PRADA S.p.A.

Via A. Fogazzaro n. 28, Milan, Italy
Registry of Companies of Milan, Italy: No. 10115350158
(Incorporated under the laws of Italy as a joint-stock company)
(Stock Code: 1913)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JULY 31, 2012

FINANCIAL HIGHLIGHTS

- Group's net revenues were Euro 1,547.4 million, recording an increase of 36.4% compared with the six months ended July 31, 2011
- Retail net sales were Euro 1,230.0 million, up by 47.2% compared with the six months ended July 31, 2011
- the number of Directly Operated Stores (DOS) reached 414
- Retail Same Store Sale Growth (SSSG) was 19% compared with the six months ended July 31, 2011
- EBITDA was Euro 469.4 million (representing a margin of 30.3% on net revenues)
- Group's net income amounted Euro 286.4 million, an increase of 59.5% compared to Euro 179.5 million for the six months ended July 31, 2011
- Positive net financial position at Euro 82.5 million as at July 31, 2012
- Net operating cash flow for the six months ended July 31, 2012, was Euro 332.2 million

Consolidated results for the six months ended July 31, 2012

The Board of Directors (the "Board") of PRADA S.p.A. (the "Company", or "PRADA spa") is pleased to announce the unaudited Consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended July 31, 2012. The following financial information has been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union. The consolidated results of the Group for the year ended January 31, 2012, and for the period ended July 31, 2011, were audited by Deloitte & Touche spa.

Key financial information

Key income statement information (amounts in thousands of Euro)	six months ended July 31 2011 audited	twelve months ended January 31, 2012 audited	six months ended July 31 2012 unaudited	% change on July 2011
Net revenues	1,134,281	2,555,606	1,547,373	36.4%
EBITDA	315,005	759,252	469,373	49.0%
EBIT	253,378	628,935	394,882	55.8%
Income before tax	241,778	602,908	391,971	62.1%
Net income of the Group	179,532	431,929	286,409	59.5%
Average headcount (persons)	7,740	8,067	9,101	17.6%
Earnings per share	0.07	0.17	0.11	56.6%
EBITDA %	27.8%	29.7%	30.3%	
EBIT %	22.3%	24.6%	25.5%	

Key Statement of financial position information (amounts in thousands of Euro)	as at July 31 2011 audited	as at January 31, 2012 audited	as at July 31 2012 unaudited	change on January 2012
Net operating working capital	354,507	357,648	351,874	(5,774)
Net invested capital	1,680,572	1,817,327	1,944,812	127,485
Net financial position surplus/(deficit) - including payable for withholding on dividends	(134,365)	13,640	82,532	68,892
Group shareholders' equity	1,541,134	1,822,743	2,017,482	194,739
Capital expenditure	134,726	278,856	121,688	-
Net operating cash flows	209,598	479,954	332,192	-

Highlights for the six months ended July 31, 2012

The results achieved by the Group in the first half of 2012 once again confirmed its track record of brilliant growth. In a difficult economic environment, with widespread recession in the Euro zone and some economic slowdown in other regions, Prada managed to achieve one of the highest growth rates in the worldwide luxury goods market, further strengthening its major position in the business.

The Group's retail expansion strategy enabled a further increase in profitability, which also benefitted from favorable exchange rates.

The Group's consolidated net revenues for the six months ended July 31, 2012, amounted to Euro 1,547.4 million, a 36.4% increase compared to the same period of 2011, when net revenues totaled Euro 1,134.3 million. In line with the first quarter ended April 30, 2012, Same Store Sales Growth (SSSG) for the six months period was very solid at 19%, while double digit growth was achieved across all markets.

The Directly Operated Stores (DOS) network expansion program saw the Group opening its first ever DOS in Brazil, Mexico, Morocco and Ukraine while consolidating established markets with new openings and important renovations.

EBITDA for the first six months improved 49% to Euro 469.4 million compared to Euro 315 million posted in the six months ended July 31, 2011. Contribution to net revenues advanced to 30.3% from 27.8% for the previous period, improving further the 29.1% recorded in the first quarter of 2012.

