



PRESS RELEASE

Aeffe: Acceleration In Second Quarter 2010 Sales Up 7% Compared To 2Q 2009. Positive Trend Also In 2Q 2010 Operating Profit: +66%

San Giovanni in Marignano, 30 July 2010, the Board of Directors of Aeffe SpA approved today the consolidated results for the First Semester of 2010. The company, listed on the STAR segment of Borsa Italiana, operates in the luxury sector, with a presence in the prêt-à-porter, footwear and leather goods division under renowned brand names such as Alberta Ferretti, Moschino, Pollini and JP Gaultier.

- **Consolidated revenues of €102.9m, compared to €111.1m in 1H 2009: -15% in Q1 2010, +7% in Q2 2010**
- **Negative Ebitda of €2.3m, compared to a negative Ebitda of €7.2m in 1H 2009**
- **Net loss for the Group of €6.3m, compared to a net loss of €10m in 1H 2009**
- **Net financial debt of €95.6m, compared to €87.7m as of December 31, 2009**

Consolidated Revenues

In 1H 2010, AEFEE consolidated revenues amounted to €102.9m compared to €111.1m in 1H 2009 (-7.4% decrease at current exchange rates, -8.1% at constant exchange rates): revenues were positively influenced by the 7% increase in the second quarter 2010 compared to the same period of the previous year.

Revenues of the prêt-à-porter division amounted to €85.8m, down by 4.9% at current exchange rates and by 5.7% at constant exchange rates compared to 1H 2009, while revenues of the footwear and leather goods division decreased by 19.2% to €22.3m, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: *"In the second quarter of 2010 the signs of recovery, that had begun to glimpse in the previous quarter, have strengthened further, both in the retail and in the wholesale channel, whose turnover showed, respectively, a 12% and a 7% growth. Also the operating results have been improving, especially in the prêt-à-porter division, thanks to the actions taken in past months to improve the efficiency of the group and reduce our operating costs, the benefits of which we believe will be more evident in the second semester of the year"*.

Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	1H 10 Reported	1H 09 Reported	% Change	% Change*
Italy	44,071	46,404	(5.0%)	(5.0%)
Europe (Italy and Russia excluded)	22,263	23,772	(6.3%)	(6.6%)
Russia	6,115	7,347	(16.8%)	(16.8%)
United States	9,370	9,081	3.2%	2.9%
Japan	8,294	8,163	1.6%	-2.7%
Rest of the World	12,756	16,382	(22.1%)	(24.2%)
Total	102,870	111,148	(7.4%)	(8.1%)

(*) Calculated at constant exchange rates

All geographical areas have seen a recovery in comparison with the previous quarters.

More specifically, in 1H 2010 sales in Italy decreased by 5% to €44m, contributing to 42.8% of consolidated sales.

At constant exchange rates, sales in Europe decreased by 6.6%, contributing to 21.6% of consolidated sales. The Russian market fell by 16.8%, contributing to 5.9% of consolidated sales. Sales in the United States, at constant exchange rates, increased by 2.9%, while Japan sales decreased by 2.7%. In the Rest of the World, sales decreased by 24.2% to €12.7m, contributing to 12.4% of consolidated sales.

Network of Monobrand Stores

DOS	1H 10	FY 09	Franchising	1H 10	FY 09
Europe	42	38	Europe	54	52
United States	3	3	United States	7	7
Asia	38	38	Asia	100	89
Total	83	79	Total	161	148

Operating and Net Result Analysis

In 1H 2010 consolidated Ebitda was negative for €2.3m, compared to a negative Ebitda of €7.2m in 1H 2009.

Profitability has been influenced, on the one side, by the slowdown in revenues and, on the other, by the lower incidence of the operating costs thanks to the policy of costs' reduction taken by the group.

Ebitda of the *prêt-à-porter* division amounted to €1.9m, compared to a negative Ebitda of €3.2m in 1H 2009, showing a strong recovery of profitability in the second quarter 2010 compared to the second quarter 2009.

Ebitda of the footwear and leather goods division was negative for €4.2m compared to a negative Ebitda of €4m in Q1 2009.

Consolidated Ebit was negative for €8.9m, compared to a negative Ebit of €12.4m in 1H 2009. The difference also includes €1.4m deriving from the change in accounting estimates of the key money useful life from indefinite to finite. The change has been accounted in accordance with IAS 8 and, in details, key money have been amortised on a systematic basis over their residual term of lease.

In 1H 2010 Group posted a net loss of €6.3m, compared to a net loss of €10m in 1H 2009.

Balance Sheet Analysis

Looking at the balance sheet as of June 30, 2010 Shareholders' equity was equal to €136.7m and net financial debt amounted to €95.6m (€87.7m as of December 31, 2009).

Operating net working capital, that amounted to €53.8m (26% of LTM sales), was in line with €54.2m as of December 31, 2009 (25% of sales)

Capex in 1H 2010 were mainly related to the key money paid for a store located in Via Montenapoleone in Milan and to the maintenance and stores' refurbishment.

