AEFFE

HALF-YEARLY FINANCIAL REPORT AT 30 JUNE 2009

Disclaimer

This Half-yearly financial report at 30 June 2009 has been translated into English solely for the convenience of the International reader. In the event of conflict or inconsistency between the terms used in the Italian Version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

SUMMARY

Board of directors and auditors

Board of Directors

Chairman
Massimo Ferretti

Deputy Chairman
Alberta Ferretti

Chief Executive Officer
Simone Badioli

Directors
Marcello Tassinari – Managing Director
Umberto Paolucci
Roberto Lugano
Pierfrancesco Giustiniani

Board of Statutory Auditors

President
Fernando Ciotti

Statutory Auditors
Bruno Piccioni
Romano Del Bianco

Alternate Auditors
Andrea Moretti
Pierfrancesco Gamberini

Board of Compensation Committee

President
Umberto Paolucci

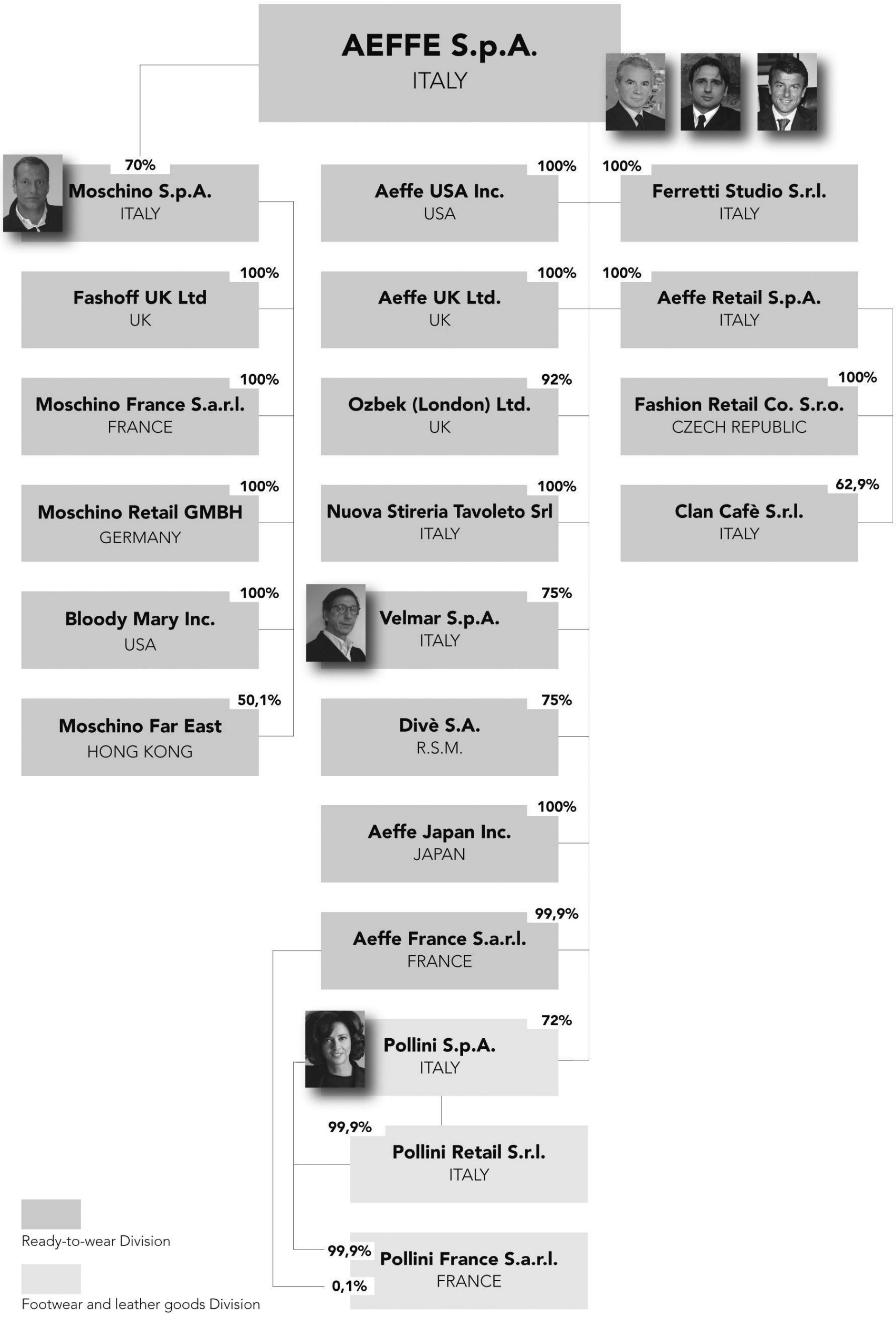
Members
Pierfrancesco Giustiniani
Roberto Lugano

Board of Internal Control Committee

President
Roberto Lugano

Members
Pierfrancesco Giustiniani
Umberto Paolucci

Organisation chart



Brands portfolio

AEFFE
CLOTHING - ACCESSORIES

- ALBERTA FERRETTI
- PHILOSOPHY DI ALBERTA FERRETTI
- Jean Paul GAULTIER
- MOSCHINO
- POLLINI
- MOSCHINO CHEAPANDCHIC
- Authier
- GAULTIER²

POLLINI
SHOES - LEATHER GOODS

- POLLINI
- STUDIO POLLINI
- MOSCHINO
- MOSCHINO CHEAPANDCHIC
- LOVE MOSCHINO

MOSCHINO
LICENCES - DESIGN - RETAIL

- MOSCHINO
- MOSCHINO CHEAPANDCHIC
- LOVE MOSCHINO

VELMAR
BEACHWEAR - UNDERWEAR

- ALBERTA FERRETTI
- philosophy ALBERTA FERRETTI
- MOSCHINO
- BLUGIRL UNDERWEAR
- BLUGIRL BEACHWEAR

Headquarters

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

MOSCHINO
Via San Gregorio, 28
20124 - Milan
Italy

POLLINI
Via Erbosa I° tratto, 92
Gatteo (FC)
47043 - Italy

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

Showrooms

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

POLLINI MILAN
Via Bezzecca, 5
20135 – Milan
Italy

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

AEFFE PARIS
(GRUPPO)
6, Rue Caffarelli
75003 - Paris
France

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

MOSCHINO MILAN
Via San Gregorio, 28
20124 - Milan
Italy

MOSCHINO LONDON
28-29 Conduit Street
W1R 9TA - London
UK

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

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

Main locations of flagshipstores under direct management

ALBERTA FERRETTI

Milan
Rome
Capri
Paris
Lille
London
New York
Los Angeles

POLLINI

Milan
Bologna
Rome
Florence
Venice
Bolzano
Ravenna
Varese
Verona

SPAZIO A

Florence
Venice

MOSCHINO

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

Main economic-financial data

		1st Half 2008	1st Half 2009
Total revenues	(Values in millions of EUR)	147.0	113.7
Gross operating margin (EBITDA)	(Values in millions of EUR)	20.9	-7.2
Net operating profit (EBIT)	(Values in millions of EUR)	15.9	-12.4
Profit before taxes	(Values in millions of EUR)	12.5	-14.3
Net profit for the Group	(Values in millions of EUR)	6.0	-10.0
Net profit for the Group per share	(Values in units of EUR)	0.056	-0.096
Cash Flow (net profit after taxes + depreciation)	(Values in millions of EUR)	12.1	-6.8
Cash Flow/Total revenues	(Values in percentage)	8.2	-5.9

		31 December 2007	30 June 2008	31 December 2008	30 June 2009
Net capital invested	(Values in millions of EUR)	233.1	248.6	262.8	271.8
Net financial indebtedness	(Values in millions of EUR)	38.5	50.6	66.8	88.9
Group net equity	(Values in millions of EUR)	164.8	167.0	165.0	153.8
Group net equity per share	(Values in units of EUR)	1.5	1.6	1.5	1.4
Current assets/ current liabilities	(Ratio)	1.6	1.9	1.9	2.2
Current assets less invent./ current liabilities (ACID test)	(Ratio)	0.8	0.9	1.0	1.1
Net financial indebtedness/ Net equity	(Ratio)	0.2	0.3	0.3	0.5

Aeffe Group

Interim management report

1. SUMMARY OF THE GROUP'S KEY ACTIVITIES

Aeffe Group operates worldwide in the fashion and luxury goods sector and is active in the design, production and distribution of a wide range of products that includes prêt-a-porter, footwear and leather goods. The Group develops, produces and distributes, with a constant focus on the qualities of uniqueness and exclusivity, its own collections both under its own-label brands, including "Alberta Ferretti", "Moschino" and "Pollini", and under licensed brands, which include "Jean Paul Gaultier", "Blugirl" and "Authier". The Group has also licensed to key partners the production and distribution of other accessories and products with which it supplements its product range (perfumes, junior and children's lines, watches sunglasses and other).

The Group's business is divided, based on the various product lines and brands it sells, into two segments: (i) prêt-a-porter (which includes prêt-a-porter lines, lingerie and swimwear); and (ii) footwear and leather goods.

Prêt-a-porter Division

The Prêt-a-porter Division, which is composed of the companies Aeffe, Moschino and Velmar, is mainly involved in the design, production and distribution of luxury prêt-a-porter garments and lingerie, beachwear and loungewear.

In terms of the prêt-a-porter collections, the activity is carried out by Aeffe, both for the production of the Group's proprietary brands ("Alberta Ferretti", "Philosophy di Alberta Ferretti", "Moschino", "Moschino Cheap and Chic" and "Pollini") and brands licensed from other companies (such as "Jean Paul Gaultier", and "Authier"). 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, which include "Alberta Ferretti", "Philosophy di Alberta Ferretti", "Moschino" and "Verdemare", 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.

Aeffe

Aeffe is the brainchild of designer Alberta Ferretti, who set up her own business in 1972. The history of the Parent Company has developed in parallel with that of its founder, whose personal involvement in fashion has been a key factor in Aeffe's development.

The growth of the Parent Company as an industrial and creative entity has been distinguished from the start by a multi-brand approach, with Aeffe producing and distributing the prêt-a-porter collections of leading fashion houses utilising the know-how acquired in the production of luxury prêt-a-porter lines.

This provides the context for the partnership between Aeffe and designer Franco Moschino, whose brand "Moschino Couture!" it has produced and distributed under an exclusive licence since 1983.

In 1995, Aeffe began collaborating with designer Jean Paul Gaultier, whose brand "Jean Paul Gaultier" and – since 2006 – "Gaultier^{2}" it produces and distributes under licence.

In 2001, Aeffe gained control of Pollini, an established manufacturer of footwear and leather goods. This allowed Aeffe to supplement the collections produced in-house with an accessories line.

In 2002, Aeffe took over Velmar, a firm that had collaborated with Aeffe for some time on the production and distribution of lingerie, beachwear and loungewear lines.

In 2004, as part of its commitment to uncover and showcase new talent, Aeffe began a partnership with an Anglo-Brazilian pair of up-and-coming designers, Bruno Basso and Christopher Brooke, who won the London Fashion Fringe in 2004.

In 2006, Aeffe commenced the licensed production and distribution of Authier skiwear and après-skiwear.

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.

In 2008 Aeffe has signed a licence agreement with Elizabeth Arden for the development, marketing and distribution of the fragrance branded "Alberta Ferretti". Always in 2008 Aeffe signs a master franchising agreement with SE International for the distribution of "Alberta Ferretti" and "Philosophy di Alberta Ferretti" brands in Korea.

Moschino

Moschino was founded in 1983 and grew during the 1990s to become an internationally renowned brand. Following the disappearance in 1994 of its founder, Franco Moschino, his family, staff and friends have kept the designer's legacy alive, respecting his creative identity and philosophy. Rossella Jardini, who has worked for Franco Moschino since 1981, succeeded him as artistic director and is currently in charge of brand image and styling.

The company provides design, marketing and agency services from the Milan showroom for Moschino collections in Italy and overseas.

The company also directly manages four single-brand Moschino stores, two in Milan one in Rome and one in Capri.

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

In 2007, Moschino signed a licence agreement with Max Safety Fashion for the production of helmets branded "Moschino".

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

Velmar

Velmar was created in 1983 in San Giovanni in Marignano and is active in the production and distribution of lingerie, underwear, beachwear and loungewear.

In 1990, a partnership began between Velmar and designer Anna Molinari to manufacture lingerie and beachwear lines. That same year, talks began with Aeffe and Genny.

Between 1990 and 1995, Velmar worked with Genny and Fendi, producing all of the swimwear lines designed by the two fashion houses. Between 1990 and 2001, Velmar worked with Itierre and Prada on the design and production of the active and sportswear lines sold under the "Extee" and "Prada" menswear labels.

Between 1995 and 1998, Velmar produced and distributed under licence the beachwear line for Byblos menswear and womenswear.

In 1998, Velmar signed a licensing agreement with Blufin for the production and distribution of "Blugirl" lines.

In 2001, Aeffe acquired 75% of Velmar. Again, this represented a natural progression of the existing partnership between the two companies.

In 2001, Velmar began the production and distribution under licence of Alberta Ferretti lingerie, beachwear and loungewear lines.

In 2004, Velmar began the production and distribution of lingerie, beachwear and loungewear lines under the "Philosophy di Alberta Ferretti" brand.

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.

Aeffe USA

Aeffe USA is 100% owned by Aeffe Spa and was incorporated in May 1987 under the laws of the State of New York.

The company operates in the wholesale segment of the North American market (United States and Canada) distributing items of clothing and accessories produced by the Parent Company, Pollini S.p.A. and Velmar S.p.A. and other third-party licensed manufacturers, with different collections, of the brands produced by the Parent Company. The company also acts as agent for some of these lines. The company operates out of its own showroom located in midtown Manhattan. Aeffe USA also manages two single-brand stores; one in Soho, New York and the other in West Hollywood, Los Angeles.

Aeffe Retail

Aeffe Retail operates in the retail segment of the Italian market and directly manages 9 stores, 5 of them single-brand and 4 multi-brand located in major Italian cities such as Milan, Rome, Venice, Florence and Capri.

Clan Cafè

Clan Cafè Srl, incorporated in 2007, is 62.9% owned by Aeffe Retail and manages a store located in Milan, Pontaccio 19 Street, which distributes clothing and accessories produced by Aeffe Group and by third parties.

Aeffe UK

Aeffe UK is 100% owned by Aeffe S.p.A. and manages the store in London's Sloane Street, which sells clothing and accessories under the Alberta Ferretti and Philosophy di Alberta Ferretti labels. The company also acts as an agent for the UK market.

Aeffe France

Aeffe France is 99.9% owned by Aeffe S.p.A. and manages the store in Rue St. Honorè in Paris, selling apparel and accessories under the Alberta Ferretti and Philosophy di Alberta Ferretti brands. The company also acts as an agent for the French market.