The Group's net income amounted to Euro 286.4 million, showing a 59.5% increase compared to Euro 179.5 million for the first half of 2011.

Results from operations and tight control on net working capital needs delivered strong cash flows that, net of investments for Euro 140 million and dividends cash-out for Euro 126 million, allowed the Group to further improve net financial surplus to Euro 82.5 million from Euro 13.6 million at January 31, 2012.

Consolidated income statement for the six months ended July 31, 2012

(amounts in thousands of Euro)	Note	six months ended July 31 2012 unaudited	%	six months ended July 31 2011 audited	%
Net revenues	3	1,547,373	100.0%	1,134,281	100.0%
Cost of goods sold		(440,872)	-28.5%	(329,098)	-29.0%
Gross margin		1,106,501	71.5%	805,183	71.0%
Operating expenses	4	(711,619)	-46.0%	(551,805)	-48.6%
EBIT		394,882	25.5%	253,378	22.3%
Interest and other financial income/(expenses), net	5	(2,911)	-0.2%	(11,600)	-1.0%
Income before taxes		391,971	25.3%	241,778	21.3%
Taxation	6	(102,756)	-6.6%	(60,577)	-5.3%
Net income from continuing operations		289,215	18.7%	181,201	16.0%
Net income for the period		289,215	18.7%	181,201	16.0%
Net income – Non-controlling interests		2,806	0.2%	1,669	0.1%
Net income – Group		286,409	18.5%	179,532	15.8%
Depreciation, amortization and impairment		74,491	4.8%	61,627	5.4%
EBITDA		469,373	30.3%	315,005	27.8%
Basic and diluted earnings per share (in Euro per share)	7	0.112		0.071	

Consolidated income statement for the three months ended July 31, 2012

(amounts in thousands of Euro)	Note	three months ended July 31 2012 unaudited	%	three months ended July 31 2011 unaudited	%
Net revenues	3	860,639	100.0%	669,990	100.0%
Cost of goods sold		(250,564)	-29.1%	(206,003)	-30.7%
Gross margin		610,075	70.9%	463,987	69.3%
Operating expenses		(379,976)	-44.2%	(290,742)	-43.4%
EBIT		230,099	26.7%	173,245	25.9%
Interest and other financial income/(expenses), net		(4,371)	-0.5%	(9,545)	-1.4%
Income before taxes		225,728	26.2%	163,700	24.4%
Taxation		(59,800)	-6.9%	(41,019)	-6.1%
Net income from continuing operations		165,928	19.3%	122,681	18.3%
Net income for the period		165,928	19.3%	122,681	18.3%
Net income – Non-controlling interests		1,238	0.1%	825	0.1%
Net income – Group		164,690	19.1%	121,856	18.2%
Depreciation, amortization and impairment		39,176	4.6%	28,817	4.3%
EBITDA		269,275	31.3%	202,062	30.2%

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	as at July 31 2012 unaudited	as at January 31 2012 audited
Assets			
Current assets			
Cash and cash equivalents		391,594	362,284
Trade receivables, net	9	292,043	266,404
Inventories	8	380,688	374,782
Derivative financial instruments - current		108	894
Receivables and prepayments from parent company and other related parties		30,189	12,864
Other current assets		125,436	100,275
Total current assets		1,220,058	1,117,503
Non-current assets			
Property, plant and equipment	10	777,425	713,870
Intangible assets	10	860,986	863,526
Associated undertakings		19,459	15,631
Deferred tax assets		207,331	175,736
Other non-current assets		64,038	57,302
Total non-current assets		1,929,239	1,826,065
Total Assets		3,149,297	2,943,568
Liabilities and Shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans		238,518	165,485
Payables to parent company and other related parties		4,358	4,361
Trade payables	11	320,857	283,538
Current tax liabilities		112,746	117,770
Derivative financial instruments - current		23,201	15,200
Obligations under finance leases - current		965	1,453
Other current liabilities		114,605	128,777
Total current liabilities		815,250	716,584
Non-current liabilities			
Long-term financial payables		63,545	178,442
Obligations under finance leases non-current		609	1,100
Post-employment benefits		41,526	35,898
Provision for contingencies and commitments		58,543	56,921
Deferred tax liabilities		52,186	47,665
Other non-current liabilities		89,682	75,656
Derivative financial instruments non-current		612	335
Total non-current liabilities		306,703	396,017
Total Liabilities		1,121,953	1,112,601
Share capital		255,882	255,882
Other reserves		1,450,837	1,152,171
Translation reserve		24,354	(17,239)
Net profit for the period		286,409	431,929
Total Shareholders' Equity – Group		2,017,482	1,822,743
Shareholders' Equity – Non-controlling interests		9,862	8,224
Total Liabilities and Shareholders' Equity		3,149,297	2,943,568
Net current assets		404,808	400,919
Total assets less current liabilities		2,334,047	2,226,984

