

AEFFE

CONSOLIDATED QUARTERLY REPORT AS OF 31<sup>ST</sup> MARCH 2008

## INDEX

1.	BOARD OF DIRECTORS AND CONTROL BODIES OF THE PARENT COMPANY	3
2.	ORGANISATION CHART	4
3.	BRANDS PORTFOLIO	5
4.	HEADQUARTERS	6
5.	SHOWROOMS	7
6.	FLAGSHIP STORES UNDER DIRECT MANAGEMENT	8
7.	MAIN ECONOMIC-FINANCIAL DATA	9
8.	FINANCIAL STATEMENTS	10
9.	REPORT ON OPERATIONS	14
10.	EXPLANATORY NOTES	15

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

Board of Directors	<b>Chairman</b> Massimo Ferretti
	<b>Deputy Chairman</b> Alberta Ferretti
	<b>Chief Executive Officer</b> Simone Badioli
	<b>Directors</b> Marcello Tassinari – Managing Director Umberto Paolucci Roberto Lugano Pierfrancesco Giustiniani
Board of Statutory Auditors	<b>President</b> Fernando Ciotti
	<b>Statutory Auditors</b> Bruno Piccioni Romano Del Bianco
	<b>Alternate Auditors</b> Andrea Moretti Pierfrancesco Gamberini
Board of Compensation Committee	<b>President</b> Umberto Paolucci
	<b>Members</b> Pierfrancesco Giustiniani Roberto Lugano
Board of Internal Control Committee	<b>President</b> Roberto Lugano
	<b>Members</b> Pierfrancesco Giustiniani Umberto Paolucci

## 2. Organisation chart



Prêt à porter Division

Footwear and leather goods Division

### 3. Brands portfolio



## 4. Headquarters

### **GRUPPO AEFTE**

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

### **MOSCHINO**

Via San Gregorio, 28  
20124 - Milan  
Italy

### **POLLINI**

Via Erbosa, 2/B  
Gatteo (FC)  
47030 - Italy

### **VELMAR**

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



## 5. Showrooms

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

**POLLINI MILANO**  
Via Bezzacca, 5  
20135 – Milan  
Italy

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

**AEFFE PARIGI**  
(GRUPPO)  
15, Place de la Republique  
75003 - Paris  
France

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

**MOSCHINO MILANO**  
Via San Gregorio, 28  
20124 - Milan  
Italy

**MOSCHINO LONDRA**  
28-29 Conduit Street  
W1R 9TA - London  
UK

**MOSCHINO GIAPPONE**  
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



## 6. Flagship stores under direct management

### **ALBERTA FERRETTI**

Milan  
Rome  
Capri  
Paris  
London

### **PHILOSOPHY**

Milan  
Capri  
New York

### **SPAZIO A**

Florence  
Venice

### **P\_BOX**

Milan (2)

### **MOSCHINO**

Milan (2)  
Rome  
Capri  
Paris  
London  
Berlin  
Beijing  
Shanghai  
Osaka (4)  
Hong Kong (3)  
Kuala Lumpur  
Singapore  
Taipei (6)  
Bangkok  
Fukuoka City  
Tokyo (5)  
Kobe City  
Kyoto (2)  
Nagoya (2)  
Daegu  
Seoul (6)  
Pusan (2)  
Kaoshiung (2)

### **POLLINI**

Milan  
Bologna  
Rome  
Florence (2)  
Venice  
Bolzano  
Parma  
Ravenna  
Rimini  
Varese  
Verona





## 7. Main economic-financial data

		I Quarter 2007	I Quarter 2008
Total revenues	(Values in millions of EUR)	87.1	91.6
Gross operating margin (EBITDA)	(Values in millions of EUR)	15.2	16.0
Net operating profit (EBIT)	(Values in millions of EUR)	12.7	13.5
Profit before taxes	(Values in millions of EUR)	10.4	11.7
Net profit for the Group	(Values in millions of EUR)	5.0	6.0
Net profit for the Group per share	(Values in units of EUR)	0.058	0.056
Total revenues/Net capital invested	(Values in percentage)	38.5	36.9
Cash Flow/Total revenues	(Values in percentage)	9.3	10.7