Ferretti Studio

The company was founded in 1984 and provides design and communications services to the creative division of Alberta Ferretti for the Alberta Ferretti and Philosophy di Alberta Ferretti collections.

Aeffe Japan

Aeffe Japan was founded at the end of 2008 and is 100% owned by Aeffe S.p.A.; its intention is to develop and strengthen Group's brands in the Japan market.

Nuova Stireria Tavoleto

Nuova Stireria Tavoleto, based in Tavoleto (Pesaro-Urbino), is 100% owned by Aeffe S.p.A. and provides industrial pressing services for the majority of Aeffe and Velmar production and for other clients outside the Group.

Moschino Far East

Moschino Far East is 50.1% owned by Moschino Spa and is based in Hong Kong.

The company operates in the wholesale segment of the Asian market (Hong Kong, China, Taiwan, Singapore, Malaysia, Thailand, Korea, Japan), distributing clothing and accessories from the Moschino lines produced by the Parent Company and Pollini.

The company also manages 38 stores in the Asia region.

Fashoff UK

Fashoff UK operates from the showroom in London, acting as agent for the Moschino-branded collections produced by Aeffe, Pollini, Forall (men) and Falc (men's/children's shoes), and importing the other collections (jeans, umbrellas, gloves, scarves and Velmar collections).

The company also directly manages a single-brand Moschino store in London.

Moschino France

Moschino France is based in the Paris showroom and acts as agent for all Moschino collections except childrenswear, eyewear, perfumes and watches.

The company also manages a single-brand Moschino store in Paris.

Moschino Gmbh

Moschino Gmbh directly manages a single-brand Moschino store in Berlin.

Bloody Mary

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

Footwear and leather goods Division

The footwear and leather goods Division, which is composed of Pollini and its subsidiaries, mainly handles the design, production and distribution of footwear, small leather goods, bags and matching accessories made from exclusive materials.

The operating activity is mainly carried out by Pollini, which directly handles the design, production and distribution of own-label products, as well as the production and distribution of brands licensed by Group companies.

The footwear and leather goods division also manages licensing agreements granted to other companies to manufacture “Pollini” products such as umbrellas, foulards and ties.

Pollini

Pollini was established in 1953 in the shoemaking district of San Mauro Pascoli, following in the Italian tradition of handmade leather goods and shoes. Italy is a leading producer of footwear: due to expertise required to make these products, nearly all production sites are located in areas with a long-standing shoemaking tradition, such as San Mauro Pascoli, Vigevano and Strà (PD). The company’s philosophy is focused on promoting Pollini in other countries as an amalgam of traditional quality and Italian style, offering a range of products that include shoes, bags and matching accessories.

Between 1957 and 1961, Pollini produced the footwear collections of the designer Bruno Magli.

In the 1960s and early 1970s, Pollini began making shoes under its own label, presenting "themed" collections (such as the "Daytona" sports footwear collection, inspired by the world of motorbike racing).

In the 1970s, Pollini rose to international fame: at that point, its collections were shown in Düsseldorf, Paris and New York, as well as in Milan and Bologna. Around the same time, the first stores opened in Florence, Milan, Rome, Bologna, Parma, Verona, Bolzano, Bergamo, 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 2003 Pollini's flagship store opened in the Rue Saint Honorè, Paris.

In 2008 the stylist Jonathan Saunders was appointed as creative director for the Pollini Prêt-a-porter and 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 Srl, for the manufacturing of umbrellas, as well as Larioseta Spa, for the manufacturing and distribution of neckwear, including women's shawls, women's and men's scarves and ties.

Pollini Retail

Pollini Retail is active in the retail segment of the Italian market and directly manages 16 stores in major Italian cities such as Milan, Rome, Venice and Florence.

2. CONSOLIDATED RICLASSIFIED INCOME STATEMENT

(Values in units of EUR)	1st Half 2009	% on revenues	1st Half 2008	% on revenues	Change	%
REVENUES FROM SALES AND SERVICES	**111,148,148**	**100.0%**	**144,590,305**	**100.0%**	**- 33,442,157**	**-23.1%**
Other revenues and income	2,600,295	2.3%	2,438,567	1.7%	161,728	6.6%
TOTAL REVENUES	**113,748,443**	**102.3%**	**147,028,872**	**101.7%**	**- 33,280,429**	**-22.6%**
Changes in inventory	562,960	0.5%	12,063,590	8.3%	-11,500,630	-95.3%
Costs of raw materials, cons. and goods for resale	-35,881,096	-32.3%	-47,420,303	-32.8%	11,539,207	-24.3%
Costs of services	-41,966,622	-37.8%	-51,035,993	-35.3%	9,069,371	-17.8%
Costs for use of third parties assets	-9,692,811	-8.7%	-8,135,468	-5.6%	-1,557,343	19.1%
Labour costs	-32,026,862	-28.8%	-29,629,989	-20.5%	-2,396,873	8.1%
Other operating expenses	-1,975,736	-1.8%	-1,955,531	-1.4%	-20,205	1.0%
Total Operating Costs	-120,980,167	-108.8%	-126,113,694	-87.2%	5,133,527	-4.1%
GROSS OPERATING MARGIN (EBITDA)	**- 7,231,724**	**-6.5%**	**20,915,178**	**14.5%**	**- 28,146,902**	**-134.6%**
Amortisation of intangible fixed assets	-1,806,595	-1.6%	-1,802,122	-1.2%	-4,473	0.2%
Depreciation of tangible fixed assets	-3,372,215	-3.0%	-3,202,498	-2.2%	-169,717	5.3%
Revaluations (write-downs)	0	0.0%	-41,571	0.0%	41,571	-100.0%
Total Amortisation and Write-downs	-5,178,810	-4.7%	-5,046,191	-3.5%	-132,619	2.6%
NET OPERATING PROFIT (EBIT)	**- 12,410,534**	**-11.2%**	**15,868,987**	**11.0%**	**- 28,279,521**	**-178.2%**
Financial income	380,974	0.3%	215,225	0.1%	165,749	77.0%
Financial expenses	-2,221,012	-2.0%	-3,554,535	-2.5%	1,333,523	-37.5%
Total Financial Income/(Expenses)	-1,840,038	-1.7%	-3,339,310	-2.3%	1,499,272	-44.9%
PROFIT BEFORE TAXES	**- 14,250,572**	**-12.8%**	**12,529,677**	**8.7%**	**- 26,780,249**	**-213.7%**
Current income taxes	-1,664,401	-1.5%	-4,440,775	-3.1%	2,776,374	-62.5%
Deferred income/(expenses) taxes	3,982,294	3.6%	-975,165	-0.7%	4,957,459	-508.4%
Total Income Taxes	2,317,893	2.1%	-5,415,940	-3.7%	7,733,833	-142.8%
NET PROFIT	**- 11,932,679**	**-10.7%**	**7,113,737**	**4.9%**	**- 19,046,416**	**-267.7%**
(Profit)/loss attributable to minority shareholders	1,898,309	1.7%	-1,136,590	-0.8%	3,034,899	-267.0%
NET PROFIT FOR THE GROUP	**- 10,034,370**	**-9.0%**	**5,977,147**	**4.1%**	**- 16,011,517**	**-267.9%**

SALES

In 1stH 2009, consolidated revenues decrease from EUR 144,590 thousand in 1stH 2008 to EUR 111,148 thousand, down 23.1% (-23.9% at constant exchange rates and excluding the effect of the Narciso Rodriguez licence).

The revenues of the prêt-à-porter division decrease by 22.6% (-23.6% at constant exchange rates and excluding the effect of the Narciso Rodriguez licence) to EUR 90,218 thousand, while the revenues of the footwear and leather goods division decrease by 25.8% to EUR 27,567 thousand, before interdivisional eliminations.

Sales by brand

(Values in thousands of EUR)	1st Half 2009	%	1st Half 2008	%	Change Δ	%
Alberta Ferretti	22,917	20.6%	30,829	21.3%	-7,912	-25.7%
Moschino	58,743	52.9%	70,734	48.9%	-11,991	-17.0%
Pollini	16,832	15.1%	24,929	17.2%	-8,097	-32.5%
J.P.Gaultier	7,711	6.9%	9,898	6.8%	-2,187	-22.1%
Other	4,945	4.5%	8,200	5.8%	-3,255	-39.7%
Total	**111,148**	**100.0%**	**144,590**	**100.0%**	**- 33,442**	**-23.1%**

In 1st H 2009, Alberta Ferretti brand decreases by 25.7% (-25.9% at constant exchange rates), generating 20.6% of the group's consolidated sales.

In the same period, Moschino brand sales decreases by 17.0% (-19.5% at constant exchange rates), contributing to 52.9% of consolidated sales.

Pollini brand records a contraction of 32.5% (-32.6% at constant exchange rates), generating 15.1% of consolidated sales, while the brand under licence JP Gaultier decreases by 22.1% (-23.8% at constant exchange rates), contributing to 6.9% of consolidated sales.

Other brands sales decrease by 39.7% (-28.8% at constant exchange rates and excluding Narciso Rodriguez collections), equal to 4.5% of consolidated sales.

Sales by geographical area

(Values in thousands of EUR)	1st Half 2009	%	1st Half 2008	%	Change Δ	%
Italy	46,404	41.7%	57,246	39.6%	-10,842	-18.9%
Europe (Italy and Russia excluded)	23,772	21.4%	30,359	21.0%	-6,587	-21.7%
Russia	7,347	6.6%	13,618	9.4%	-6,271	-46.1%
United States	9,081	8.2%	13,232	9.2%	-4,151	-31.4%
Japan	8,163	7.3%	8,702	6.0%	-539	-6.2%
Rest of the World	16,381	14.8%	21,433	14.8%	-5,052	-23.6%
Total	**111,148**	**100.0%**	**144,590**	**100.0%**	**- 33,442**	**-23.1%**

In 1st H 2009, the Group records sales in Italy for EUR 46,404 thousand, contributing to 41.7% of consolidated sales with a 18.9% decrease.

In Europe group's sales decline by 21.7% (-20.4% at constant exchange rates and excluding the effect of the Narciso Rodriguez licence), contributing to 21.4% of consolidated sales, while sales in Russia are EUR 7,347 thousand contributing to 6.6% of consolidated sales, with a decrease of 46.1% (-46.1% at constant exchange rates and excluding the effect of the termination of Narciso Rodriguez licence). Sales in the United States are EUR 9,081 thousand contributing to 8.2% of consolidated sales, with a decrease of 31.4% (-34.3% at constant exchange rates and excluding the effect of the termination of Narciso Rodriguez licence). Sales in Japan fall by 6.2% (-20.4% at constant exchange rates and excluding the Narciso Rodriguez licence) to EUR 8,163 thousand, contributing to 7.3% of consolidated sales.

The Rest of the world records sales for EUR 16,381 thousand, down 23.6% (-24.5% at constant exchange rates and excluding the Narciso Rodriguez collections), contributing to 14.8% of consolidated sales.

Sales by distribution channel

(Values in thousands of EUR)	1st Half 2009	%	1st Half 2008	%	Change Δ	%
Wholesale	73,227	65.9%	102,705	71.0%	-29,478	-28.7%
Retail	28,803	25.9%	32,180	22.3%	-3,377	-10.5%
Royalties	9,118	8.2%	9,705	6.7%	-587	-6.0%
Total	**111,148**	**100.0%**	**144,590**	**100.0%**	**- 33,442**	**-23.1%**

Revenues generated by the Group in the 1stH 2009 are analysed below:

- 65.9% from the Group's sales organisation, showrooms, agents and importers, franchise outlets, corners and shop-in-shops (wholesale channel), which contributes EUR 102,705 thousand in 1stH 2008 and EUR 73,227 thousand in 1stH 2009, with a decrease of 28.7% (-29.2% at constant exchange rates and excluding the Narciso Rodriguez collections).
- 25.9% from sales managed directly by the Group (retail channel), which contributes EUR 32,180 thousand in 1stH 2008 and EUR 28,803 thousand in 1stH 2009, down 10.5% (-12.4% at constant exchange rates and excluding the Narciso Rodriguez collections).
- 8.2% 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 6.0% from EUR 9,705 thousand in 1stH 2008 to EUR 9,118 thousand in 1stH 2009.

Sales by own brands and under licensed brands

(Values in thousands of EUR)	1st Half 2009	%	1st Half 2008	%	Change Δ	%
Own brands	98,609	88.7%	126,739	87.7%	-28,130	-22.2%
Brands under license	12,539	11.3%	17,851	12.3%	-5,312	-29.8%
Total	**111,148**	**100.0%**	**144,590**	**100.0%**	**- 33,442**	**-23.1%**

Revenues generated by own brands decrease in absolute value of EUR 28,130 thousand, -22.2% compared with the previous period, with an incidence on total revenues which increases from 87.7% in 1stH 2008 to 88.7% in 1stH 2009. Revenues generated by brands under license decrease by 29.8% (excluding revenues of Narciso brand the decrease would have been of 24.4%).

LABOUR COSTS

Labour costs increase from EUR 29,630 thousand in 1stH 2008 to EUR 32,027 thousand in 1stH 2009 with an incidence on revenues which change from 20.5% in the 1stH 2008 to 28.8% in the 1stH 2009.

The workforce grows from an average of 1,531 units in the 1stH 2008 to 1,518 units in the 1stH 2009.

Average number of employees by category	1st Half 2009	1st Half 2008	Change	%
Workers	451	481	-30	-6%
Office staff-supervisors	1,039	1,024	15	1%
Executive and senior managers	28	26	2	8%
Total	**1,518**	**1,531**	**-13**	**-1%**

Gross Operating Margin (EBITDA)

In 1stH 2009, consolidated EBITDA is negative for EUR 7,232 thousand, in reduction compared to EUR 20,915 thousand in 1stH 2008. EBITDA has an incidence of -6.5% of total sales.

EBITDA of the *prêt-à-porter* division is negative for EUR 3,238 thousand with a decrease in absolute value of EUR 22,084 thousand compared to EUR 18,846 thousand in 1stH 2008.

EBITDA of the Footwear and leather goods division decreases of EUR 6,062 thousand from EUR 2,069 thousand in 1stH 2008 to EUR -3,994 thousand in 1stH 2009.

Net operating profit (EBIT)

Consolidated EBIT is negative for EUR 12,411 thousand.

Profit before taxes

Profit before tax decreases of EUR 26.781 thousand from EUR 12,530 thousand in 1stH 2008 to EUR -14,251 thousand in 1stH 2009.

Net profit for the Group

The net profit for the Group decreases to EUR -10,034 thousand in 1stH 2009 from EUR 5,977 thousand in 1stH 2008, with a decrease in absolute value of EUR 16,011.