Statement of changes in consolidated shareholders' equity (amounts in thousands of Euro, except for number of shares)

(amounts in thousands of Euro)	Number of Shares	Share Capital	Share premium reserve	Translation reserve	Other reserves	Net profit	Equity attributable to owners of the Group	Non-controlling interests	Total Equity
Balance at January 31, 2011 audited	250,000,000	250,000	209,298	(40,012)	534,245	250,819	1,204,350	5,788	1,210,138
Allocation of 2010 net profit	-	-	-	-	250,819	(250,819)	-	-	-
Conversion of shares from Euro 1.0 to Euro 0.1	2,500,000,000	-	-	-	-	-	-	-	-
Issue of new shares	58,824,000	5,882	200,749	-	-	-	206,631	-	206,631
Dividends	-	-	-	-	(35,000)	-	(35,000)	(3,886)	(38,886)
Capital injection in subsidiaries	-	-	-	-	-	-	-	1,412	1,412
Comprehensive income for the year	-	-	-	22,773	(7,940)	431,929	446,762	4,910	451,672
Balance at January 31, 2012 audited	2,558,824,000	255,882	410,047	(17,239)	742,124	431,929	1,822,743	8,224	1,830,967
Allocation of 2011 net profit	-	-	-	-	431,929	(431,929)	-	-	-
Dividends	-	-	-	-	(127,941)	-	(127,941)	(2,645)	(130,586)
Capital injection in subsidiaries	-	-	-	-	-	-	-	1,161	1,161
Comprehensive income for the period	-	-	-	41,593	(5,323)	286,409	322,680	3,122	325,802
Balance at July 31, 2012 Unaudited	2,558,824,000	255,882	410,047	24,354	1,040,790	286,409	2,017,482	9,862	2,027,344

Under Italian law, the Company is required to allocate a portion of its net profit to non-distributable reserves and to provide additional information on the distribution of earnings for the period.

Statement of consolidated comprehensive income

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited	twelve months ended January 31 2012 audited
Net income for the period – Consolidated	289,215	436,425
Change in Translation reserve	41,910	23,204
Tax impact	-	-
Change in Translation reserve less tax impact	41,910	23,204
Change in Cash Flow Hedge reserve	(9,475)	(10,432)
Tax impact	2,619	2,795
Change in Cash Flow Hedge reserve less tax impact	(6,856)	(7,637)
Change in Actuarial reserve	(1,843)	(705)
Tax impact	507	443
Change in Actuarial reserve less tax impact	(1,336)	(262)
Change in Fair Value reserve	3,826	(77)
Tax impact	(957)	19
Change in Fair Value reserve less tax impact	2,869	(58)
Consolidated comprehensive income for the period	325,802	451,672
Comprehensive income for the period – Non-controlling Interests	3,122	4,910
Comprehensive income for the period - Group	322,680	446,762

Net invested capital

The following table reports the Statement of financial position as adjusted in order to provide a better picture of the composition of the Net invested capital.