		31st December 2006	31st March 2007	31st December 2007	31st March 2008
Cash Flow (net profit + amortisation)	(Values in millions of EUR)	18.8	8.1	28.6	9.8
Net capital invested	(Values in millions of EUR)	217.8	226.6	233.1	248.2
Net financial indebtedness	(Values in millions of EUR)	115.3	118.6	38.5	47.1
Group net equity	(Values in millions of EUR)	75.9	81.0	164.8	170.0
Net equity for the Group per share	(Values in units of EUR)	0.8	1.0	1.5	1.6
Current assets/Current liabilities	Ratio	1.6	1.7	1.6	1.8
Current assets less invent./Current liabilities (ACID Test)	Ratio	0.8	1.0	0.8	1.0
Net financial indebtedness/Net equity	Ratio	1.1	1.1	0.2	0.2

## 8. Financial statements

### Income statement – I Quarter 2008 - 2007

(Values in units of EUR)	Notes	I Quarter 2008	% on revenues	I Quarter 2007	% on revenues	Change 2008/07	%
<b>REVENUES FROM SALES AND SERVICES</b>	<b>(1)</b>	<b>90,291,670</b>	<b>100.0%</b>	<b>86,298,083</b>	<b>100.0%</b>	<b>3,993,587</b>	<b>4.6%</b>
Other revenues and income		1,291,123	1.4%	844,528	1.0%	446,595	52.9%
<b>TOTAL REVENUES</b>		<b>91,582,793</b>	<b>101.4%</b>	<b>87,142,611</b>	<b>101.0%</b>	<b>4,440,182</b>	<b>5.1%</b>
Changes in inventory of work in process, semi-finished, finished goods		-1,455,968	-1.6%	-1,486,746	-1.7%	30,778	-2.1%
Costs of raw materials, cons. and goods for resale		-23,255,165	-25.8%	-23,592,457	-27.3%	337,292	-1.4%
Costs of services		-28,455,206	-31.5%	-26,111,906	-30.3%	-2,343,300	9.0%
Costs for use of third parties assets		-4,494,314	-5.0%	-4,648,507	-5.4%	154,193	-3.3%
Labour costs		-16,602,202	-18.4%	-15,441,388	-17.9%	-1,160,814	7.5%
Other operating expenses		-1,279,557	-1.4%	-633,466	-0.7%	-646,091	102.0%
<b>Total Operating Costs</b>		<b>-75,542,412</b>	<b>-83.7%</b>	<b>-71,914,470</b>	<b>-83.3%</b>	<b>-3,627,942</b>	<b>5.0%</b>
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(2)</b>	<b>16,040,381</b>	<b>17.8%</b>	<b>15,228,141</b>	<b>17.6%</b>	<b>812,240</b>	<b>5.3%</b>
Amortisation of intangible fixed assets		-900,584	-1.0%	-908,556	-1.1%	7,972	-0.9%
Depreciation of tangible fixed assets		-1,608,124	-1.8%	-1,549,315	-1.8%	-58,809	3.8%
Revaluations (write-downs)		0	0.0%	-81,817	-0.1%	81,817	-100.0%
<b>Total Amortisation and write-downs</b>		<b>-2,508,708</b>	<b>-2.8%</b>	<b>-2,539,688</b>	<b>-2.9%</b>	<b>30,980</b>	<b>-1.2%</b>
<b>NET OPERATING PROFIT (EBIT)</b>		<b>13,531,673</b>	<b>15.0%</b>	<b>12,688,453</b>	<b>14.7%</b>	<b>843,220</b>	<b>6.6%</b>
Financial income		108,625	0.1%	74,575	0.1%	34,050	45.7%
Financial expenses		-1,938,182	-2.1%	-2,291,697	-2.7%	353,515	-15.4%
<b>Total Financial Income (expenses)</b>		<b>-1,829,557</b>	<b>-2.0%</b>	<b>-2,217,122</b>	<b>-2.6%</b>	<b>387,565</b>	<b>-17.5%</b>
Profit (loss) from equity investments in affiliates		0	0.0%	-28,615	0.0%	28,615	-100.0%
<b>PROFIT BEFORE TAXES</b>		<b>11,702,116</b>	<b>13.0%</b>	<b>10,442,716</b>	<b>12.1%</b>	<b>1,259,400</b>	<b>12.1%</b>
Current income taxes		-3,525,557	-3.9%	-4,389,333	-5.1%	863,776	-19.7%
Deferred income (expenses) taxes		-907,565	-1.0%	-419,874	-0.5%	-487,691	116.2%
<b>Total Income Taxes</b>		<b>-4,433,122</b>	<b>-4.9%</b>	<b>-4,809,207</b>	<b>-5.6%</b>	<b>376,085</b>	<b>-7.8%</b>
<b>PROFIT NET OF TAXES</b>		<b>7,268,994</b>	<b>8.1%</b>	<b>5,633,509</b>	<b>6.5%</b>	<b>1,635,485</b>	<b>29.0%</b>
(Profit) loss attributable to minority shareholders		-1,232,586	-1.4%	-617,144	-0.7%	-615,442	99.7%
<b>NET PROFIT FOR THE GROUP</b>	<b>(3)</b>	<b>6,036,408</b>	<b>6.7%</b>	<b>5,016,365</b>	<b>5.8%</b>	<b>1,020,043</b>	<b>20.3%</b>