3. RECLASSIFIED CONSOLIDATED STATEMENT OF FINACIAL POSITION

(Values in units of EUR)		30 June 2009		31 December 2008
Trade receivables		31,651,128		43,230,057
Stock and inventories		75,557,924		77,433,665
Trade payables	-	43,999,007	-	63,004,051
Operating net working capital		**63,210,045**		**57,659,671**
Other short term receivables		30,911,486		28,899,717
Tax receivables		7,379,702		8,102,477
Other short term liabilities	-	18,160,611	-	16,907,509
Tax payables	-	3,062,995	-	4,288,323
Net working capital		**80,277,627**		**73,466,033**
Tangible fixed assets		78,486,843		78,465,485
Intangible fixed assets		167,697,373		169,174,912
Equity investments		27,840		27,840
Other fixed assets		2,718,515		2,665,776
Fixed assets		**248,930,571**		**250,334,013**
Post employment benefits	-	10,271,955	-	10,341,812
Provisions	-	1,666,986	-	1,744,209
Assets available for sale		1,636,885		1,636,885
Long term not financial liabilities	-	14,297,115	-	14,405,694
Deferred tax assets		11,256,809		8,356,878
Deferred tax liabilities	-	44,112,749	-	44,486,859
NET CAPITAL INVESTED		**271,753,087**		**262,815,235**
Share capital		25,371,407		25,766,795
Other reserves		125,681,473		121,342,633
Profits/(Losses) carried-forward		12,749,350		10,236,020
Profits/(Loss) for the period	-	10,034,370		7,675,504
Group interest in shareholders' equity		**153,767,860**		**165,020,952**
Minority interest in shareholders' equity		29,092,068		30,990,377
Total shareholders' equity		**182,859,928**		**196,011,329**
Short term financial receivables		-		-
Cash	-	6,393,492	-	7,705,842
Long term financial liabilities		13,072,773		17,528,201
Short term financial liabilities		82,213,878		56,981,547
NET FINANCIAL POSITION		**88,893,159**		**66,803,906**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS		**271,753,087**		**262,815,235**

NET INVESTED CAPITAL

Net invested capital increases by 3.4% compared with 31 December 2008.

NET WORKING CAPITAL

Net working capital amounts to EUR 80,278 thousand (30.7% of LTM sales) compared with EUR 73,466 thousand of 31 December 2008 (24.9% of sales).

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

- the main effect is due to the increase in operating net working capital which increases by 9.6% (EUR 5,550 thousand);
- the other current receivables increase of EUR 2,011 thousand mainly due to the increase in credits for prepaid costs (EUR 1,563 thousand). Such credits increase mainly to the seasonality of the business;
- the net increase of tax payables/receivables increases net working capital of EUR 503 thousand and it is due to the partial payment of payable related to the substitute tax owed to the release of the fiscal misalignment.

FIXED ASSETS

Fixed assets decrease by EUR 1,403 thousand from 31 December 2008 to 30 June 2009.

The changes in the main items are described below:

- the increase in tangible fixed assets of EUR 22 thousand is determined by new investments only partially compensated by the depreciation of the period;
- the decrease in intangible fixed assets of EUR 1,478 thousand is mainly due to to the amortisation of the period.

NET FINANCIAL POSITION

The net financial position of the Group amounts to EUR 88,893 thousand as of 30 June 2009 compared with EUR 66,804 thousand as of 31 December 2008. Such increase is mainly due to the economic result of the first semester 2009, to the investments realized in the period (EUR 3.723 thousand), to the distribution of dividends (EUR 710 thousand) and the purchase of treasury shares (EUR 952 thousand).

The net financial position includes the effect of the put/call option on the joint venture contract between Moschino and Bluebell Far East for the formation of Moschino Far East. In the absence of this option, the net financial position at 30 June 2009 would have amounted to EUR 83,783 thousand, rather than the EUR 88,893 thousand reported above.

SHAREHOLDERS' EQUITY

The shareholders' equity decreases by EUR 13,151 thousand from EUR 196,011 thousand as of 31 December 2008 to EUR 182,860 thousand as of 30 June 2009. The reasons of such increase are illustrated in the explanatory notes. The number of shares is 107,362,504.

RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND NET PROFIT FOR THE PERIOD OF THE PARENT COMPANY AND THE CORRISPONDING CONSOLIDATED AMOUNTS

(Values in thousand of EUR)	Shareholders' equity at 30 June 2009	Net profit for the 1st Half 2009
Taken from the corporate financial statements of the Parent Company	**142,393**	**- 1,505**
Reversal of the carrying amount of equity interests	41,844	-10,002
Reversal of intercompany inventory margin	-1,725	0
Transition to Parent Company accounting policies	115	-673
Total consolidation adjustments	**40,234**	**- 10,675**
Group interest in shareholders' equity	**153,768**	**- 10,035**
Minority interest in shareholders' equity	**29,092**	**- 1,898**
Total shareholders' equity	**182,627**	**- 12,180**

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.

Although these costs satisfy the requirements for deferral among the intangible assets as R&D expenses, they 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 36 of the Half-year Condensed Financial Statements at 30 June 2009.

6. SIGNIFICANT EVENTS OCCURRING IN THE FIRST HALF OF 2009

The Group, in execution of the plan approved by the Shareholders' Meeting held on 3 March 2008, has acquired during the first six months of 2009, n. 1,581,557 Aeffe ordinary shares, at the average unit price of EUR 0.6 for a total investment of EUR 952 thousand.

On 24 April 2009 the Shareholder’s meeting of Aeffe Spa has approved the distribution of a dividend of EUR 0.007 per share, gross of statutory tax applicable. The dates for the clipping and payment of coupon n. 2 have been respectively on 18 May 2009 and 21 May 2009.

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

The financial crisis, that since last September triggered a recession that has progressively expanded during the last months, swept through the advanced and the emerging economies, contracting the world GDP of the fourth quarter of 2008, at an annual rate of about 7% compared with the third quarter. This decline appears to have been confirmed in the early part of this year.

The IMF's recent estimates indicate that world economic activity will decline by 1.4% in 2009 (the worst result since the Second World War) and that is expected to return to growth in 2010.

In the opinion of Bank of Italy, the pronounced worsening of the world economic has brought to review the estimate of Italy's GDP that will contract by 5.2 per cent this year and hold steady in 2010. The recession, that chiefly reflects slumping sales abroad, should ease considerably in the second half of 2009 and economic activity should return to growth in 2010, even though penalized, at global level, by the appreciation of the euro.

In this contest, also the luxury goods sales slowdowns. According to the survey of Altagamma Foundation related to the two-months period May – June 2009, the short term forecasts seem to confirm that the worst is behind and that the forecast sales of July and August show a flat trend compared with the previous two-months even if still decreasing compared to the same period of the previous year, despite promising growth signals.

Relating to our Group we have to consider that the first half 2009 results have been penalized not only by the general economic environment, but also by the negative performance of the Pollini division and, albeit to a lesser extent, by the costs associated with the expansion of our mono-brand stores network; at the same time we are reassured with the fact that our core business continues to be profitable despite the general decline in consumption. Management has already taken actions to rationalize operating costs' for the Pollini division and others are to be implemented. The Group is facing this difficult moment for the whole sector reinforcing its strong focus on costs savings in order to recover production efficiency and working on creating collections more in line with the new clients' needs.

Half-year condensed financial statements at 30 June 2009

Financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

(Values in units of EUR)	Notes	30 June 2009	31 December 2008	Change
NON-CURRENT ASSETS				
Intangible fixed assets				
Goodwill		55,267,505	54,962,043	305,462
Trademarks		112,042,879	113,867,489	-1,824,610
Other intangible fixed assets		386,989	345,380	41,609
Total intangible fixed assets	(1)	167,697,373	169,174,912	-1,477,539
Tangible fixed assets				
Lands		17,626,622	17,635,695	-9,073
Buildings		33,295,600	33,796,853	-501,253
Leasehold improvements		15,919,134	15,983,052	-63,918
Plant and machinary		7,601,575	6,922,775	678,800
Equipment		445,413	481,667	-36,254
Other tangible fixed assets		3,598,499	3,645,443	-46,944
Total tangible fixed assets	(2)	78,486,843	78,465,485	21,358
Other fixed assets				
Equity investments	(3)	27,840	27,840	0
Other fixed assets	(4)	2,718,515	2,665,776	52,739
Deferred tax assets	(5)	11,256,809	8,356,878	2,899,931
Assets available for sale	(6)	1,636,885	1,636,885	0
Total other fixed assets		15,640,049	12,687,379	2,952,670
TOTAL NON-CURRENT ASSETS		**261,824,265**	**260,327,776**	**1,496,489**
CURRENT ASSETS				
Stocks and inventories	(7)	75,557,924	77,433,665	-1,875,741
Trade receivables	(8)	31,651,128	43,230,057	-11,578,929
Tax receivables	(9)	7,379,702	8,102,477	-722,775
Cash	(10)	6,393,492	7,705,842	-1,312,350
Other receivables	(11)	30,911,486	28,899,717	2,011,769
TOTAL CURRENT ASSETS		**151,893,732**	**165,371,758**	**- 13,478,026**
TOTAL ASSETS		**413,717,997**	**425,699,534**	**- 11,981,537**

(*) 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 STATEMENT OF FINANCIAL POSITION (*)

(Values in units of EUR)	Notes	30 June 2009	31 December 2008	Change
SHAREHOLDERS' EQUITY	**(12)**			
Group interest				
Share capital		25,371,407	25,766,795	-395,388
Share premium reserve		71,240,251	71,796,450	-556,199
Translation reserve		-1,081,446	-1,269,327	187,881
Other reserves		36,161,936	31,454,778	4,707,158
Fair Value reserve		7,901,240	7,901,240	0
IAS reserve		11,459,492	11,459,492	0
Profits/(Losses) carried-forward		12,749,350	10,236,020	2,513,330
Net profit for the Group		-10,034,370	7,675,504	-17,709,874
Group interest in shareholders' equity		153,767,860	165,020,952	-11,253,092
Minority interest				
Minority interest in share capital and reserves		30,990,377	29,888,628	1,101,749
Net profit for the minority interest		-1,898,309	1,101,749	-3,000,058
Minority interest in shareholders' equity		29,092,068	30,990,377	-1,898,309
TOTAL SHAREHOLDERS' EQUITY		**182,859,928**	**196,011,329**	**- 13,151,401**
NON-CURRENT LIABILITIES				
Provisions	(13)	1,666,986	1,744,209	-77,223
Deferred tax liabilities	(5)	44,112,749	44,486,859	-374,110
Post employment benefits	(14)	10,271,955	10,341,812	-69,857
Long term financial liabilities	(15)	13,072,773	17,528,201	-4,455,428
Long term not financial liabilities	(16)	14,297,115	14,405,694	-108,579
TOTAL NON-CURRENT LIABILITIES		**83,421,578**	**88,506,775**	**- 5,085,197**
CURRENT LIABILITIES				
Trade payables	(17)	43,999,007	63,004,051	-19,005,044
Tax payables	(18)	3,062,995	4,288,323	-1,225,328
Short term financial liabilities	(19)	82,213,878	56,981,547	25,232,331
Other liabilities	(20)	18,160,611	16,907,509	1,253,102
TOTAL CURRENT LIABILITIES		**147,436,491**	**141,181,430**	**6,255,061**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**413,717,997**	**425,699,534**	**- 11,981,537**

(*) 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”.

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CONSOLIDATED INCOME STATEMENT (*)

(Values in units of EUR)	Notes	1st Half 2009	%	1st Half 2008	%
REVENUES FROM SALES AND SERVICES	**(21)**	**111,148,148**	**100.0%**	**144,590,305**	**100.0%**
Other revenues and income	(22)	2,600,295	2.3%	2,438,567	1.7%
TOTAL REVENUES		**113,748,443**	**102.3%**	**147,028,872**	**101.7%**
Changes in inventory		562,960	0.5%	12,063,590	8.3%
Costs of raw materials, cons. and goods for resale	(23)	-35,881,096	-32.3%	-47,420,303	-32.8%
Costs of services	(24)	-41,966,622	-37.8%	-51,035,993	-35.3%
Costs for use of third parties assets	(25)	-9,692,811	-8.7%	-8,135,468	-5.6%
Labour costs	(26)	-32,026,862	-28.8%	-29,629,989	-20.5%
Other operating expenses	(27)	-1,975,736	-1.8%	-1,955,531	-1.4%
Amortisation and write-downs	(28)	-5,178,810	-4.7%	-5,046,191	-3.5%
Financial income/(expenses)	(29)	-1,840,038	-1.7%	-3,339,310	-2.3%
PROFIT BEFORE TAXES		**- 14,250,572**	**-12.8%**	**12,529,677**	**8.7%**
Income taxes	(30)	2,317,893	2.1%	-5,415,940	-3.7%
NET PROFIT		**- 11,932,679**	**-10.7%**	**7,113,737**	**4.9%**
(Profit)/loss attributable to minority shareholders		1,898,309	1.7%	-1,136,590	-0.8%
NET PROFIT FOR THE GROUP		**- 10,034,370**	**-9.0%**	**5,977,147**	**4.1%**

(*) 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".

STATEMENT OF COMPREHENSIVE INCOME

(Values in units of EUR)	Notes	I° Half 2009	I° Half 2008
Profit/(loss) for the period (A)		**- 11,932,679**	**7,113,737**
Gains/(losses) on cash flow hedges		252,414	0
Gains/(losses) on exchange differences on translating foreign operations		187,882	-733,442
Income tax relating to components of Other Comprehensive income		0	0
Total Other comprehensive income, net of tax (B)		**440,296**	**- 733,442**
Total Comprehensive income (A) + (B)		**- 11,492,383**	**6,380,295**
Total Comprehensive income attributable to:		**- 11,492,383**	**6,380,295**
Owners of the parent		-9,594,074	5,243,705
Non-controlling interests		-1,898,309	1,136,590

CONSOLIDATED STATEMENT OF CASH FLOWS (*)

(Values in thousands of EUR)	Notes	1st Half 2009	1st Half 2008
OPENING BALANCE		**7,706**	**14,525**
Profit before taxes		-14,251	12,530
Amortisation		5,179	5,046
Accrual (+)/availment (-) of long term provisions and post employment benefits		-147	-562
Paid income taxes		-2,181	-7,783
Financial income (-) and financial charges (+)		1,840	3,339
Change in operating assets and liabilities		-5,695	-15,589
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**(31)**	**- 15,255**	**- 3,019**
Increase (-)/ decrease (+) in intangible fixed assets		-329	1,323
Increase (-)/ decrease (+) in tangible fixed assets		-3,394	-4,061
Investments (-)/ Disinvestments (+)		0	-42
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(32)**	**- 3,723**	**- 2,780**
Other variations in reserves and profits carried-forward of shareholders' equity		-509	-849
Dividends paid		-710	-2,148
Proceeds (+)/repayment (-) of financial payments		20,777	12,606
Increase (-)/ decrease (+) in long term financial receivables		-53	-12
Financial income (+) and financial charges (-)		-1,840	-3,339
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(33)**	**17,665**	**6,258**
CLOSING BALANCE		**6,393**	**14,984**

(*) 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".

