES FROM SALES AND SERVICES	**(23)**	**121,064,933**	**252,150**	**122,919,259**	**76,288**
Other revenues and income	(24)	2,025,757		2,909,688	
TOTAL REVENUES		**123,090,690**		**125,828,947**	
Changes in inventory		5,793,082		4,483,797	
Costs of raw materials, cons. and goods for resale	(25)	-42,642,492		-43,175,059	
Costs of services	(26)	-32,013,312	-150,000	-33,086,978	-150,000
Costs for use of third parties assets	(27)	-10,455,439	-2,026,120	-12,558,938	-1,843,140
Labour costs	(28)	-29,205,519		-31,399,290	
Other operating expenses	(29)	-1,996,739		-2,757,955	
Amortisation, write-downs and provisions	(30)	-6,287,740		-6,306,852	
Financial income/(expenses)	(31)	-3,536,987	51,262	-3,240,469	56,527
PROFIT / LOSS BEFORE TAXES		**2,745,544**		**-2,212,797**	
Income taxes	(32)	-2,095,495		-1,087,300	
NET PROFIT / LOSS		**650,049**		**-3,300,097**	
(Profit)/loss attributable to minority shareholders		-499,735		-401,778	
NET PROFIT / LOSS FOR THE GROUP		**150,314**		**-3,701,875**	

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 2014	of which Rel. parties	1st Half 2013	of which Rel. parties
OPENING BALANCE		**7,524**		**5,362**	
Profit / loss before taxes		2,746	-1,873	-2,213	-1,860
Amortisation / write-downs		6,288		6,307	
Accrual (+)/availment (-) of long term provisions and post employment benefits		-602		-513	
Paid income taxes		-2,124		-2,262	
Financial income (-) and financial charges (+)		3,537		3,240	
Change in operating assets and liabilities		-5,787	-247	-5,557	175
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**(33)**	**4,058**		**-998**	
Increase (-)/ decrease (+) in intangible fixed assets		-732		-575	
Increase (-)/ decrease (+) in tangible fixed assets		-1,805		-4,036	
Investments and write-downs (-)/ Disinvestments and revaluations (+)		-247		-45	
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(34)**	**-2,784**		**-4,656**	
Other variations in reserves and profits carried-forward of shareholders' equity		916		-130	
Dividends paid		0		0	
Proceeds (+)/repayment (-) of financial payments		-739	158	5,660	-23
Increase (-)/ decrease (+) in long term financial receivables		168		2,392	
Financial income (+) and financial charges (-)		-3,537		-3,240	
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(35)**	**-3,192**		**4,682**	
CLOSING BALANCE		**5,606**		**4,390**	

Attestation of the Half Year condensed financial statements pursuant to art.81-ter of Consob Regulation N. 11971 of 14 May 1999, and subsequent amendments and additions

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 2014.

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;
- correspond to the amounts shown in the Company's accounts, books and records;
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

The interim management report contains a reliable analysis of important events which took place during the first six months of the current fiscal year and their impact on the half-year condensed financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the year. The interim management report also contains information concerning related party transactions.

28 July 2014

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

Auditors' Review Report on the half year condensed financial statements for the six-month period ended June 30, 2014

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, 2014 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, 2013 and to the six-month period ended June 30, 2013, presented in the half condensed financial statements reference should be made to our auditor's report dated March 24, 2014 and our auditor's review report dated July 29, 2013.

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, 2014 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.

Bologna, Italy July 28, 2014

MAZARS S.p.A.
Signed by
Alessandro Gallo
Partner

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

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