## Balance sheet

(Values in units of EUR)	Notes	31st March 2008	31st December 2007	31st March 2007
Trade receivables		56,234,275	36,910,502	49,654,921
Stocks and inventories		67,692,518	67,761,354	57,132,257
Trade payables	-	61,921,026 -	60,577,085 -	61,411,951
<b>Operating net working capital</b>		<b>62,005,767</b>	<b>44,094,771</b>	<b>45,375,227</b>
Other short term receivables		28,106,708	27,082,638	26,675,680
Tax receivables		3,305,180	4,786,640	1,948,678
Other short term liabilities	-	15,556,412 -	17,248,402 -	12,173,713
Tax payables	-	9,170,556 -	7,127,302 -	8,045,618
<b>Net working capital</b>	<b>(4)</b>	<b>68,690,687</b>	<b>51,588,345</b>	<b>53,780,254</b>
Tangible fixed assets		70,744,754	71,194,548	70,094,641
Intangible fixed assets		170,883,196	171,770,613	174,590,135
Equity investments		25,054	21,641	91,400
Other fixed assets		3,180,368	3,122,044	2,886,910
<b>Fixed assets</b>	<b>(5)</b>	<b>244,833,372</b>	<b>246,108,846</b>	<b>247,663,086</b>
Post employment benefits	-	10,747,210 -	11,111,030 -	13,640,109
Provisions	-	1,709,294 -	1,707,602 -	1,783,037
Assets available for sale		1,636,885	1,636,885	1,623,955
Long term not financial liabilities	-	14,237,659 -	14,251,237 -	14,045,242
Deferred tax assets		7,860,391	8,869,181	10,520,941
Deferred tax liabilities	-	48,156,573 -	48,022,235 -	57,494,786
<b>NET CAPITAL INVESTED</b>		<b>248,170,599</b>	<b>233,111,153</b>	<b>226,625,062</b>
Share capital		26,825,501	26,840,626	19,800,000
Other reserves		124,736,335	121,923,828	55,208,957
Profits (Losses) carried-forward		12,408,466	679,150	976,428
Profits (Loss) for the period		6,036,408	15,320,586	5,016,365
<b>Group interest in shareholders' equity</b>		<b>170,006,710</b>	<b>164,764,190</b>	<b>81,001,750</b>
Minority interests in shareholders' equity		31,096,017	29,863,431	27,048,096
<b>Total shareholders' equity</b>	<b>(6)</b>	<b>201,102,727</b>	<b>194,627,621</b>	<b>108,049,846</b>
Cash	-	17,014,153 -	14,525,033 -	14,229,064
Long term financial liabilities		24,657,134	26,646,683	63,987,101
Short term financial liabilities		39,424,891	26,361,882	68,817,179
<b>NET FINANCIAL POSITION</b>	<b>(7)</b>	<b>47,067,872</b>	<b>38,483,532</b>	<b>118,575,216</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL POSITION</b>		<b>248,170,599</b>	<b>233,111,153</b>	<b>226,625,062</b>