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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	Earning reserve	Translation reserve	Cash flow hedge reserve	Group interest in shareholders' equity	Minority interest in shareholders' equity	Total shareholders' equity
BALANCES AT 31 December 2007	**26,841**	**75,308**	**28,204**	**7,901**	**11,459**	**679**	**15,321**	**-949**	**-**	**164,764**	**29,863**	**194,627**
Changes in equity for 1st H 2008												
Allocation of 31 December 2007 profit	-	-	3,591	-	-	11,729	-15,321	-	-	-	-	-
Dividends paid	-	-	-	-	-	-2,148	-	-	-	-2,148	-	-2,148
Treasury stock (buyback)/sale	-87	-764	-	-	-	-	-	-	-	-851	-	-851
Total comprehensive income/(loss) at 30/06/08	-	-	-	-	-		5,977	-733		5,244	1,137	6,381
Other changes	-	-	-	-	-	-25	-	-	-	-25	25	-
BALANCES AT 30 June 2008	**26,754**	**74,544**	**31,795**	**7,901**	**11,459**	**10,236**	**5,977**	**-1,682**	**-**	**166,985**	**31,025**	**198,011**

(Values in thousands of EUR)	Share capital	Share premium reserve	Other reserves	Fair Value reserve	IAS reserve	Profit/(losses) carried-forward	Earning reserve	Translation reserve	Cash flow hedge reserve	Group interest in shareholders' equity	Minority interest in shareholders' equity	Total shareholders' equity
BALANCES AT 31 December 2008	**25,767**	**71,796**	**31,795**	**7,901**	**11,459**	**10,236**	**7,676**	**-1,269**	**-340**	**165,021**	**30,990**	**196,011**
Changes in equity for 1st H 2009												
Allocation of 31 December 2008 profit	-	-	4,453	-	-	3,223	-7,676	-	-	-	-	-
Dividends paid	-	-	-	-	-	-710	-		-	-710	-	-710
Treasury stock (buyback)/sale	-396	-556	-	-	-	-	-	-	-	-952	-	-952
Total comprehensive income/(loss) at 30/06/09	-	-	-	-	-	-	-10,034	188	252	-9,594	-1,898	-11,492
Other changes	-	-	3	-	-	-	-	-	-	3	-	3
BALANCES AT 30 June 2009	**25,371**	**71,240**	**36,251**	**7,901**	**11,459**	**12,749**	**-10,034**	**-1,081**	**-88**	**153,768**	**29,092**	**182,860**

Explanatory notes

GENERAL INFORMATION

Aeffe Group operates worldwide in the luxury goods sector and is active in the design, production and distribution of a wide range of products that includes prêt-a-porter, footwear and leather goods.

The Group develops, produces and distributes, with a constant focus on the qualities of uniqueness and exclusivity, its own collections both under its own-label brands, including "Alberta Ferretti", "Moschino" and "Pollini", and licensed brands, which include "Jean Paul Gaultier", "Blugirl" and "Authier".

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 financial position, income statement, statement of changes in equity, cash flow statement 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

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 2009 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 2009 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 has ceased to depreciate goodwill, instead subjecting it to impairment tests;
- significant transactions between consolidated companies are written-off, as are receivables and payables and earnings not yet realised from third parties arising from transactions between Group companies, excluding any tax effect;
- minority interests in shareholders' equity and net profit are reported in the relevant items of the consolidated balance sheet and income statement;
- companies acquired during the period are consolidated from the date on which majority control was achieved.

Subsidiaries

Subsidiaries are enterprises controlled by the Company. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are consolidated from the date on which the Group acquires control and until the date when such control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition cost is determined by adding together the fair values of the assets transferred, the shares issued and the liabilities assumed on the acquisition date, plus the costs directly associated with the acquisition. Any surplus acquisition cost over the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill.

If the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate exceeds acquisition cost, the difference is immediately recorded in the income statement.

Intercompany balances, transactions, revenue and costs are eliminated in the consolidated statements.

Furthermore, intercompany business combinations are recognised by maintaining the same book value of assets and liabilities as previously recorded in the consolidated financial statements.

Associates

An associate is an enterprise in which the Group has significant influence, but has neither sole or joint control, by taking part in decisions regarding the company's financial and operating strategy.

Trading results and the assets and liabilities of associates are accounted for in the consolidated financial statements based on the equity method, except where they are classified as held for sale.

According to this method, equity interests in associates are recorded in the balance sheet at cost, adjusted to take account of changes following the acquisition of their net assets, excluding any loss in value of individual investments. Losses of associates that exceed the Group's percentage interest in them (including long-term receivables that essentially form part of the Group's net investment in the associate) are not recognised unless the Group has an obligation to cover them. The surplus acquisition cost over the parent's percentage share of the present value of the identifiable assets, liabilities and contingent liabilities of the associate on the acquisition date is recognised as goodwill. Goodwill is included in the carrying amount of the investment and is subjected to impairment tests. The historical cost deficit compared with the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of associates on the acquisition date is credited to the income statement in the year of acquisition. With reference to operations between a

Group company and an associate, unrealised gains and losses are eliminated in equal measure to the Group's percentage interest in the associate, except for cases where the unrealised losses constitute evidence of impairment of the asset transferred.

SCOPE OF CONSOLIDATION

The companies included in the scope of consolidation are listed in the following table:

Company	Location	Currency	Share capital	Direct interest	Indirect interest
Companies included in the scope of consolidation					
Italian companies					
Aeffe Retail	S.G. in Marignano (RN) Italy	EUR	8,585,150	100%	
Clan Cafè	S.G. in Marignano (RN) Italy	EUR	100,000		62,9% (v)
Ferretti Studio	S.G. in Marignano (RN) Italy	EUR	10,400	100%	
Moschino	S.G. in Marignano (RN) Italy	EUR	20,000,000	70%	
Nuova Stireria Tavoleto	Tavoleto (PU) Italy	EUR	10,400	100%	
Pollini	Gatteo (FC) Italy	EUR	6,000,000	72%	
Pollini Retail	Gatteo (FC) Italy	EUR	5,000,000		71,9% (i)
Velmar	S.G. in Marignano (RN) Italy	EUR	492,264	75%	
Foreign companies					
Aeffe France	Paris (FR)	EUR	1,550,000	99.9%	
Aeffe UK	London (GB)	GBP	310,000	100%	
Aeffe USA	New York (USA)	USD	600,000	100%	
Divè	Galazzano (RSM)	EUR	260,000	75%	
Fashion Retail Company	Brno (CZ)	CZK	200,000		100,0% (iv)
Fashoff UK	London (GB)	GBP	1,550,000		70,0% (ii)
Moschino Far East	Hong Kong (HK)	USD	128,866		35,1% (iii)
Moschino France	Paris (FR)	EUR	50,000		70,0% (ii)
Moschino Retail	Berlin (D)	EUR	100,000		70,0% (ii)
Ozbek (london)	London (GB)	GBP	300,000	92%	
Aeffe Japan	Tokio (J)	JPY	3,600,000	100%	
Bloody Mary	New York (USA)	USD	100,000		70,0% (ii)

Notes (details of indirect shareholdings):

(i) 99,9% owned by Pollini;

(ii) 100% owned by Moschino;

(iii) 50,1% owned by Moschino;

(iv) 100% owned by Aeffe Retail;

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

FOREIGN CURRENCIES

Functional and reporting currency

The amounts in the financial statements of each Group enterprise are measured using the operating currency or the currency of the economic area in which the enterprise operates. These consolidated financial statements are presented in euro, which is the operating and reporting currency of the Parent Company.

Foreign currency transactions

Foreign currency transactions are converted into the operating currency at the exchange rate in force on the transaction date. Cash assets and liabilities denominated in foreign currencies are converted at the exchange rate in force on the balance sheet date. Any exchange rate differences arising from the elimination of these transactions or from the conversion of cash assets and liabilities are posted to the income statement. Non-cash assets and liabilities in foreign currencies that are measured at fair value are converted at the exchange rates in force on the date on which the fair value was determined.

Financial statements of foreign companies

The financial statements of companies outside the euro-zone are translated into euro based on the following procedures:

(i) assets and liabilities, including goodwill and fair value adjustments arising from consolidation are converted at the exchange rate in force on the balance sheet date;

(ii) revenue and costs are converted at the average rate for the period, which must be close to the exchange rate in force on the transaction date;

(iii) exchange rate differences are recognised in a separate account in shareholders' equity. When a foreign company is sold, the total amount of accumulated exchange rate differences relating to that company are recorded in the income statement.

The exchange rates used for the conversion into euro of the financial and equity statements of companies included in the scope of consolidation are listed in the following table:

Currency description	Actual exchange rate 30 June 2009	Average exchange rate 1st Half 2009	Actual exchange rate 31 December 2008	Average exchange rate FY 2008	Actual exchange rate 30 June 2008	Average exchange rate 1st Half 2008
United States Dollars	1.4134	1.3322	1.3917	1.4706	1.5764	1.5309
United Kingdom Pounds	0.8521	0.8939	0.9525	0.7965	0.7923	0.7753
Japanese Yen	135.5100	127.1952	126.1400	152.3307	166.4400	160.5627
Czech Republic Koruny	25.8820	27.1518	26.8750	24.9590	23.8930	25.1858

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.

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 2008, as described in the consolidated financial statements for the year ended 31 December 2008, except for the following interpretations and amendments to the accounting principles that have been mandatory since 1 January 2009 (unless otherwise indicated):

- Issuing of accounting principle IFRS 8 Operating Segment. This according principle replaces IAS 14 "Sector informative note" requiring that companies identify the operating segments by the same means with which internal reporting is predisposed, on the basis of which management assesses the performance of the segments and decides how to allocate resources to the operating segments. This interpretation enters in force on 1 January 2009. The Group has applied the new principle including the requested information in the paragraph "Sector information regarding profit or loss, assets and liabilities".

- Amendment to accounting principle IAS 23 Financial costs. The main modification concerns the elimination of the option to immediately register in the income statement the financial costs concerning assets that require a considerable time period before they are ready for use or sale. This principle enters in force on 1 January 2009. The adoption of the amendment is not relevant for the Group.

- Introduction of IFRIC 13 Client trust programmes. This interpretation is applicable to client trust programmes for the purchase of goods and services and requires principally the allocation of part of the revenues achieved to "receivables" accrued by clients, differentiating their registration in the income statement only at the time at which the "receivables" are used. This interpretation is applicable from 1 July 2009; early application is allowed. The adoption of the interpretation is not relevant for the Group.

- Revised version of IAS 1 Presentation of financial statements. The revised principle IAS 1 Presentation of financial statement enters in force on 1 January 2009. The standard divides changes in equity related to owners and non owners. The revised standard requires an entity to present changes in its equity resulting from transactions with owners in a statement of changes in equity, while whole non owner changes are required to be presented in a single line. Moreover the standard introduces the statement of comprehensive income: this statement includes all the items of income and expense of the period. The statement of comprehensive income can be presented in a single statement or in two related statements. The Group has adopted the revised standard from 1 January 2009, electing to present both the income statement and the statement of comprehensive income and has consequently amended the presentation of the statement of changes in equity.

  In addition as part of its 2008 annual improvements project, the IASB published an amendment to the revised version of IAS 1 which requires an entity to classify hedging derivate financial instruments between current and non-current assets and liabilities in the statement of financial position. The adoption of the amendment is not relevant for the Group.

- Revised IFRS 3 Business Combinations and Amended IAS 27 Consolidated and separate financial statements. The revised IFRS 3 requires some changes in the recording of business combinations which will have effects on the goodwill, on the profit or loss of the period in which the acquisition has been made and on the profit or loss of the following periods. The amended IAS 27 requires that a change in the parent's interest in a subsidiary must be accounted as equity transaction. As a consequence, this change will not have effect on the goodwill and will not result in profits or losses. Moreover, the revised principles introduce changes in the recording of a loss sustained by a subsidiary as for the loss of control of a subsidiary. The new rules will apply prospectively and will have impact on the future business combinations with minority shareholders. The two revised principles, if relevant for the Group, will apply prospectively on 1 July 2009 and will have impact on the future business combinations with minority shareholders.

- IFRS 2 Share-based payments vesting conditions and cancellations. This amendment limits "vesting conditions" to service conditions and performance conditions. Any other features of a share-based payment should not be considered "vesting condition" and must be considered to determine the fair value of share based payment transaction. This amendment proposes that cancellations by parties other than the entity should be accounted for in the same way as cancellations by the entity. This amendment to IFRS 2 has been issued on January 2008 and is applicable from 1 January 2009. The Group has not entered in share-based payments with non-vesting conditions and as a consequence they are not expected relevant effects from the application of this amendment.

- Amendment to IAS 32 Financial Instruments: Presentation and to IAS 1 Presentation of financial statements: puttable financial instruments and obligations arising on liquidation. In particular, the amendment requires an entity to classify some financial instruments (puttable financial instruments and instruments, or components of instruments that impose on an entity an obligation to deliver to another party a pro rata share) in the assets of an entity as equity instruments. This amendment is applicable from 1 January 2009. The adoption of the amendment is not relevant for the Group.

- IFRS 5 – Non Current Assets Held for Sale and Discontinued Operations. This amendment requires an entity that is committed to a sale plan involving loss of control of a subsidiary to classify all the assets and liability of that subsidiary as held for sale, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale. The amendment, if relevant for the Group, will apply from 1 July 2009, early application is allowed.
- IAS 16 – Property, Plant and Equipment. This amendment, effective from 1 January 2009, requires an entity that in the course of its ordinary activities routinely sells items of property, plant and equipment that it has held for rental to other, to transfer such assets to inventories when they cease to be rented and become held for sale. As a consequence, the proceeds from the sale of such assets shall be recognised as revenue. Cash payments to manufacture or acquire assets held for rental to others or subsequently held for sale are cash flows from operating activities (and not from investing activities). No accounting effects arose from adopting the improvement.
- IAS 19 – Employee Benefits. This amendment, effective prospectively from 1 January 2009 to change its benefits that occur after that date, clarifies the definition of positive/negative past service costs and states that in the case of a curtailment, only the effect of the reduction for future services shall be recognised immediately in the income statement, while the effect arising from past service periods shall be considered a negative past service cost. The Board also revised the definition of short-term employee benefits and other long-term employee benefits and the definition of a return on plan assets, stating that this amount should be net of any costs for administering the plan (other than those included in the measurement of the defined benefit obligation). No accounting effects arose from adopting the improvement.
- IAS 20- Government Grants and Disclosure of Government Assistance. This amendment, applicable prospectively from 1 January 2009, states that the benefit of a government loan at a below-market rate of interest shall be treated as a government grant and then accounted for in accordance with IAS 20. No accounting effects arose from adopting the improvement.
- IAS 28 – Investments in Associates. This amendment shall be applied from 1 January 2009 with prospective application also permitted, requires that for investments accounted for using the equity method a recognised impairment loss should not be allocated to any assets (and in particular goodwill) that forms part of the carrying amount of the investment in the associate, but to the carrying amount of the investment overall. Accordingly any reversal of that impairment loss is recognised in full. No accounting effects arose from adopting the improvement.
- IAS 29 – Financial Reporting in Hyperinflationary Economies. The previous version of the standard did not reflect the fact that a number of assets and liabilities may or must be measured on the basis of a current value rather than historical value. This amendment, made in order to reflect this, is effective from 1 January 2009. The adoption of the amendment is not relevant for the Group.
- IAS 36 – Impairment of Assets. This amendment, effective from 1 January 2009, requires additional disclosures to be made in the case in which an entity determines the recoverable amount of a cash-generating unit using discounted cash flows. No accounting effects arose from adopting the improvement.
- IAS 38 – Intangible Assets. This amendment, effective from 1 January 2009, requires expenditure on advertising and promotional activities to be recognised in the income statement. Further, it states that in the case expenditure is incurred to provide future economic benefits to an entity, but no intangible assets is recognised, in the case of the supply goods, the entity recognised such expenditure as an expense when it has the right to access the goods. In the case of the supply of services, an entity shall recognise the expenditure as an expense when it receives the services. Moreover, the standard has

been revised in order to allow entities to use the unit of production method for determining the amortisation charge for an intangible asset with a finite useful life. The adoption of the amendment is not relevant for the Group because just before the application of the amendment the Group did not record such expenses in intangible assets.