Income Statement, Reclassified Balance Sheet and Cash Flow Statement are attached below.

1H 2010 data included in this press release were subject to limited review by the Auditors' company.

"The executive responsible for preparing the company's accounting documentation Marcello Tassinari declares pursuant to paragraph 2 of art. 154 bis of the Consolidate Financial Law, that the accounting information contained in this document agrees with the underlying documentation, records and accounting entries".

Contatto:

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<i>(In thousands of Euro)</i>	1H 10	%	1H 09	%	Change	Change %
Revenues from sales and services	102,870	100.0%	111,148	100.0%	(8,279)	(7.4%)
Other revenues and income	3,885	3.8%	2,600	2.3%	1,285	49.4%
Total Revenues	106,755	103.8%	113,748	102.3%	(6,994)	(6.1%)
Total operating costs	(109,028)	(106.0%)	(120,980)	(108.8%)	11,952	(9.9%)
EBITDA	(2,273)	(2.2%)	(7,232)	(6.5%)	4,959	(68.6%)
Total Amortization and Write-downs	(6,618)	(6.4%)	(5,179)	(4.7%)	(1,440)	27.8%
EBIT	(8,891)	(8.6%)	(12,411)	(11.2%)	3,519	(28.4%)
Total Financial Income /(expenses)	379	0.4%	(1,840)	(1.7%)	2,219	(120.6%)
Profit before taxes	(8,512)	(8.3%)	(14,251)	(12.8%)	5,739	(40.3%)
Taxes	1,501	1.5%	2,318	2.1%	(817)	(35.3%)
Profit Net of taxes	(7,011)	(6.8%)	(11,933)	(10.7%)	4,921	(41.2%)
(Profit)/ Loss attributable to minority shareholders	709	0.7%	1,898	1.7%	(1,189)	(62.6%)
Net Profit for the Group	(6,302)	(6.1%)	(10,034)	(9.0%)	3,732	(37.2%)

(In thousands of Euro)

	1H 10	FY 09	1H 09
Trade receivables	26,507	26,869	31,651
Stock and inventories	71,277	69,483	75,558
Trade payables	(44,003)	(42,133)	(43,999)
Operating net working capital	53,781	54,219	63,210
Other receivables	33,127	31,630	38,291
Other liabilities	(18,719)	(18,023)	(21,224)
Net working capital	68,189	67,825	80,278
Tangible fixed assets	78,101	76,587	78,487
Intangible fixed assets	159,865	157,008	167,697
Investments	29	28	28
Other long term receivables	3,081	2,812	2,719
Fixed assets	241,076	236,435	248,931
Post employment benefits	(9,362)	(9,785)	(10,272)
Long term provisions	(1,276)	(1,247)	(1,667)
Assets available for sale	437	9,257	1,637
Liabilities available for sale		(1,854)	
Other long term liabilities	(14,241)	(14,241)	(14,297)
Deferred tax assets	17,390	14,545	11,257
Deferred tax liabilities	(43,083)	(42,773)	(44,113)
NET CAPITAL INVESTED	259,129	258,161	271,753
Capital issued	25,371	25,371	25,371
Other reserves	119,987	125,160	125,681
Profits/(Losses) carried-forward	(2,363)	12,749	12,749
Profit for the period	(6,302)	(20,088)	(10,034)
Group share capital and reserves	136,694	143,193	153,768
Minority interests	26,788	27,301	29,092
Shareholders' equity	163,482	170,494	182,860
Liquid assets	(5,868)	(5,337)	(6,393)
Long term financial payables	15,427	18,159	13,073
Short term financial payables	86,088	74,844	82,214
NET FINANCIAL POSITION	95,647	87,667	88,893
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	259,129	258,161	271,753

<i>(In thousands of Euro)</i>	1H 10	FY 09	1H 09
OPENING BALANCE	5,337	7,706	7,706
Profit before taxes	(8,512)	(30,836)	(14,251)
Amortizations, provisions and depreciations	6,618	13,636	5,179
Accruals (availments) of long term provisions and post employment benefits	(393)	(1,054)	(147)
Taxes	(1,743)	(1,783)	(2,181)
Financial incomes and financial charges	(379)	3,705	1,840
Change in operating assets and liabilities	344	5,708	(5,695)
NET CASH FLOW FROM OPERATING ASSETS	(4,065)	(10,624)	(15,255)
Increase (decrease) in intangible fixed assets	(6,076)	1,142	(329)
Increase (decrease) in tangible fixed assets	(4,878)	(4,999)	(3,394)
Revaluations (Write-downs)	(36)	(362)	
Investments	6,966		
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(4,024)	(4,219)	(3,723)
Other changes in reserves and profit carried-forward to shareholders'equity	(1)	(1,030)	(509)
Dividends paid by the Parent Company		(710)	(710)
Proceeds (repayment) of financial payments	8,511	18,494	20,777
Increase (decrease) in long term financial receivables	(269)	(575)	(53)
Financial incomes and financial charges	379	(3,705)	(1,840)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	8,620	12,474	17,665
CLOSING BALANCE	5,868	5,337	6,393