(amounts in thousands of Euro)	as at July 31 2012 unaudited	as at January 31 2012 audited
Non-current assets (excluding deferred tax assets)	1,721,908	1,650,329
Trade receivables, net	292,043	266,404
Inventories, net	380,688	374,782
Trade payables	(320,857)	(283,538)
Net operating working capital	351,874	357,648
Other current assets (excluding financial position items)	152,692	112,623
Other current liabilities (excluding financial position items)	(246,444)	(262,534)
Other current assets/(liabilities), net	(93,752)	(149,911)
Provisions for risks	(58,543)	(56,921)
Post-employment benefits	(41,526)	(35,898)
Other long-term liabilities	(90,294)	(75,991)
Deferred taxation, net	155,145	128,071
Other non-current assets/(liabilities), net	(35,218)	(40,739)
Net invested capital	1,944,812	1,817,327
Shareholders’ equity – Group	(2,017,482)	(1,822,743)
Shareholders’ equity – Non Controlling Interests	(9,862)	(8,224)
Total consolidated Shareholders’ equity	(2,027,344)	(1,830,967)
Long term financial payables	(64,154)	(179,542)
Short term financial , net surplus/(deficit)	151,978	193,182
Payable for withholding on dividends	(5,292)	-
Net financial position surplus/(deficit) – including payable for withholding on dividends	82,532	13,640
Shareholders’ equity and Net financial position	(1,944,812)	(1,817,327)

Net financial position surplus/(deficit)

(amounts in thousands of Euro)	as at July 31 2012 unaudited	as at January 31 2012 audited
Long term debt	(63,545)	(178,442)
Obligations under finance leases	(609)	(1,100)
Long term financial payables	(64,154)	(179,542)
Bank overdraft and short term loans	(238,518)	(165,485)
Payables to related parties	(3,173)	(3,574)
Receivables from related parties	3,040	1,410
Obligations under finance leases	(965)	(1,453)
Cash and cash equivalents	391,594	362,284
Short term net financial surplus/(deficit)	151,978	193,182
Net financial position surplus/(deficit)	87,824	13,640
Payable for withholding on dividends	(5,292)	-
Net financial position surplus/(deficit) including payable for withholding on dividends	82,532	13,640
Net financial position surplus/(deficit) – third parties (i.e. excluding financial receivables and payables with related parties)	87,957	15,804
Net financial position surplus/(deficit) – third parties including payable for withholding on dividends	82,665	15,804

Summarized statement of consolidated cash flows

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited	six months ended July 31 2011 audited
Net cash flows from operating activities	332,191	209,598
Cash flows generated (utilized) by investing activities	(140,054)	(134,880)
Cash flows generated (utilized) by financing activities	(168,045)	99,518
Change in cash and cash equivalents, net of bank overdrafts	24,092	174,236

Notes to the Interim condensed consolidated results for the six months ended July 31, 2012

1. Presentation of PRADA Group

PRADA spa (the "Company"), together with its subsidiaries (jointly the "Group"), is listed on the Hong Kong Stock Exchange (HKSE code: 1913) and is one of the world leaders in the luxury goods sector where it operates with the Prada, Miu Miu, Church's and Car Shoe brands in the design, production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates, under licensing agreements, in the eyewear, fragrances and mobile telephone sectors. Its products are sold in 70 countries worldwide through a network that included 414 Directly Operated Stores (DOS) at July 31, 2012, and a selected network of luxury department stores, independent retailers and franchise stores.

The Company is a joint-stock company, registered and domiciled in Italy. Its registered office is in Via Fogazzaro 28, Milan, Italy.

2. Basis of preparation

The Interim condensed consolidated financial statements of PRADA Group for the six months ending July 31, 2012, including the "Consolidated statement of financial position", the "Consolidated income statement", the "Statement of consolidated cash flows", the "Statement of changes in consolidated shareholders' equity", the "Statement of consolidated comprehensive income" and the "Notes to the Interim condensed consolidated financial statements" have been prepared in accordance with IAS 34 "Interim financial reporting" as endorsed by the European Union.