## Cash flow

(Values in thousands of EUR)	Notes	I Quarter 2008	Full year 2007	I Quarter 2007
<b>OPENING BALANCE</b>		<b>14,525</b>	<b>15,320</b>	<b>15,320</b>
Profit before taxes		11,702	25,645	10,443
Amortisation		2,509	10,722	2,458
Accrual (+)/availment (-) of long term provisions and post employment benefits		-362	-2,431	173
Paid income taxes		-1,109	-9,374	-1,129
Financial income (-) and financial charges (+)		1,830	8,084	2,217
Change in operating assets and liabilities		-19,160	-9,538	-12,854
<b>CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY</b>	<b>-</b>	<b>4,590</b>	<b>23,108</b>	<b>1,308</b>
Increase (-)/ decrease (+) in intangible fixed assets		-13	-336	-425
Increase (-)/ decrease (+) in tangible fixed assets		-1,967	-9,302	-1,882
Investments (-)/ Disinvestments (+)		-3	95	-
Change in assets available for sale		-	-	-
<b>CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY</b>	<b>-</b>	<b>1,983 -</b>	<b>9,543 -</b>	<b>2,307</b>
Increase in reserves and profit carried-forward to shareholders equity		-123	71,954	-35
Proceeds (repayment) of financial payments		11,073	-77,985	2,170
Increase (-)/ decrease (+) in long term financial receivables		-58	-245	-10
Financial income (+) and financial charges (-)		-1,830	-8,084	-2,217
<b>CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY</b>		<b>9,062 -</b>	<b>14,360 -</b>	<b>92</b>
<b>CLOSING BALANCE</b>		<b>17,014</b>	<b>14,525</b>	<b>14,229</b>

## Changes in shareholders' equity

*(Values in thousands of EUR)*

	Share capital	Share premium reserve	Translation reserve	Participatory instruments reserve	Other reserves	Fair Value reserve	IAS reserve	Profits (Losses) carried-forward	Net profit for the Group	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
<b>BALANCES AT 31st December 2006</b>	22,500	11,345	391	12,400	8,573	7,448	11,120	- 5,774	7,981	75,986	26,465	102,451
Allocation of net profit 31st December 2006	-	-	-	-	1,231	-	-	6,750	- 7,981	-	-	-
Exchange differences on translation	-	-	-	-	-	-	-	-	-	-	-	-
Net profit at 31st March 2007	-	-	-	-	-	-	-	-	5,017	5,017	617	5,634
Other movements	- 2,700	-	-	2,700	-	-	-	-	-	-	- 35	35
<b>BALANCES AT 31st March 2007</b>	19,800	11,345	391	15,100	9,804	7,448	11,120	976	5,017	81,003	27,047	108,050

*(Values in thousands of EUR)*

	Share capital	Share premium reserve	Translation reserve	Participatory instruments reserve	Other reserves	Fair Value reserve	IAS reserve	Profits (Losses) carried-forward	Net profit for the Group	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
<b>BALANCES AT 31st December 2007</b>	26,841	75,308	- 949	-	28,204	7,901	11,459	679	15,321	164,764	29,863	194,627
Allocation of net profit at 31st December 2007	-	-	-	-	3,591	-	-	11,730	- 15,321	-	-	-
Exchange differences on translation	-	-	- 670	-	-	-	-	-	-	670	-	670
Net profit at 31st March 2008	-	-	-	-	-	-	-	-	6,036	6,036	1,233	7,269
Cancellation of own shares	- 15	- 108	-	-	-	-	-	-	-	- 123	-	- 123
<b>BALANCES AT 31st March 2008</b>	26,826	75,200	- 1,619	-	31,795	7,901	11,459	12,409	6,036	170,007	31,096	201,103

## 9. Report on operations

The revenues from sales and services generated in Q1 2008 amount to EUR 90,292 thousand, up 4.6% compared with the same period in the previous year (+8.2% at constant exchange rates and excluding the effect of the termination of the Narciso Rodriguez licence).

EBITDA at constant exchange rates amounts to EUR 16,165 thousand up 6.2%, representing 17.6% of consolidated revenues. At current exchange rates, EBITDA amounts to EUR 16,040 thousand with an increase of 5.3% compared to EUR 15,228 thousand of Q1 2007 representing 17.8% of consolidated revenues.