- IAS 39 – Financial Instruments: recognition and measurement. This amendment, effective from 1 January 2009, clarifies how to calculate the revised affective interest rate on ceasing fair value hedge accounting and notes additionally that the prohibition on the reclassification of financial instruments into or out of the fair value through profit or loss category after initial recognition should not prevent a derivate from being accounted for at fair value though profit or loss when it does not qualify for hedge accounting and vice versa. Finally, in order to eliminate conflict with IFRS 8 – Operating Segments, it removes the reference to designating and documenting hedges at sector level. No accounting effects arose from adopting the improvement.
- IAS 40 – Investment Property. This amendment, to be adopted prospectively from 1 January 2009, states that property under construction falls within the scope of IAS 40 and not that of IAS 16. The adoption of the amendment is not relevant for the Group.
- IFRIC 15 – Agreements for the construction of real estate: the interpretation is applied from 1 January 2009. The adoption of the amendment is not relevant for the Group.
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation. The main change expected to arise from this interpretation is the elimination of the possibility for an entity to apply hedge accounting for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent’s consolidated financial statements. Moreover, the interpretation clarifies that in a hedge of a net investment in a foreign operation the hedging instrument may be held by any entity or entities within the group and that IAS 21 – The effects of changes in Foreign Exchange rates shall be applied to determine the amount that needs to be reclassified from equity to profit or loss for the hedged item when an entity disposes of the investment. This interpretation is effective from 1 January 2009. No accounting effects arose from adopting the improvement.
- On 31 July 2008, the IASB issued an amendment to IAS 39 – Financial Instruments: recognition and measurement. The amendment clarifies how the existing principles underlying hedge accounting should be applied in particular situations. The amendment, if relevant for the Group, will apply retrospectively from 1 July 2009, earlier application is allowed.
- On 27 November 2008 the IFRIC issued IFRIC 17 – Distributions of Non-cash assets to owners that will standardise practice in the accounting treatment of the distribution of non-cash assets to owners. In particular, the interpretation clarifies that a dividend payable should be recognised when dividend is appropriately authorised and that an entity should measure this dividend payable at the fair value of the net assets to be distributed. Finally, an entity should recognise the difference between the dividend paid and the carrying amount of the net assets used for payment in income statement. This interpretation, if relevant for the Group, is effective prospectively from 1 July 2009.
- On 29 January 2009 the IFRIC issued the interpretation IFRIC 18 – Transfers of assets from customers that clarifies the accounting treatment to be followed for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer which will then be used to acquire or construct the item of property, plant and equipment to be used to fulfil the requirements of the contract. The interpretation, if relevant for the Group, is effective prospectively from 1 July 2009.
- On 5 March 2009 the IASB issued an amendment to IFRS 7 – Improving disclosures about financial instruments to improve the disclosure requirements for fair value measurements and reinforce existing

principles for disclosures concerning the liquidity risk associated with financial instruments. The amendment is effective prospectively from 1 January 2009; The European Union had not endorsed the amendment at the date of this half-year financial report.

- On 12 March 2009 the IASB issued amendments to IFRIC 9 – Reassessment of embedded derivates and to IAS 39 – Financial instruments: recognition and measurement that allow entities to reclassify certain financial instruments out of the "fair value through profit or loss" category in specific circumstances. The amendments clarify that on the reclassification of a financial asset out of the "fair value through profit or loss" category all embedded derivates have to be assessed and, if necessary, separately accounted for in the financial statements. The amendments are effective retrospectively from 30 June 2009.
- On 16 April 2009 the IASB issued a series of amendments to IFRS (Improvements to IFRSs). Details are provided in the following paragraphs of those identified by the IASB as resulting in accounting changes for presentation, recognition and measurement purposes, leaving out any amendment regarding changes in terminology or editorial changes which are likely to have minimal effects in accounting and amended standards or interpretations not applicable to the Aeffe Group.
- IFRS 2 – Share-based payment: this amendment, applicable from 1 January 2010 (with early application permitted), clarifies that following the change made by IFRS 3 to the definition of a business combination the contribution of a business on the formation of a joint venture and the combination of entities or businesses under common control do not fall within the scope of IFRS 2.
- IFRS 5 – Non-current assets held for sale and discontinued operations: this amendment, which shall be applied prospectively from 1 January 2010, clarifies that IFRS 5 and other IFRSs that specifically refer to non-current assets (or disposal groups) classified as held for sale or discontinued operations set out all the disclosures required in respect of those assets or operations.
- IFRS 8 – Operating segments: this amendment, effective from 1 January 2010 (with early application permitted), requires an entity to report a measure of total assets for each reportable segment if such amount is regularly provided to the chief operating decision maker. Before the amendment, disclosure of total assets for each segment was required even if that condition was not met.
- IAS 1 – Presentation of financial statement: this amendment, effective from 1 January 2010 (with early application permitted), amends the definition of a current liability contained in IAS 1. The previous definition required liabilities which could be extinguished at any time by issuing equity instruments to be classified as current. That led to liabilities relating to convertible bonds which could be converted at any time into the shares of the issuer to be classified as current. Following this amendment the existence of a current exercisable option for conversion into equity instruments becomes irrelevant for the purposes of the current/non-current classification of a liability.
- IAS 7 – Statement of cash flows: this amendment, applicable from 1 January 2010 (with early application permitted), clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities in the statement of cash flows; cash flows originating from expenditures that do not result in a recognised asset (as could be the case for advertising and promotional activities and staff training) must be classified as cash flows from operating activities.
- IAS 17 – Leases: following the changes, the general conditions required by IAS 17 for classifying a lease as a finance lease or an operating lease will also be applicable to the leasing of land, independent of whether the lease transfers ownership by the end of the lease term. Before these changes the standard required the lease to be classified as an operating lease if ownership of the leased land was not transferred at the end of the lease term because land has an indefinite useful life. The amendment is applicable from 1 January 2010 (with early application permitted). At the date of adoption the

classification of all land elements of unexpired leases must be reassessed, with any lease newly classified as a finance lease to be recognised retrospectively.

- IAS 36 – Impairment of Assets: this amendment, applicable prospectively from 1 January 2010 (with early application permitted), states that each unit or group of units to which goodwill is allocated for the purpose of impairment testing shall not be larger than an operating segment as defined by paragraph 5 of IFRS 8 – Operating segments before any aggregation on the basis of similar economic characteristics and other similarities as permitted by paragraph 12 of IFRS 8.
- IAS 38 – Intangible assets: IFRS 3 (as revised in 2008) states that if an intangible asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure its fair value reliably; amendments are made to IAS 38 to reflect that revision of IFRS 3. Moreover these amendments clarify the valuation techniques commonly used to measure intangible assets at fair value when assets are not traded in an active market; in particular, such techniques include discounting the estimated future net cash flows from an asset, and estimating the costs the entity avoids by owning an intangible asset and not having to license it from another party in an arm's length transaction or the costs to recreate or replace it (as in the cost approach). The amendment is, relevant for the Group, applicable prospectively from 1 January 2010 (with early application permitted); if an entity applies the revised IFRS 3 for an earlier period it shall also apply this amendment to IAS 38.
- IAS 39 – Financial instruments: recognition and measurement: this amendment restricts the non-applicability of IAS 39 under paragraph 2(g) of the standard to forward contracts between an acquirer and a selling shareholder to buy or sell an acquiree in a business combination at a future acquisition date when the completion of the business combination is not dependant on further actions of either party and only the passage of a normal of period of time is required. Option contracts, whether or not currently exercisable, which allow one party to control the occurrence or non-occurrence of future events and on exercise will result in control of an entity are therefore included in the scope of IAS 39. The amendment also clarifies that embedded prepayment options whose exercise price compensates the lender for the loss of interest income resulting from the prepayment of the loan shall be considered closely related to the host debt contract and therefore not accounted for separately. Finally, the amendment clarifies that the gains or losses on a hedged instrument must be reclassified from equity to profit or loss during the period that the hedged forecast cash flows affect profit or loss. The amendment is, if relevant for the Group, applicable prospectively from 1 January 2010 although early application is permitted.
- IFRIC 9 – Reassessment of embedded derivates: this amendment excludes from the scope of IFRIC 9 embedded derivates in contracts acquired in a business combination, a combination of entities or businesses under common control or the formation of a joint venture. This amendment is, if relevant for the Group, applicable prospectively from 1 January 2010.

These revised standards had not yet been endorsed by the European Union at the date of this half-year financial report.

In June 2009, the IASB issued an amendment to IFRS 2 – Share based payment: Group cash-settled share-based payment transactions. The amendment clarifies the scope of IFRS 2 and the interactions of IFRS 2 and other standards. In particular, it clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash; moreover, it clarifies that a "group" has the same meaning as in IAS 27 – Consolidated and separate financial statement, that is, it includes only a parent and its subsidiaries. In addition, the amendment clarifies that an entity must measure the goods and services it received as either an equity-settled share-based payment transaction assessed from its own perspective, which may not always be the same as the amount recognised by the consolidated group. The amendments also incorporate guidance previously included in IFRIC 8 – Scope of IFRS 2 and IFRIC 11 – IFRS 2 – Group and treasury share transactions. As a result, the IASB has withdrawn IFRIC 8 and IFRIC 11. The amendment is effective from 1 January 2010; the European Union had not yet endorsed the amendment at the date of this half-year financial report.

COMMENTS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

1. *INTANGIBLE FIXED ASSETS*

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

(Values in thousands of EUR)	Brands	Goodwill	Other	Total
Net book value as of 01.01.09	**113,867**	**54,963**	**345**	**169,175**
Increases	33	405	90	528
- increases externally acquired	*33*	*405*	*90*	*528*
- increases from business aggregations	-	-	-	-
Disposals	-99	-100		-199
Amortisation	-1,758	-	-49	-1,807
Net book value as of 30.06.09	**112,043**	**55,268**	**386**	**167,697**

The decrease in intangible fixed assets is substantially due to the amortisation of the period.

Brands

This item includes the Group's own-label brands ("Alberta Ferretti", "Philosophy di Alberta Ferretti", "Moschino", "Moschino Cheap & Chic", "Love Moschino", "Pollini", "Studio Pollini", "Verdemare"). A breakdown of brands is given below:

(Values in thousands of EUR)	Brand residual life	30 June 2009	31 December 2008
Alberta Ferretti	34	4,218	4,250
Moschino	36	62,078	63,042
Pollini	32	45,374	46,192
Verdemare	37	373	383
Total		**112,043**	**113,867**

Goodwill

Goodwill 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. Under Italian accounting standards, the amounts paid to previous tenants to take over commercial positions relating to stores were capitalised under intangible assets and amortised over the term of the lease. When the Group switched to IFRS, the accounting treatment of goodwill changed, since these items are considered intangible assets with an infinite useful life and as such are not amortised. In accordance with that provided by IAS 36, these assets are subjected to impairment tests and are therefore recognised at the lesser of historical cost and market value. Impairments of goodwill, are only carried out in full during the preparation of the annual financial statements, when all the information required is available, other than in the event that there are indications of impairment, when an immediate assessment is necessary. In view of the Group's past experience, the duration of store leases is thought to have little relevance for maintaining key money values, given the strategy pursued successfully by the Group of renewing leases before their natural expiry date.

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 01.01.09	**17,635**	**33,797**	**15,983**	**6,923**	**482**	**3,645**	**78,465**
Increases	14	25	1,699	1,294	78	462	3,572
Disposals	-	-	-55	-128	-2	-3	-188
Translation diff. / other variations	-22	-107	36	144	-39	-2	10
Depreciation	-	-419	-1,744	-631	-74	-504	-3,372
Net book value as of 30.06.09	**17,627**	**33,296**	**15,919**	**7,602**	**445**	**3,598**	**78,487**

Tangible fixed assets are changed as follows:

- Increases for new investments of EUR 3,572 thousand. These mainly refer to new investments in the renovation and modernisation of shops, the purchase of plant and equipment and the purchase of electronic machines.
- Disposals, net of the accumulated depreciation, of EUR 188 thousand.
- Increase for differences arising on translation and other variations of EUR 188 thousand.
- Depreciation of EUR 3,372 thousand charged in relation to all tangible fixed assets, except for land, using the rates applicable to each category.

OTHER NON-CURRENT ASSETS

3. EQUITY INVESTMENTS

This item includes holdings represented by the cost.

4. OTHER FIXED ASSETS

This item mainly includes receivables for security deposits relating to commercial leases. At 30 June 2009 the value is substantially in line with that of 31 December 2008.

5. DEFERRED TAX ASSETS AND LIABILITIES

The table below illustrates the breakdown of this item at 30 June 2009 and at 31 December 2008:

(Values in thousands of EUR)	Receivables		Liabilities	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Tangible fixed assets	-	-	-440	-442
Intangible fixed assets	3	3	-217	-219
Provisions	1,153	1,268	-38	-38
Costs deductible in future periods	1,251	1,520	-	-
Income taxable in future periods	-	-	-660	-676
Tax losses carried forward	6,451	3,434	-	-
Other	215	-	-73	-74
Tax assets (liabilities) from transition to IAS	2,184	2,132	-42,685	-43,038
Total	**11,257**	**8,357**	**- 44,113**	**- 44,487**

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	-442	6	-4	-	-440
Intangible fixed assets	-216	-	2	-	-214
Provisions	1,230	-2	-113	-	1,115
Costs deductible in future periods	1,520	-	-218	-51	1,251
Income taxable in future periods	-676	-	16	-	-660
Tax losses carried forward	3,434	-3	3,674	-654	6,451
Other	-74	1	215	-	142
Tax assets (liabilities) from transition to IAS	-40,906	-	410	-5	-40,501
Total	**- 36,130**	**2**	**3,982**	**- 710**	**- 32,856**

6. *ASSETS AVAILABLE FOR SALE*

This item mainly refers to the fair value of the shareholding Pollini France and the corresponding financial receivable; the Group has already started to finalise the sale, which it intends to complete by 2009.