The Interim condensed consolidated financial statements should be read together with the Consolidated financial statements of the PRADA Group for the twelve months ended January 31, 2012. Such year-end Consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union.

At the date of presentation of these Interim condensed consolidated financial statements, there were no differences between IFRS as endorsed by the European Union and applicable to the PRADA Group and those issued by the IASB.

The Interim results announcement for the six months ended July 31, 2012, refers to the contents included in the 2012 Interim financial report. The 2012 Interim financial report, including the Interim condensed consolidated financial statements and the Financial Review, has been prepared in accordance with the same accounting policies adopted in the 2011 Annual report.

IFRS also refers to all International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Standard

Interpretations Committee ("IFRSIC"), previously called the Standing Interpretations Committee (SIC).

3. Operating segment

IFRS 8 requires that detailed information be provided for each operating segment that makes up the business. An operating segment is intended as a business division whose operating results are regularly reviewed by top management so that they can make decisions about the resources to be allocated to the segment and assess its performance.

The Group's matrix-based organizational structure - whereby responsibility is assigned cross-functionally in relation to brands, products, distribution channels and geographical areas, together with the complementary nature of the production processes of the various brands and the many relationships between the different business segments – means that operating segments that meet the IFRS 8 definition cannot be identified, as top management is only provided with income statement results on a Group wide level. For this reason, the business has been considered as a single operating segment as this better represents the specific characteristics of the PRADA Group business model.

Detailed information on net revenues by brand, geographical area, products and distribution channel is provided below.

Net revenues analysis

Net revenues for the six months ended July 31, 2012

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited		six months ended July 31 2011 audited		% change
Net sales by geographical area					
Italy	259,326	17.0%	213,444	19.1%	21.5%
Europe	348,691	22.9%	250,664	22.4%	39.1%
Americas	224,702	14.7%	171,853	15.4%	30.8%
Asia Pacific	532,471	34.9%	367,995	32.9%	44.7%
Japan	143,874	9.5%	107,193	9.6%	34.2%
Other countries	15,623	1.0%	6,254	0.6%	149.8%
Total	1,524,687	100.0%	1,117,403	100%	36.4%
Net sales by brand					
Prada	1,233,433	80.9%	878,383	78.6%	40.4%
Miu Miu	245,971	16.1%	198,872	17.8%	23.7%
Church's	31,010	2.0%	27,003	2.4%	14.8%
Car Shoe	11,342	0.8%	9,711	0.9%	16.8%
Other	2,931	0.2%	3,434	0.3%	-14.6%
Total	1,524,687	100.0%	1,117,403	100.0%	36.4%
Net sales by product line					
Clothing	248,677	16.3%	212,371	19.0%	17.1%
Leather goods	943,060	61.8%	617,657	55.3%	52.7%
Footwear	315,290	20.7%	275,048	24.6%	14.6%
Other	17,660	1.2%	12,327	1.1%	43.3%
Total	1,524,687	100.0%	1,117,403	100.0%	36.4%
Net sales by distribution channel					
DOS	1,229,966	80.7%	835,372	74.8%	47.2%
Independent customers and franchises	294,721	19.3%	282,031	25.2%	4.5%
Total	1,524,687	100.0%	1,117,403	100.0%	36.4%
Net sales	1,524,687	98.5%	1,117,403	98.5%	36.4%
Royalties	22,686	1.5%	16,878	1.5%	34.4%
Total net revenues	1,547,373	100.0%	1,134,281	100.0%	36.4%