During the first three months of 2008 a new flagship store under direct management has been opened in Italy and 10 new franchised retail stores, 4 of which in Europe, 1 in USA and 5 in Asia; this is consistent with the opening plan established for the entire year.

Compared to 31<sup>st</sup> December 2007, the Group's balance sheet as of 31<sup>st</sup> March 2008 shows an increase in shareholders' equity from EUR 164,764 thousand to EUR 170,007 thousand and an increase in net financial indebtedness from EUR 38,484 thousand to EUR 47,068 thousand, as a consequence of the seasonality of our business.

Net working capital amounts to EUR 68,691 thousand as of 31<sup>st</sup> March 2008 (23.1% of LTM sales) and EUR 51,588 thousand as of 31<sup>st</sup> December 2007 (17.6% of sales ); the increase in working capital is only due to the seasonality of our business.

Capex in Q1 2008 is mainly related to the refurbishment of boutique and buildings.

## 10. Explanatory notes

### Income statement

#### 1. Revenues from sales and services

##### *I Quarter 2008 vs 2007*

Revenues from sales and services equal to EUR 90,292 thousand in Q1 2008 rise up 4.6% compared to Q1 2007, completely due to the Group organic growth. At constant exchange rates and excluding the effect of the Narciso Rodriguez licence such increase would have been +8.2%.

The following table details the revenues by geographical area for Q1 2008 and 2007.

(Values in thousands of EUR)	I Quarter		I Quarter		Change	
	2008	%	2007	%	Δ	%
Italy	37,112	41.1%	34,280	39.7%	2,832	8.3%
Europe (Italy and Russia excluded)	19,795	21.9%	18,392	21.3%	1,403	7.6%
United States	7,343	8.1%	10,219	11.8%	-2,876	-28.1%
Russia	7,079	7.8%	5,470	6.3%	1,609	29.4%
Japan	5,241	5.8%	6,212	7.2%	-971	-15.6%
Rest of the World	13,722	15.3%	11,725	13.7%	1,997	17.0%
<b>Total</b>	<b>90,292</b>	<b>100.0%</b>	<b>86,298</b>	<b>100.0%</b>	<b>3,994</b>	<b>4.6%</b>

In Q1 2008, sales in Italy rise to EUR 37,112 thousand contributing to 41.1% of consolidated sales with an 8.3% increase.

In Europe Group's sales increase by 7.6% to EUR 19,795 thousand, contributing to 21.9% of consolidated sales; in the United States sales decrease by 28.1% (-18% at constant exchange rates and excluding the effect of the Narciso Rodriguez collections) contributing to 8.1% of consolidated sales; the Russian market records a significant increase of 29.4% contributing to 7.8% of consolidated sales. Sales in Japan fall by 15.6% (-12.9% at constant exchange rates and excluding the effect of the Narciso Rodriguez collections) contributing to 5.8% of consolidated sales.

Excellent performance in the rest of world where the Group records sales for EUR 13,722, up 17.0% (23.1% at constant exchange rates) contributing to 15.3% of consolidated sales.

The following table details the revenues by brand for Q1 2008 and 2007.

(Values in thousands of EUR)	I Quarter		I Quarter		Change	
	2008	%	2007	%	Δ	%
Alberta Ferretti	18,710	20.7%	19,129	22.2%	-419	-2.2%
Moschino	40,123	44.4%	37,412	43.4%	2,711	7.2%
Pollini	16,987	18.8%	14,928	17.3%	2,059	13.8%
J.P.Gaultier	8,304	9.2%	8,898	10.3%	-594	-6.7%
Other	6,168	6.9%	5,931	6.8%	237	4.0%
<b>Total</b>	<b>90,292</b>	<b>100.0%</b>	<b>86,298</b>	<b>100.0%</b>	<b>3,994</b>	<b>4.6%</b>

In Q1 2008, Alberta Ferretti brand decreases by 2.2% (-1.0% at constant exchange rates), generating 20.7% of consolidated sales, largely due to higher anticipated sales of the Spring\Summer 08 collections already delivered in Q4 2007. Moschino brand sales continue to grow 7.2% (+10.5% at constant exchange rates) contributing to 44.4% of consolidated sales.