CURRENT ASSETS

7. *STOCKS AND INVENTORIES*

This item comprises:

(Values in thousands of EUR)	30 June	31 December	Change	
	2009	2008	Δ	%
Raw, ancillary and consumable materials	15,729	18,268	-2,539	-13.9%
Work in progress	8,735	9,020	-285	-3.2%
Finished products and goods for resale	50,710	49,718	992	2.0%
Advance payments	384	428	-44	-10.3%
Total	**75,558**	**77,434**	**- 1,876**	**-2.4%**

Inventories of raw materials and work in progress mainly relate to the production of the Autumn/Winter 2009 collections and the Spring/Summer 2010 sample collections.

Finished products mainly concern the Autumn/Winter 2009 collections and the Spring/Summer 2010 sample collections.

8. TRADE RECEIVABLES

This item is illustrated in details in the following table:

(Values in thousands of EUR)	30 June 2009	31 December 2008	Change Δ	%
Trade receivables	32,926	44,834	-11,908	-26.6%
(Allowance for doubtfull account)	-1,275	-1,604	329	-20.5%
Total	**31,651**	**43,230**	**- 11,579**	**-26.8%**

Trade receivables amount to EUR 31,651 thousand at 30 June 2009, down 26.8% since 31 December 2008. The decrease is substantially in line with the sales slowdown. 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 2009	31 December 2008	Change Δ	%
VAT	4,174	4,560	-386	-8.5%
IRES	2,644	2,648	-4	-0.2%
IRAP	380	265	115	43.4%
Amounts due by tax authority for withheld taxes	174	555	-381	-68.6%
Other tax receivables	8	74	-66	-89.2%
Total	**7,380**	**8,102**	**- 722**	**-8.9%**

As of 30 June 2009, the Group's tax receivables from the various authorities amount to EUR 7,380 thousand principally in relation to VAT recoverable (EUR 4,174 thousand).

10. CASH

This item includes:

(Values in thousands of EUR)	30 June 2009	31 December 2008	Change Δ	%
Bank and post office deposits	6,020	6,947	-927	-13.3%
Cheques	71	145	-74	-51.0%
Cash in hand	302	614	-312	-50.8%
Total	**6,393**	**7,706**	**- 1,313**	**-17.0%**

Bank and postal deposits represent the nominal value of the current account balances with credit institutions, including interest accrued on the balance sheet date.

Cash in hand and equivalents represent the nominal value of the cash held on the balance sheet date.

The decrease in cash and cash equivalent, recorded at 30 June 2009 compared with the amount recorded at 31 December 2008, is EUR 1,313 thousand. About the reason of this variation refer to the Statement of Cash Flows.

11. Other receivables

This caption comprises:

(Values in thousands of EUR)	30 June 2009	31 December 2008	Change Δ	%
Credits for prepaid costs	24,844	23,281	1,563	6.7%
Advances for royalties and commissions	1,349	1,408	-59	-4.2%
Advances to suppliers	192	599	-407	-67.9%
Accrued income and prepaid expenses	2,324	1,766	558	31.6%
Other	2,202	1,846	356	19.3%
Total	**30,911**	**28,900**	**2,011**	**7.0%**

Other current receivables increase by EUR 2,011 thousand mainly for the increase of credits for prepaid costs of EUR 1,563 thousand.

Credits for prepaid costs relate to the costs incurred to design and make samples for the Spring/Summer 2010 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 2009 collections.

12. Shareholders' equity

Described below are the main categories of shareholders' equity at 30 June 2009, while the corresponding variations are described in the prospect of shareholders' equity.

(Values in thousands of EUR)	30 June 2009	31 December 2008	Change Δ	%
Share capital	25,371	25,767	-396	-1.5%
Legal reserve	2,718	2,459	259	10.5%
Share premium reserve	71,240	71,796	-556	-0.8%
Other reserves	33,533	29,336	4,197	14.3%
Fair value reserve	7,901	7,901	-	n.a.
IAS reserve	11,459	11,459	-	n.a.
Profits/(Losses) carried-forward	12,749	10,236	2,513	24.6%
Earning reserve	-10,034	7,676	-17,710	n.a.
Translation reserve	-1,081	-1,269	188	-14.8%
Cash flow hedge reserve	-88	-340	252	-74.1%
Minority interests	29,092	30,990	-1,898	-6.1%
Total	**182,860**	**196,011**	**- 13,151**	**-6.7%**

Share capital

Share capital as of 30 June 2009, represented by issued and fully-paid ordinary shares, is EUR 25,371 thousand. The decrease in share capital in the first six months of 2009 is only due to the purchase of n. 1,581,557 treasury shares owned by the Parent Company.

There are no shares with restricted voting rights, without voting rights or with preferential rights.

Legal reserve

The legal reserve increases from EUR 2,459 thousand as of 31 December 2008 to EUR 2,718 thousand as of 30 June 2009 following the allocation of prior-year profits as decided at the Shareholders' Ordinary Meeting held on 24 April 2009.

Share premium reserve

The share premium reserve decreases from EUR 71,796 thousand as of 31 December 2008 to EUR 71,240 thousand as of 30 June 2009 due to the purchase of treasury shares.

Other reserves

The changes in these reserve reflect partially the allocation of prior-year profit.

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 as a consequence of the consolidated net profit earned during the year ended 31 December 2008.

Other comprehensive income

The amount of other comprehensive income can be analysed as follows:

(Values in thousands of EUR)	1st Half 2009	1st Half 2008
Gains/(losses) on cash flow hedges arising during the period	0	0
Reclassification adjustment for gains/(losses) on cash flow heges included in income statement	252	0
Gains/(losses) on cash flow hedges	**252**	**-**
Gains/(losses) on exchange differences on translating foreign operations arising during the period	188	-733
Gains/(losses) on exchange differences on translating foreign operations included in income statement	0	0
Gains/(losses) on exchange differences on translating foreign operations	**188**	**- 733**
Income tax relating to components of Other comprehensive income	**-**	**-**
Total Other comprehensive income for the year, net of tax	**440**	**- 733**

Minority interests

The decrease is mainly due to the portion of loss for the period at 30 June 2009 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

13. Provisions

Provisions are illustrated in the following statement:

(Values in thousands of EUR)	31 December 2008	Increases	Decreases	30 June 2009
Pensions and similar obligations	1,619	-	-33	1,586
Other	125	-	-44	81
Total	**1,744**	**- -**	**77**	**1,667**

The supplementary clientele severance indemnity fund is determined based on an estimate of the liability relating to the severance of agency contracts, taking account of statutory provisions and any other relevant factor, such as statistical data, average duration of agency contracts and their rate of turnover. The item is calculated based on the actual value of the outflow necessary to extinguish the obligation.

Potential tax liabilities for which no reserves have been established, since it is not considered probable that they will give rise to a liability for the Group, are described in the paragraph “Potential liabilities”.

14. 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 2008	Increases	Decreases	30 June 2009
Post employment benefits	10,342	236	-306	10,272
Total	**10,342**	**236 -**	**306**	**10,272**

Increases include financial expenses for EUR 236 thousand.

15. *LONG-TERM FINANCIAL LIABILITIES*

The following table contains details of long-term borrowings:

(Values in thousands of EUR)	30 June 2009	31 December 2008	Change Δ	%
Loans from financial institutions	2,634	6,307	-3,673	-58.2%
Amounts due to other creditors	10,439	11,221	-782	-7.0%
Total	**13,073**	**17,528**	**- 4,455**	**-25.4%**

The amounts due to banks relate to the portion of bank loans due beyond 12 months. This caption solely comprises unsecured loans and bank finance. Such loans are not assisted by any form of security and they are not subject to special clauses, except for the early repayment clauses normally envisaged in commercial practice.

Furthermore, there are no covenants to comply with specific financial terms or negative pledges.

The following table contains details of bank loans as of 30 June 2009, including the current portion and long term portion:

(Values in thousands of EUR)	Total amount	Current portion	Long term portion
Bank borrowings	10,230	7,596	2,634
Total	**10,230**	**7,596**	**2,634**

There are no amounts due beyond five years.

The following table contains details of amounts due to other creditors:

(Values in thousands of EUR)	30 June 2009	31 December 2008	Change Δ	%
Financial leases	5,297	5,981	-684	-11.4%
Due to other creditors	32	118	-86	-72.9%
Due to shareholders (Bluebell, Moschino Far East)	4,896	4,908	-12	-0.2%
Long-term debt for Moschino Far East put/call	214	214	-	n.a.
Total	**10,439**	**11,221**	**- 782**	**-7.0%**

The reduction in the amount due to other long term creditors compared with the prior year is almost entirely due to the decrease in the lease liability.

The lease liability relates to the leaseback transaction arranged by the Parent Company in relation to the building that is still used by Pollini. The original amount of this loan, arranged in 2002, is EUR 17,500 thousand. The loan contract envisages a repayment schedule that terminates in September 2012. This contract includes an end-of-lease purchase payment of EUR 1,750 thousand.

The amount due to shareholders relates to the loan granted by Bluebell Far East (49.9% interest in Moschino Far East) to Moschino Far East on 18 December 2002, under the terms of the joint venture agreement with Moschino.

The non-current payable on recognising the put/call option on Moschino Far East relates to the put/call option included in the joint venture contract with Moschino. This contract provides for a reciprocal put/call mechanism, for Bluebell and Moschino respectively, for the sale/purchase of the investment in Moschino Far East held by Bluebell. The exercise price is based on a specific earn-out formula, the value of which depends - among other factors - on the profit performance of Moschino Far East.

The amounts reported on recognition of the put/call option are subject to adjustment with reference to the variable earn-out parameters.

16. LONG-TERM NOT FINANCIAL LIABILITIES

This caption, in the amount of EUR 14,297 thousand, mainly refers to the debt due by the subsidiary Moschino in relation to an interest-free shareholder loan from Sinv. This liability is treated to 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

17. TRADE PAYABLES

The item is compared with the respective value at 31 December 2008:

(Values in thousands of EUR)	30 June 2009	31 December 2008	Change Δ	%
Trade payables	43,999	63,004	-19,005	-30.2%
Total	**43,999**	**63,004**	**- 19,005**	**-30.2%**

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

18. TAX PAYABLES

Tax payables are analysed in comparison with the related balances as of 31 December 2008 in the following table:

(Values in thousands of EUR)	30 June 2009	31 December 2008	Change Δ	%
Local business tax (IRAP)	84	-	84	n.a.
Corporate income tax (IRES)	195	107	88	82.2%
Amounts due to tax authority for withheld taxes	1,964	2,385	-421	-17.7%
VAT due to tax authority	257	233	24	10.3%
Other	563	1,563	-1,000	-64.0%
Total	**3,063**	**4,288**	**- 1,225**	**-28.6%**

The main variation of the period is related to the item “Other” and it is mainly due to the partial payment of a payable related to the substitute tax owed to the release of the fiscal misalignment.

19. SHORT-TERM FINANCIAL LIABILITIES

A breakdown of this item is given below:

(Values in thousands of EUR)	30 June 2009	31 December 2008	Change Δ	%
Due to banks	79,871	55,158	24,713	44.8%
Due to other creditors	2,343	1,824	519	28.5%
Total	**82,214**	**56,982**	**25,232**	**44.3%**

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.

At 30 June 2009, amounts due to other creditors mainly include financial payables recorded in the consolidated financial statements in application of the financial accounting method for leasing operations.

20. OTHER LIABILITIES

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

(Values in thousands of EUR)	30 June 2009	31 December 2008	Change Δ	%
Due to total security organization	3,325	3,992	-667	-16.7%
Due to employees	7,081	5,165	1,916	37.1%
Trade debtors - credit balances	2,603	2,197	406	18.5%
Accrued expenses and deferred income	2,849	2,671	178	6.7%
Other	2,303	2,883	-580	-20.1%
Total	**18,161**	**16,908**	**1,253**	**7.4%**

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. The considerable increase in the amount due to employees is mainly assignable to the presence of the thirteenth monthly pay accrual which has no equivalent as of 31 December 2008. 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 (applicable by 1 January 2009) the Group has considered to delineate as operative sectors the same used by IAS 14 Segment reporting: *Prêt-à porter* Division and footwear and leather goods Division. Such decision has been taken because they represent business activities from which the entity may earn revenues and incur expenses, whose operating result are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Prêt-à porter Division is mainly represented by the companies Aeffe, Moschino and Velmar, operating in the design, production and distribution of luxury prêt-à porter and lingerie, beachwear and loungewear collections.