Prada brand sales

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited		six months ended July 31 2011 audited		% change
Net sales by geographical area					
Italy	207,661	16.9%	164,797	18.8%	26.0%
Europe	274,336	22.2%	188,969	21.5%	45.2%
Americas	194,284	15.8%	146,278	16.6%	32.8%
Asia Pacific	442,962	35.9%	298,307	34.0%	48.5%
Japan	101,458	8.2%	75,275	8.6%	34.8%
Other countries	12,732	1.0%	4,757	0.5%	167.6%
Total	1,233,433	100.0%	878,383	100.0%	40.4%
Net sales by product line					
Clothing	204,468	16.6%	180,417	20.5%	13.3%
Leather goods	786,806	63.8%	488,613	55.6%	61.0%
Footwear	226,589	18.4%	198,363	22.6%	14.2%
Other	15,570	1.2%	10,990	1.3%	41.7%
Total	1,233,433	100.0%	878,383	100.0%	40.4%
Net sales by distribution channel					
DOS	1,004,849	81.5%	659,901	75.1%	52.3%
Independent customers and franchises	228,584	18.5%	218,482	24.9%	4.6%
Total	1,233,433	100.0%	878,383	100.0%	40.4%
Net sales	1,233,433	98.2%	878,383	98.1%	40.4%
Royalties	21,972	1.8%	16,582	1.9%	32.5%
Total net revenues	1,255,405	100.0%	894,965	100.0%	40.3%

Miu Miu brand sales

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited		six months ended July 31 2011 audited		% change
Net sales by geographical area					
Italy	37,294	15.2%	33,993	17.1%	9.7%
Europe	50,618	20.6%	41,491	20.9%	22.0%
Americas	28,686	11.7%	24,294	12.2%	18.1%
Asia Pacific	85,471	34.7%	66,370	33.4%	28.8%
Japan	41,399	16.8%	31,502	15.8%	31.4%
Other countries	2,503	1.0%	1,222	0.6%	105.0%
Total	245,971	100.0%	198,872	100.0%	23.7%
Net sales by product line					
Clothing	43,712	17.8%	31,601	15.9%	38.3%
Leather goods	154,055	62.6%	127,103	63.9%	21.2%
Footwear	46,114	18.7%	38,830	19.5%	18.8%
Other	2,090	0.9%	1,338	0.7%	56.2%
Total	245,971	100.0%	198,872	100.0%	23.7%
Net sales by distribution channel					
DOS	200,031	81.3%	153,181	77.0%	30.6%
Independent customers and franchises	45,940	18.7%	45,691	23.0%	0.5%
Total	245,971	100.0%	198,872	100.0%	23.7%
Net sales	245,971	99.7%	198,872	99.9%	23.7%
Royalties	651	0.3%	241	0.1%	170.1%
Total net revenues	246,622	100.0%	199,113	100.0%	23.9%

Church's brand sales

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited		six months ended July 31 2011 audited		% change
Net sales by geographical area					
Italy	6,865	22.1%	7,369	27.3%	-6.8%
Europe	18,894	60.9%	15,665	58.0%	20.6%
Americas	1,372	4.4%	1,116	4.2%	22.9%
Asia Pacific	2,715	8.8%	2,322	8.6%	16.9%
Japan	1,017	3.3%	413	1.5%	146.2%
Other countries	147	0.5%	118	0.4%	24.6%
Total	31,010	100.0%	27,003	100.0%	14.8%
Net sales by product line					
Clothing	440	1.4%	256	0.9%	71.9%
Leather goods	950	3.1%	662	2.5%	43.5%
Footwear	29,620	95.5%	26,085	96.6%	13.6%
Total	31,010	100.0%	27,003	100.0%	14.8%
Net sales by distribution channel					
DOS	19,708	63.6%	17,318	64.1%	13.8%
Independent customers and franchises	11,302	36.4%	9,685	35.9%	16.7%
Total	31,010	100.0%	27,003	100.0%	14.8%
Net sales	31,010	99.8%	27,003	99.8%	14.8%
Royalties	63	0.2%	55	0.2%	14.5%
Total net revenues	31,073	100.0%	27,058	100.0%	14.8%