Good results also for Pollini, whose sales rise by 13.8%, generating 18.8% of consolidated sales, while brand under licence JP Gaultier decreases by 6.7% (-4.1% at constant exchange rates) contributing to 9.2% of consolidated sales.

The other brands sales grow by 4.0% (37.4% at constant exchange rates and excluding Narciso Rodriguez collections) contributing to 6.9% of consolidated sales.

The following table details the revenues by distribution channel for Q1 2008 and 2007.

(Values in thousands of EUR)	I Quarter		I Quarter		Change	
	2008	%	2007	%	Δ	%
Wholesale	69,306	76.8%	65,524	75.9%	3,782	5.8%
Retail	16,107	17.8%	17,100	19.8%	-993	-5.8%
Royalties	4,879	5.4%	3,674	4.3%	1,205	32.8%
<b>Total</b>	<b>90,292</b>	<b>100.0%</b>	<b>86,298</b>	<b>100.0%</b>	<b>3,994</b>	<b>4.6%</b>

By distribution channel in Q1 2008, wholesale sales grow by 5.8% (+9.4% at constant exchange and excluding the effect of Narciso Rodriguez collections) contributing to 76.8% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 16,107 thousand with a decrease of 5.8% (-1.7% at constant exchange rates and excluding the effect of Narciso Rodriguez collections) contributing to 17.8% of consolidated sales.

Royalty income is 32.8% higher than in the corresponding period of 2007 representing 5.4% of consolidated sales.

The following table details the revenues by own brand and brand under licence for Q1 2008 and 2007.

(Values in thousands of EUR)	I Quarter		I Quarter		Change	
	2008	%	2007	%	Δ	%
Own brands	76,000	84.2%	71,627	83.0%	4,373	6.1%
Brands under license	14,292	15.8%	14,671	17.0%	-379	-2.6%
<b>Total</b>	<b>90,292</b>	<b>100.0%</b>	<b>86,298</b>	<b>100.0%</b>	<b>3,994</b>	<b>4.6%</b>

The revenues generated by own brands rise in absolute value by EUR 4,373 thousand (+6.1% compared with the previous year), with an incidence on total revenues which increases from 83.0% in Q1 2007 to 84.2% in Q1 2008.



## **2. Gross Operating Margin (EBITDA)**

### *1 Quarter 2008 vs 2007*

In Q1 2008, consolidated EBITDA amounts to EUR 16,040 thousand, up 5.3% compared to EUR 15,228 thousand in Q1 2007, and represents 17.8% of consolidated sales. EBITDA calculated at constant exchange rates would have been EUR 16,165 thousand, up 6.2%, representing 17.6% of consolidated sales.

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

### *1 Quarter 2008 vs 2007*

Consolidated net profit for the Group grows by 20.3% from EUR 5,016 thousand in Q1 2007 to EUR 6,036 thousand in Q1 2008, benefiting by the improvement in operating income and by the reduction in the tax rate from 46% in Q1 2007 to 38% in Q1 2008. This reduction is due both to the lower incidence of the IRAP tax and to the lower tax rates approved by the Italian 2008 Financial Act.

## **Segment information**

### ***Economic performance by Divisions***

At international level, the Group is divided into two main business sectors:

- (i) *Prêt-à porter* Division;
- (ii) Footwear and leather goods Division.

### *I Quarter 2008 vs 2007*

The following tables indicate the main economic data for Q1 2008 and 2007 of the *Prêt-à porter* and Footwear and leather goods Divisions.