In terms of prêt-à porter collections, the activity is carried out by Aeffe, both for the production of the Group's own-label brands ("Alberta Ferretti", "Philosophy di Alberta Ferretti", "Moschino", "Moschino Cheap and Chic" and "Pollini") and brands licensed from other companies (such as "Jean Paul Gaultier" and "Authier"). 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 distributes under the Group's own-label brands such as "Alberta Ferretti", "Philosophy di Alberta Ferretti", "Moschino" and "Verdemare", 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 2009 and 2008 of the *Prêt-à porter* and Footwear and leather goods Divisions:

(Values in thousand of EUR) 1st Half 2009	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR REVENUES	**90,218**	**27,567**	**-6,637**	**111,148**
Intercompany revenues	-1,328	-5,309	6,637	0
Revenues with third parties	**88,890**	**22,258**	-	**111,148**
Gross operating margin (EBITDA)	**-3,238**	**-3,994**	-	**-7,232**
Amortisation	-4,122	-1,057	-	-5,179
Other non monetary items:				
Write-downs			-	0
Net operating profit (EBIT)	**-7,360**	**-5,051**	-	**-12,411**
Financial income	511	93	-223	381
Financial expenses	-1,812	-632	223	-2,221
Profit before taxes	**-8,661**	**-5,590**	**-**	**-14,251**
Income taxes	1,139	1,179	-	2,318
Net profit	**-7,522**	**-4,411**	**-**	**-11,933**

(Values in thousand of EUR) 1st Half 2008	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR REVENUES	**116,550**	**37,136**	**-9,096**	**144,590**
Intercompany revenues	-1,946	-7,150	9,096	0
Revenues with third parties	**114,604**	**29,986**	-	**144,590**
Gross operating margin (EBITDA)	**18,846**	**2,069**	-	**20,915**
Amortisation	-3,974	1,038	-	-2,936
Other non monetary items:				
Write-downs	-41		-	-41
Net operating profit (EBIT)	**14,831**	**1,038**	-	**15,869**
Financial income	249	78	-112	215
Financial expenses	-2,974	-692	112	-3,554
Profit before taxes	**12,106**	**424**	**-**	**12,530**
Income taxes	-5,086	-330	-	-5,416
Net profit	**7,020**	**94**	**-**	**7,114**

The following tables indicate the main patrimonial and financial data at 30 June 2009 and 31 December 2008 of the *Prêt-à porter* and Footwear and leather goods Divisions:

(Values in thousand of EUR) 30 June 2009	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR ASSETS	*313,307*	*113,256*	-31,482	395,081
of which non-current assets (*)				
Intangible fixed assets	*104,098*	*63,599*	*0*	*167,697*
Tangible fixed assets	*75,523*	*2,964*	*0*	*78,487*
Other non-current assets	*6,614*	*1,769*	*-4,000*	*4,383*
OTHER ASSETS	*17,014*	*1,623*	0	18,637
CONSOLIDATED ASSETS	**330,321**	**114,879**	**-31,482**	**413,718**

(*) 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 2009	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR LIABILITIES	*165,853*	*49,311*	-31,482	183,682
OTHER LIABILITIES	26,996	20,180	-	47,176
CONSOLIDATED LIABILITIES	**192,849**	**69,491**	**-31,482**	**230,858**

(Values in thousand of EUR) 31 December 2008	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR ASSETS	323,662	115,101	-29,522	409,241
of which non-current assets (*)				
Intangible fixed assets	*105,043*	*64,132*	*0*	*169,175*
Tangible fixed assets	*75,569*	*2,896*	*0*	*78,465*
Other non-current assets	*6,564*	*1,767*	*-4,000*	*4,331*
OTHER ASSETS	15,026	1,433	0	16,459
CONSOLIDATED ASSETS	**338,688**	**116,534**	**-29,522**	**425,700**

(*) 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 2008	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR LIABILITIES	163,909	46,526	-29,522	180,913
OTHER LIABILITIES	28,565	20,210	-	48,775
CONSOLIDATED LIABILITIES	**192,474**	**66,736**	**-29,522**	**229,688**

Segment information by geographical area

The following table indicates the revenues for the first half-year 2009 and 2008 divided by geographical area:

(Values in thousands of EUR)	1st Half 2009	%	1st Half 2008	%	Change Δ	%
Italy	46,404	41.7%	57,246	39.6%	-10,842	-18.9%
Europe (Italy and Russia excluded)	23,772	21.4%	30,359	21.0%	-6,587	-21.7%
Russia	7,347	6.6%	13,618	9.4%	-6,271	-46.1%
United States	9,081	8.2%	13,232	9.2%	-4,151	-31.4%
Japan	8,163	7.3%	8,702	6.0%	-539	-6.2%
Rest of the World	16,381	14.8%	21,433	14.8%	-5,052	-23.6%
Total	**111,148**	**100.0%**	**144,590**	**100.0%**	**- 33,442**	**-23.1%**

The following table indicates the non-current assets other than financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contracts at 30 June 2009 and 31 December 2008 divided by geographical area:

(Values in thousand of EUR)	30 June 2009	31 December 2008
ITALY	228,903	230,411
REST OF THE WORLD	21,664	21,560
TOTAL NON-CURRENT ASSETS	**250,567**	**251,971**

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

21. REVENUES FROM SALES AND SERVICES

In 1^{st}H 2009, consolidated revenues decrease from EUR 144,590 thousand in 1^{st}H 2008 to EUR 111,148 thousand, down 23.1% (-23.9% at constant exchange rates and excluding the effect of the Narciso Rodriguez licence).

The revenues of the prêt-à-porter division decrease by 22.6% (-23.6% at constant exchange rates and excluding the effect of the Narciso Rodriguez licence) to EUR 90,218 thousand, while the revenues of the footwear and leather goods division decrease by 25.8% to EUR 27,567 thousand, before interdivisional eliminations.

22. OTHER REVENUES AND INCOME

This item comprises:

(Values in thousands of EUR)	1^{st} Half 2009	1^{st} Half 2008	Change Δ	%
Extraordinary income	453	591	-138	-23.4%
Other income	2,147	1,848	299	16.2%
Total	**2,600**	**2,439**	**161**	**6.6%**

In the first half of 2009, the caption extraordinary income amounts to EUR 453 thousand and decreases compared with the corresponding period of the previous year of EUR 138 thousand due to a general decrease of the items which compose the above caption (recovery of receivables from bankrupt customers, time expiry of receivables and payables that arose in prior years).

In the first half of 2009 other income, which mainly refers to exchange gains on commercial transaction, rental income, sales of raw materials and packaging, amount to EUR 2,147 thousand and increase compared with the corresponding period of the previous year mainly for the increase in exchange gains.

23. COSTS OF RAW MATERIALS

(Values in thousands of EUR)	1^{st} Half 2009	1^{st} Half 2008	Change Δ	%
Raw, ancillary and consumable materials and goods for resale	35,881	47,420	-11,539	-24.3%
Total	**35,881**	**47,420**	**- 11,539**	**-24.3%**

This item mainly includes costs for the acquisition of raw materials such as fabrics, threads, skins and accessories, purchases of finished products for resale (products sold) and packaging.

The decrease in this caption is closely linked with the contraction in volumes sold.

24. COSTS OF SERVICES

This item comprises:

(Values in thousands of EUR)	1^{st} Half 2009	1^{st} Half 2008	Change Δ	%
Subcontracted work	13,736	18,867	-5,131	-27.2%
Consultancy fees	7,877	7,793	84	1.1%
Advertising	7,621	8,327	-706	-8.5%
Commission	2,270	3,867	-1,597	-41.3%
Transport	2,111	2,766	-655	-23.7%
Utilities	1,280	1,314	-34	-2.6%
Directors' and auditors' fees	1,485	1,841	-356	-19.3%
Insurance	429	441	-12	-2.7%
Bank charges	522	597	-75	-12.6%
Travelling expenses	1,087	1,505	-418	-27.8%
Other services	3,549	3,718	-169	-4.5%
Total	**41,967**	**51,036**	**- 9,069**	**-17.8%**

Costs of services decrease from EUR 51,036 thousand in the first half of 2008 to EUR 41,967 thousand in the first half of 2009, down 17.8%. The decrease in this caption is essentially due to the reduction of subcontracted work and commissions which are strictly linked to the turnover contraction.

25. COSTS FOR USE OF THIRD PARTIES ASSETS

This item comprises:

(Values in thousands of EUR)	1^{st} Half 2009	1^{st} Half 2008	Change Δ	%
Rental expenses	8,036	5,994	2,042	34.1%
Royalties	1,174	1,454	-280	-19.3%
Hire charges and similar	483	687	-204	-29.7%
Total	**9,693**	**8,135**	**1,558**	**19.1%**

The caption costs for use of third parties assets increases of EUR 1,558 thousand from EUR 8,135 thousand in the first half 2008 to EUR 9,693 thousand in the first half 2009, in particular for the opening of new shops happened afterwards 1 January 2008.

26. LABOUR COSTS

The item includes:

(Values in thousands of EUR)	1^{st} Half 2009	1^{st} Half 2008	Change Δ	%
Wages and salaries	23,956	21,884	2,072	9.5%
Contributions and other costs	8,071	7,746	325	4.2%
Total	**32,027**	**29,630**	**2,397**	**8.1%**

The labour cost increase from EUR 29,630 thousand in the first half of 2008 to EUR 32,027 thousand in the first half of 2009.

A breakdown of the average number of employees is illustrated in the table below:

Average number of employees by category	1st Half 2009	1st Half 2008	Change	%
Workers	451	481	-30	-6%
Office staff-supervisors	1,039	1,024	15	1%
Executive and senior managers	28	26	2	8%
Total	**1,518**	**1,531**	**-13**	**-1%**

The average number of employees in the first half of 2008 has been amended from 1,490 units to 1,531 units, the amendment is imputable to a change in the criteria used for the calculation of the media.

27. OTHER OPERATING EXPENSES

This item includes:

(Values in thousands of EUR)	1st Half 2009	1st Half 2008	Change Δ	%
Taxes	304	337	-33	-9.8%
Gifts	74	202	-128	-63.4%
Contingent liabilities	480	281	199	70.8%
Write-down of current receivables	218	146	72	49.3%
Foreign exchange losses	707	678	29	4.3%
Other operating expenses	193	312	-119	-38.1%
Total	**1,976**	**1,956**	**20**	**1.0%**

The caption other operating expenses amounts to EUR 1,976 thousand, with an increase of 1.0% compared with EUR 1,956 thousand of the first half of 2008.

28. AMORTISATION AND WRITE-DOWNS

This item includes:

(Values in thousands of EUR)	1st Half 2009	1st Half 2008	Change Δ	%
Amortisation of intangible fixed assets	1,807	1,802	5	0.3%
Depreciation of tangible fixed assets	3,372	3,202	170	5.3%
Write-downs	0	42	-42	-100.0%
Total	**5,179**	**5,046**	**133**	**2.6%**

Amortisation of intangible fixed assets mainly refers to the amortisation of brands. Brands are amortised over 40 years.

Amortisation of tangible fixed assets increases due to the investments made in the period.

29. FINANCIAL INCOME/ EXPENSES

This item includes:

(Values in thousands of EUR)	1^{st} Half 2009	1^{st} Half 2008	Change Δ	%
Interest income	42	135	-93	-68.9%
Foreign exchange gains	324	69	255	369.6%
Financial discounts	11	11	0	n.a.
Other income	4	0	4	100.0%
Financial income	**381**	**215**	**166**	**77.0%**
Bank interest expenses	1,512	2,053	-541	-26.4%
Lease interest	172	203	-31	-15.3%
Foreign exchange losses	111	807	-696	-86.2%
Other expenses	426	491	-65	-13.2%
Financial expenses	**2,221**	**3,554**	**- 1,333**	**-37.5%**
Total	**1,840**	**3,339**	**- 1,499**	**-44.9%**

30. *INCOME TAXES*

This item includes:

(Values in thousands of EUR)	1^{st} Half 2009	1^{st} Half 2008	Change Δ	%
Current income taxes	1,664	4,441	-2,777	-62.5%
Deferred income/(expenses) taxes	-3,982	975	-4,957	n.a.
Total income taxes	**- 2,318**	**5,416**	**- 7,734**	**n.a.**

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 first half of 2009 and 2008 is illustrated in the following table:

(Values in thousands of EUR)	1^{st} Half 2009	1^{st} Half 2008
Profit before taxes	-14,251	12,530
Theoretical tax rate	27.5%	27.5%
Theoretical income taxes (IRES)	**- 3,919**	**3,446**
Fiscal effect	21	44
Effect of foreign tax rates	1,058	600
Total income taxes excluding IRAP (current and deferred)	**- 2,840**	**4,090**
IRAP (current and deferred)	**522**	**1,326**
Total income taxes (current and deferred)	**- 2,318**	**5,416**

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 2009 is EUR 1,313 thousand.

(Values in thousands of EUR)	1st Half 2009	1st Half 2008	Change
OPENING BALANCE (A)	**7,706**	**14,525**	**- 6,819**
Cash flow (absorbed)/ generated by operating activity (B)	-15,255	-3,019	-12,236
Cash flow (absorbed)/ generated by investing activity (C)	-3,723	-2,780	-943
Cash flow (absorbed)/ generated by financing activity (D)	17,665	6,258	11,407
Increase/(decrease) in cash flow (E)=(B)+(C)+(D)	**-1,313**	**459**	**-1,772**
CLOSING BALANCE (F)=(A)+(E)	**6,393**	**14,984**	**- 8,591**

31. *CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY*

The cash flow absorbed by operating activity during the first half of 2009 amounts to EUR 15,255 thousand.

The cash flow from operating activity is analysed below:

(Values in thousands of EUR)	1st Half 2009	1st Half 2008	Change
Profit before taxes	-14,251	12,530	-26,781
Amortisation	5,179	5,046	133
Accrual (+)/availment (-) of long term provisions and post employment benefits	-147	-562	415
Paid income taxes	-2,181	-7,783	5,602
Financial income (-) and financial charges (+)	1,840	3,339	-1,499
Change in operating assets and liabilities	-5,695	-15,589	9,894
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**- 15,255**	**- 3,019**	**- 12,236**

32. *CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY*

The cash flow absorbed by investing activity during the first half of 2009 amounts to EUR 3,723 thousand.

The factors comprising this use of funds are analysed below:

(Values in thousands of EUR)	1st Half 2009	1st Half 2008	Change
Increase (-)/ decrease (+) in intangible fixed assets	-329	1,323	-1,652
Increase (-)/ decrease (+) in tangible fixed assets	-3,394	-4,061	667
Investments (-)/ Disinvestments (+)	0	-42	42
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**- 3,723**	**- 2,780**	**- 943**

33. *CASH FLOW (ABSORBED)/ GENERATED BY FINANCING ACTIVITY*

The cash flow generated by financing activity during the first half of 2009 amounts to EUR 17,665 thousand.

The factors comprising this use of funds are analysed below:

(Values in thousands of EUR)	1st Half 2009	1st Half 2008	Change
Other variations in reserves and profits carried-forward of shareholders' equity	-509	-849	340
Dividends paid	-710	-2,148	1,438
Proceeds (+)/repayment (-) of financial payments	20,777	12,606	8,171
Increase (-)/ decrease (+) in long term financial receivables	-53	-12	-41
Financial income (+) and financial charges (-)	-1,840	-3,339	1,499
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**17,665**	**6,258**	**11,407**

OTHER INFORMATION

34. 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 2009 is analysed below:

(Values in thousands of EUR)	30 June 2009	31 December 2008	Change
A - Cash in hand	374	759	-385
B - Other available funds	6,020	6,947	-927
C - Securities held for trading	-	-	-
D - Cash and cash equivalents (A) + (B) + (C)	*6,394*	*7,706*	*-1,312*
E - Short term financial receivables	-	-	-
F - Current bank loans	-72,275	-47,430	-24,845
G - Current portion of long-term bank borrowings	-7,596	-7,728	132
H - Current portion of loans from other financial istitutions	-2,343	-1,824	-519
I - Current financial indebtedness (F) + (G) + (H)	*-82,214*	*-56,982*	*-25,232*
J - Net current financial indebtedness (I) + (E) + (D)	*-75,820*	*-49,276*	*-26,544*
K - Non current bank loans	-2,634	-6,307	3,673
L - Issued obbligations	-	-	-
M - Other non current loans	-10,439	-11,221	782
N - Non current financial indebtedness (K) + (L) + (M)	*-13,073*	*-17,528*	*4,455*
O - Net financial indebtedness (J) + (N)	*-88,893*	*-66,804*	*-22,089*

Net financial indebtedness of the Group amounts to EUR 88,893 thousand as of 30 June 2009 compared with EUR 66,804 thousand as of 31 December 2008. Such increase is mainly due to the economic result of the first semester 2009, to the investments realized in the period (EUR 3.723 thousand), to the distribution of dividends (EUR 710 thousand) and the purchase of treasury shares (EUR 952 thousand).