Car Shoe brand sales

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited		six months ended July 31 2011 audited		var. %
Net sales by geographical area					
Italy	6,832	60.2%	6,545	67.4%	4.4%
Europe	2,587	22.8%	1,890	19.5%	36.9%
Americas	359	3.2%	145	1.5%	147.6%
Asia Pacific	1,323	11.7%	973	10.0%	36.0%
Other countries	241	2.1%	158	1.6%	52.5%
Total	11,342	100.0%	9,711	100.0%	16.8%
Net sales by product line					
Leather goods	1,239	10.9%	1,250	12.9%	-0.9%
Footwear	10,103	89.1%	8,461	87.1%	19.4%
Total	11,342	100.0%	9,711	100.0%	16.8%
Net sales by distribution channel					
DOS	4,705	41.5%	4,161	42.8%	13.1%
Independent customers and franchises	6,637	58.5%	5,550	57.2%	19.6%
Total	11,342	100.0%	9,711	100.0%	16.8%
Net sales	11,342	100.0%	9,711	100.0%	16.8%
Total net revenues	11,342	100.0%	9,711	100.0%	16.8%

Net revenues analysis for the three months ended July 31, 2012

(amounts in thousands of Euro)	three months ended July 31 2012 unaudited		three months ended July 31 2011 unaudited		% change
Net sales by geographical area					
Italy	149,261	17.5%	141,811	21.4%	5.3%
Europe	200,674	23.6%	156,294	23.6%	28.4%
Americas	138,242	16.2%	107,368	16.2%	28.8%
Asia Pacific	279,698	32.9%	195,973	29.6%	42.7%
Japan	73,210	8.6%	56,260	8.5%	30.1%
Other countries	10,325	1.2%	4,194	0.7%	146.2%
Total	851,410	100.0%	661,900	100.0%	28.6%
Net sales by brand					
Prada	691,894	81.3%	525,003	79.3%	31.8%
Miu Miu	138,633	16.3%	116,818	17.7%	18.7%
Church's	14,706	1.7%	13,341	2.0%	10.2%
Car Shoe	5,040	0.6%	5,333	0.8%	-5.5%
Other	1,137	0.1%	1,405	0.2%	-19.1%
Total	851,410	100.0%	661,900	100.0%	28.6%
Net sales by product line					
Clothing	134,840	15.8%	124,602	18.8%	8.2%
Leather goods	525,803	61.8%	353,959	53.5%	48.5%
Footwear	180,596	21.2%	176,260	26.6%	2.5%
Other	10,171	1.2%	7,079	1.1%	43.7%
Total	851,410	100.0%	661,900	100.0%	28.6%
Net sales by distribution channel					
DOS	660,314	77.6%	453,101	68.5%	45.7%
Independent customers and franchises	191,096	22.4%	208,799	31.5%	-8.5%
Total	851,410	100.0%	661,900	100.0%	28.6%
Net sales	851,410	98.9%	661,900	98.8%	28.6%
Royalties	9,229	1.1%	8,089	1.2%	14.1%
Total net revenues	860,639	100.0%	669,989	100.0%	28.5%

Number of stores

	July 31 2012		January 31 2012		July 31 2011	
	DOS	franchises	DOS	franchises	DOS	franchises
Prada	263	19	245	20	218	24
Miu Miu	102	6	94	6	82	6
Church's	43	-	43	-	40	-
Car Shoe	6	-	6	-	5	-
Total	414	25	388	26	345	30

	July 31 2012		January 31 2012		July 31 2011	
	DOS	franchises	DOS	franchises	DOS	franchises
Italy	46	5	44	5	42	5
Europe	125	6	115	6	97	12
Americas	54	-	47	1	40	-
Asia Pacific	119	14	115	14	108	13
Japan	64	-	65	-	58	-
Middle East	3	-	2	-	-	-
Africa	3	-	-	-	-	-
Total	414	25	388	26	345	30

4. Operating Expenses

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited	% of net revenues	six months ended July 31 2011 audited	% of net revenues
Product design and development costs	56,226	3.6%	51,453	4.5%
Advertising and communications costs	68,295	4.4%	53,915	4.8%
Selling costs	488,920	31.6%	357,156	31.5%
General and administrative costs	98,178	6.3%	89,281	7.9%
Total	711,619	46.0%	551,805	48.6%