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
I Quarter 08				
<b>SECTOR REVENUES</b>	<b>70,643</b>	<b>24,206</b>	<b>-4,557</b>	<b>90,292</b>
of which intercompany	890	3,667	4,557	
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>13,624</b>	<b>2,416</b>		<b>16,040</b>
Total Amortisation and write-downs	-2,003	-506		-2,509
<b>NET OPERATING PROFIT (EBIT)</b>	<b>11,621</b>	<b>1,910</b>		<b>13,531</b>
<b>OTHER INFORMATION</b>				
Investments	1,750	233		1,983
Amortisations	2,003	506		2,509
Revaluations (write-downs)				
Other non monetary costs				

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
I Quarter 07				
<b>SECTOR REVENUES</b>	<b>69,962</b>	<b>20,755</b>	<b>-4,419</b>	<b>86,298</b>
of which intercompany	1,012	3,407	4,419	
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>13,851</b>	<b>1,377</b>		<b>15,228</b>
Total Amortisation and write-downs	-2,033	-507		-2,540
<b>NET OPERATING PROFIT (EBIT)</b>	<b>11,818</b>	<b>870</b>		<b>12,688</b>
<b>OTHER INFORMATION</b>				
Investments	1,851	456		2,307
Amortisations	1,951	507		2,458
Revaluations (write-downs)	82			82
Other non monetary costs				

### Prêt-à porter Division

The revenues of the prêt-à-porter division increase by 1.0% (+5.2% at constant exchange rates and excluding the effect of Narciso Rodriguez collections) to EUR 70,643 thousand. This division contributes to 77.1% of consolidated revenues in Q1 2007 and 74.5% in Q1 2008, before inter-divisional eliminations.

EBITDA of the *prêt-à-porter* division is EUR 13,624 thousand in Q1 2008 with a decrease of 1.6% (-0.7% at constant exchange rates) compared to EUR 13,851 thousand in Q1 2007, and represents 19.3% of consolidated sales.

### Footwear and leather goods Division

The revenues of the footwear and leather goods division rise by 16.6% from EUR 20,755 thousand in Q1 2007 to EUR 24,206 thousand in Q1 2008.

The EBITDA of the footwear and leather goods division rises by 75.4% to EUR 2,416 thousand compared to EUR 1,377 thousand in the corresponding period of the previous year, representing 10.0% of consolidated sales (6.6% in Q1 2007).

## **Balance sheet**

Compared to 31<sup>st</sup> December 2007, the Group's balance sheet as of 31<sup>st</sup> March 2008 shows an increase in shareholders' equity from EUR 164,764 thousand to EUR 170,007 thousand and an increase in net financial indebtedness from EUR 38,484 thousand to EUR 47,068 thousand, as a consequence of the seasonality of the business.

## **4. Net working capital**

Net working capital amounts to EUR 68,691 thousand (23.1% of LTM revenues), compared with EUR 51,588 thousand (17.6% of revenues) as of 31<sup>st</sup> December 2007. The increase in net working capital is due to the seasonality of our business.

## **5. Fixed assets**

Capex in Q1 2008 is mainly related to the refurbishment of boutique and buildings.

## **6. Shareholders' equity**

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

## **7. Net financial position**

The net financial position increase of EUR 8.584 thousand due to the seasonality of our business, from EUR 38,484 thousand as of 31<sup>st</sup> December 2007 to EUR 47,068 thousand as of 31<sup>st</sup> March 2008.

## **Other information**

### **Earnings per share**

Basic earnings per share:

(Values in thousands of EUR)	I Quarter 2008	I Quarter 2007
Consolidated earnings for the period for shareholders of the parent company	6,036	5,016
Medium number of shares for the period	107,363	86,481
<b>Basic earnings per share</b>	<b>0.056</b>	<b>0.058</b>

### **Measurement basis**

The main accounting policies and measurement basis adopted in preparing the consolidated financial statements as of 31<sup>st</sup> March 2008 are the same used in preparing the consolidated financial statements as of 31<sup>st</sup> March 2007.

### **Significant events subsequent the balance sheet date**

After the 31<sup>st</sup> March 2008 no significant events regarding the Group's activities have to be reported.

### **Outlook**

The results of operations during Q1 2008 fully confirm management's expectations, and earlier forecasts for an increase over the entire year, with both revenues and margins improving with respect to the corresponding period of the prior year.

### **Atypical and/or unusual transactions**

Pursuant to Consob communication n. DEM/6064296 dated 28<sup>th</sup> July 2006, it is confirmed that the Group did not enter into any atypical and/or unusual transactions, as defined in that communication, during Q1 2008.

### **Significant non-recurring events and transactions**

During Q1 2008 and Q1 2007 no non-recurring events or transactions have been realised.

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