The net financial position includes the effect of the put/call option on the joint venture contract between Moschino and Bluebell Far East for the formation of Moschino Far East. In the absence of this option, the net financial position at 30 June 2009 would have amounted to EUR 83,783 thousand, rather than the EUR 88,893 thousand reported above.

35. EARNINGS PER SHARE

Basic earnings per share:

(Values in thousands of EUR)	1st Half 2009	1st Half 2008
Consolidated earnings for the period for shareholders of the Parent Company	-10,034	5,977
Medium number of shares for the period	104,426	107,212
Basic earnings per share	**-0.096**	**0.056**

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.

36. 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 2009	1st Half 2008	Nature of the transactions
Shareholder Alberta Ferretti with Aeffe S.p.a.			
Contract for the sale of artistic assets and design	134	150	Cost
Other	-	94	Receivable
Ferrim with Aeffe S.p.a.			
Property rental	690	679	Cost
Ferrim with Moschino S.p.a.			
Property rental	408	390	Cost
Commerciale Valconca with Aeffe S.p.a.			
Commercial	38	108	Revenue
Property rental	35	-	Cost
Commercial	820	677	Receivable
Commercial	162	-	Payable

The following table indicates the data related on the incidence of related party transactions on the income statement, balance sheet, cash flow and indebtedness at 30 June 2009 and at 30 June 2008.

(Values in thousands of EUR)	Balance 1st Half	Value rel. party 2009	%	Balance 1st Half	Value rel. party 2008	%
Incidence of related party transactions on the income statement						
Revenues from sales and services	111,148	38	0.0%	144,590	108	0.1%
Costs of services	41,967	134	0.3%	51,036	150	0.3%
Costs for use of third party assets	9,693	1,133	11.7%	8,135	1,069	13.1%
Incidence of related party transactions on the balance sheet						
Trade payables	43,999	162	0.4%	59,072	-	n.a.
Trade receivables	31,651	820	2.6%	36,149	677	1.9%
Other receivables	30,911	-	n.a.	30,645	94	0.3%
Incidence of related party transactions on the cash flow						
Cash flow (absorbed) / generated by financing activities	17,665	-	n.a.	6,258	-	n.a.
Cash flow (absorbed) / generated by operating activities	-15,255	-1,204	7.9%	-3,019	-1,335	44.2%
Incidence of related party transactions on the indebtedness						
Net financial indebtedness	-88,893	-1,204	1.4%	-50,631	-1,335	2.6%

37. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob communication DEM/6064296 dated 28 July 2006, it is confirmed that in the first half of 2009 the Group did not enter into any atypical and/or unusual transactions, as defined in that communication.

38. SIGNIFICANT NON RECURRING EVENTS AND TRANSACTIONS PURSUANT TO CONSOB REGULATION DATED 28 JULY 2006

During the first six months of 2009 no significant non recurring events and transactions have been realised.

39. CONTINGENT LIABILITIES

Fiscal disputes

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

Aeffe S.p.A.: on 16 December 2006, the Rimini Provincial Tax Commissioners published sentence no. 101/2/06 cancelling notices of assessment n. 81203T100562 (RG n. 43/05) and 81203T100570 (RG n. 69/05) issued by the Rimini Tax Authorities in November 2004. The issues rose related to the 1999 and 2000 tax years and concerned 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 favourable first-level decision means that further developments in this dispute can be considered in a positive light. The Company is waiting for the hearing date to be fixed.

Aeffe S.p.A.: on 9 April 2008, the Rimini Provincial Tax Commissioners published sentence no. 37/02/08 dated 28 January 2008 cancelling notices of assessment n. 81203T300390/06 e n. 81203T300393/06 issued by the Rimini Tax Authorities in June 2006. The assessments are related to the fiscal year 2001 and 2002 and concern the non-recognition to use the fiscal loss realized in 2000. On 29 May 2009, the Rimini Tax office has appealed against the sentence handed down by the Rimini Provincial Tax Commissioners with an act notified to the company. The Company presented its counter analysis to the Bologna Regional Tax Commissioners.

On 1 October 2008 the local tax office of Rimini notified Aeffe S.p.A. of an inspection report concerning direct taxes and regional taxes 2005. The controls also concerned VAT and focused mainly on the relations with other companies in the Group and costs for services. In particular, the tax office found costs not applicable to the year, for about EUR 130 thousand and other inapplicable costs for EUR 580 thousand. With reference to the latter, we observe that it refers to non-acceptance by the financial administration of advertising costs linked to contributions made by the company to its subsidiaries.

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

Pollini: The fiscal disputes involving Pollini S.p.A. refer to the following:

a) recovery of VAT for the year 2001 on inventory differences; in January 2009, the company presented its appeal to the decision of the Provincial Tax Commission of Forlì, that - in partial agreement with the defensive reasoning - calculated the higher VAT due in the amount of EUR 13 thousand, plus fines and interest.

b) recovery of VAT and regional tax for the year 2002 for omission of invoicing on taxable transactions; also with reference to this suit, the company presented an appeal against the decision of the Provincial Tax Commission of Forlì in January 2009, that rejected the company's defence on this particular point; the hearing by the Regional Tax Commission of Bologna has adjourned the case in order to get together the current appeal with the one of which at subsequent par. c) originated by the same observation;

c) recovery of VAT and regional tax for the year 2002 (charged to the incorporated company Pollini Industriale S.r.l.) for omission of invoicing on taxable transactions; The Tax Office of Cesena presented an appeal in 2008 against the decision of the Provincial Tax Commission of Forlì that accepted the company's objection in full; the company has appealed, within the legally-prescribed time period, by the competent Regional Tax Commission of Bologna, and is now waiting for the hearing date together with the one of which at previous par. b) to be fixed.

Pollini Retail S.r.l.: The fiscal disputes involving Pollini Retail S.r.l. refer to:

a) the controversy surrounding failure to recognize the VAT credit going back to 2001 for about EUR 505 thousand; on the amount entered, which became final after the negative of the Provincial Tax Commission of Rimini, the company obtained permission to pay the amount in instalments to the tax collecting authority; the suit was discussed by the Regional Tax Commission of Bologna on December 12, 2008; on February 12, 2009 the ordinance of the regional commission was filed, ordering the company to furnish the necessary information to ascertain the amount of the VAT credit accrued by the company in 2001; the hearing date for the dispute has been fixed for the next 22 October 2009;

b) the objection to silent refusal of the Office of the motion made by the company to recognize VAT receivables for 2001 that had been the subject of the dispute indicated above; that dispute is currently pending before the Tax Commission of Rimini.

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

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

Attachments of the explanatory notes

ATTACHMENT I	Consolidated Statement of Financial Position with related parties
ATTACHMENT II	Consolidated Statement of Financial Position with related parties
ATTACHMENT III	Consolidated Income Statement with related parties
ATTACHMENT IV	Consolidated Statement of Cash Flows with related parties

ATTACHMENT I – CONSOLIDATED STATEMENT OF FINANCIAL POSITION with related parties

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in units of EUR)	Notes	30 June 2009	of which Related parties	31 December 2008	of which Related parties
NON-CURRENT ASSETS					
Intangible fixed assets					
Goodwill		55,267,505		54,962,043	
Trademarks		112,042,879		113,867,489	
Other intangible fixed assets		386,989		345,380	
Total intangible fixed assets	(1)	167,697,373		169,174,912	
Tangible fixed assets					
Lands		17,626,622		17,635,695	
Buildings		33,295,600		33,796,853	
Leasehold improvements		15,919,134		15,983,052	
Plant and machinary		7,601,575		6,922,775	
Equipment		445,413		481,667	
Other tangible fixed assets		3,598,499		3,645,443	
Total tangible fixed assets	(2)	78,486,843		78,465,485	
Other fixed assets					
Equity investments	(3)	27,840		27,840	
Other fixed assets	(4)	2,718,515		2,665,776	
Deferred tax assets	(5)	11,256,809		8,356,878	
Assets available for sale	(6)	1,636,885		1,636,885	
Total other fixed assets		15,640,049		12,687,379	
TOTAL NON-CURRENT ASSETS		**261,824,265**		**260,327,776**	
CURRENT ASSETS					
Stocks and inventories	(7)	75,557,924		77,433,665	
Trade receivables	(8)	31,651,128	819,708	43,230,057	774,620
Tax receivables	(9)	7,379,702		8,102,477	
Cash	(10)	6,393,492		7,705,842	
Other receivables	(11)	30,911,486		28,899,717	
TOTAL CURRENT ASSETS		**151,893,732**		**165,371,758**	
TOTAL ASSETS		**413,717,997**		**425,699,534**	

ATTACHMENT II – CONSOLIDATED STATEMENT OF FINANCIAL POSITION with related parties

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in units of EUR)	Notes	30 June 2009	of which Related parties	31 December 2008	of which Related parties
SHAREHOLDERS' EQUITY	**(12)**				
Group interest					
Share capital		25,371,407		25,766,795	
Share premium reserve		71,240,251		71,796,450	
Translation reserve		-1,081,446		-1,269,327	
Other reserves		36,161,936		31,454,778	
Fair Value reserve		7,901,240		7,901,240	
IAS reserve		11,459,492		11,459,492	
Profits/(Losses) carried-forward		12,749,350		10,236,020	
Net profit for the Group		-10,034,370		7,675,504	
Group interest in shareholders' equity		153,767,860		165,020,952	
Minority interest					
Minority interest in share capital and reserves		30,990,377		29,888,628	
Net profit for the minority interest		-1,898,309		1,101,749	
Minority interest in shareholders' equity		29,092,068		30,990,377	
TOTAL SHAREHOLDERS' EQUITY		**182,859,928**		**196,011,329**	
NON-CURRENT LIABILITIES					
Provisions	(13)	1,666,986		1,744,209	
Deferred tax liabilities	(5)	44,112,749		44,486,859	
Post employment benefits	(14)	10,271,955		10,341,812	
Long term financial liabilities	(15)	13,072,773		17,528,201	
Long term not financial liabilities	(16)	14,297,115		14,405,694	
TOTAL NON-CURRENT LIABILITIES		**83,421,578**		**88,506,775**	
CURRENT LIABILITIES					
Trade payables	(17)	43,999,007	161,599	63,004,051	92,151
Tax payables	(18)	3,062,995		4,288,323	
Short term financial liabilities	(19)	82,213,878		56,981,547	
Other liabilities	(20)	18,160,611		16,907,509	
TOTAL CURRENT LIABILITIES		**147,436,491**		**141,181,430**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**413,717,997**		**425,699,534**	

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 2009	of which Related parties	1st Half 2008	of which Related parties
REVENUES FROM SALES AND SERVICES	**(21)**	**111,148,148**	**37,573**	**144,590,305**	**108,252**
Other revenues and income	(22)	2,600,295		2,438,567	
TOTAL REVENUES		**113,748,443**		**147,028,872**	
Changes in inventory		562,960		12,063,590	
Costs of raw materials, cons. and goods for resale	(23)	-35,881,096		-47,420,303	
Costs of services	(24)	-41,966,622	-133,500	-51,035,993	-150,000
Costs for use of third parties assets	(25)	-9,692,811	-1,132,668	-8,135,468	-1,069,340
Labour costs	(26)	-32,026,862		-29,629,989	
Other operating expenses	(27)	-1,975,736		-1,955,531	
Amortisation and write-downs	(28)	-5,178,810		-5,046,191	
Financial income/(expenses)	(29)	-1,840,038		-3,339,310	
PROFIT BEFORE TAXES	**-**	**14,250,572**		**12,529,677**	
Income taxes	(30)	2,317,893		-5,415,940	
NET PROFIT	**-**	**11,932,679**		**7,113,737**	
(Profit)/loss for the minority interests		1,898,309		-1,136,590	
NET PROFIT FOR THE GROUP	**-**	**10,034,370**		**5,977,147**	

ATTACHMENT IV – CONSOLIDATED STATEMENT OF CASH FLOWS with related parties

Pursuant to Consob Resolution N. 15519 of 27 July 2006

(Values in thousands of EUR)	Notes	1st Half 2009	of which Related parties	1st Half 2008	of which Related parties
OPENING BALANCE		**7,706**		**14,525**	
Profit before taxes		-14,251	-1,229	12,530	-1,111
Amortisation		5,179		5,046	
Accrual (+)/availment (-) of long term provisions and post employment benefits		-147		-562	
Paid income taxes		-2,181		-7,783	
Financial income (-) and financial charges (+)		1,840		3,339	
Change in operating assets and liabilities		-5,695	24	-15,589	-224
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY	**(31)**	**- 15,255**		**- 3,019**	
Increase (-)/ decrease (+) in intangible fixed assets		-329		1,323	
Increase (-)/ decrease (+) in tangible fixed assets		-3,394		-4,061	
Investments (-)/ Disinvestments (+)		0		-42	
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY	**(32)**	**- 3,723**		**- 2,780**	
Other variations in reserves and profits carried-forward of shareholders' equity		-509		-849	
Dividends paid		-710		-2,148	
Proceeds (+)/repayment (-) of financial payments		20,777		12,606	
Increase (-)/ decrease (+) in long term financial receivables		-53		-12	
Financial income (+) and financial charges (-)		-1,840		-3,339	
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY	**(33)**	**17,665**		**6,258**	
CLOSING BALANCE		**6,393**		**14,984**	

Attestation in respect of the Half Year condensed financial statements under Article 154-bis of Legislative Decree 58/98

The undersigned Massimo Ferretti as President of the Board of Directors, and Marcello Tassinari as manager responsible for preparing Aeffe S.p.A.'s financial reports, pursuant to the provisions of Article 154-bis, clauses 3 and 4, of Legislative Decree n. 58 of 1998 ,hereby attest:

- the adequacy with respect to the Company structure and
- the effective application,

of the administrative and accounting procedures applied in preparation of the Half year condensed financial statements at 30 June 2009.

The undersigned moreover attest that:

The Half Year condensed financial statements:

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002 and particularly IAS 34 – *Interim Financial reporting*, as implemented in Italy by Article 9 of Legislative Decree n. 38 of 2005;
- correspond to the amounts shown in the Company's accounts, books and records; and
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

The related interim management report contains reference to the important events affecting the Company during the first six months of the current fiscal year, including the impact of such events on the Company's condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the year along with a description of material related party transactions.

31 July 2009

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

MAZARS

AUDITORS' REVIEW REPORT ON THE HALF YEAR CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2009

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, 2009 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, 2008 and to the six-month period ended June 30, 2008, presented in the half condensed financial statements – reclassified to consider the changes to the financial statements required by the amendment of IAS 1 (2007) and other changes commented in the explanatory notes – reference should be made to our auditor's report dated April 9, 2009 and our auditor's review report dated July 31, 2008.

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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, 2009 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.

MAZARS S.p.A.

Signed by
Simone Del Bianco
Partner

Bologna, Italy
July 31, 2009

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