5. Interest and other financial expenses, net

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited	six months ended July 31 2011 audited
Interests expenses on borrowings	(6,184)	(8,966)
Interest income	2,557	583
Exchange gains / (losses) – realized	8,203	35
Exchange gains/ (losses) – unrealized	(5,074)	(924)
Other financial income / (expenses)	(2,413)	(2,328)
Total	(2,911)	(11,600)

6. Taxation

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited	six months ended July 31 2011 audited
Current taxation	119,942	82,007
Deferred taxation	(17,186)	(21,430)
Income taxes	102,756	60,577

7. Earnings and dividends per share

Earnings per share

Earnings per share are calculated by dividing the net income attributable to Group's shareholders by the weighted average number of ordinary shares in issue.

	six months ended July 31 2012 unaudited	six months ended July 31 2011 audited
Group's net income in Euro	286,408,505	179,531,725
Weighted average number of ordinary shares in issue	2,558,824,000	2,512,349,790
Earnings per share in Euro, calculated on weighted average number of shares	0.112	0.071

On May 26, 2011, a Shareholders' Meeting of PRADA spa resolved to change the par value of the Company's shares from Euro 1 to Euro 0.1 each. In accordance with IAS 33, the number of shares in issue in 2011 was retrospectively adjusted for the purposes of the calculation of earnings per share.

Dividends per share

During the period ended July 31, 2012, the Company distributed dividends for Euro 127,941,200, as approved by the Annual General Meeting held on May 22, 2012, to approve the financial statements for the year ended January 31, 2012. The payment was arranged on July 3, 2012, and the outstanding balance was Euro 5.3 million at July 31, 2012, shown under Other current liabilities in the Statement of financial position, related to the Italian withholding tax payable, as arising from the application to the whole amount of dividends payable to beneficial owners of the Company shares held through the Hong Kong Central Clearing and Settlement System of the Italian ordinary withholding tax rate for dividends paid to non-Italian residents on or after January 1, 2012 (i.e. 20%).

During the period ended July 31, 2011, the Company distributed dividends of Euro 35 million, as approved by the Shareholders' Meeting held on March 28, 2011, to approve the financial statements for the year ended January 31, 2011. Some Euro 32.5 million of the dividend liability arising was offset against receivables due from parent company PRADA Holding bv while the remaining amount was paid in April 2011.

8. Inventories

(amounts in thousands of Euro)	as at July 31 2012 unaudited	as at January 31 2012 audited
Raw materials	77,094	66,575
Work in progress	23,531	17,187
Finished products	351,945	360,379
Allowance for obsolete and slow moving inventories	(71,882)	(69,359)
Total	380,688	374,782

The containment in finished products was achieved following planned actions aimed at further improving the sell-through retail ratio so as to better react to market changes and reduce risks.

Movements on the allowance for obsolete and slow moving inventories are analyzed as follows:

(amounts in thousands of Euro)	Raw materials	Finished Products	Total
Balance at January 31, 2012 (audited)	29,754	39,605	69,359
Exchange differences	4	21	25
Increases	1,500	1,126	2,626
Decreases	-	(1)	(1)
Other movements	-	(127)	(127)
Balance at July 31, 2012 (unaudited)	31,258	40,624	71,882

9. Trade receivables, net

The Group manages the credit risk and reduces negative effects through its commercial and financial strategy. Credit risk management is performed by controlling and monitoring the reliability and solvency of customers. At the same time, the fact that the total receivables balance is not highly concentrated on individual customers and the fact that net sales are evenly spread geographically lead to a reduced risk of financial losses.

Trade receivables are detailed as follows:

(amounts in thousands of Euro)	as at July 31 2012 unaudited	as at January 31 2012 audited
Trade receivables from third parties	270,607	247,577
Trade receivables from related parties	21,436	18,827
Total	292,043	266,404

Trade receivables from related parties included a total amount of Euro 21.1 million essentially arising from sales of finished products and royalties to companies owned by the main shareholder of PRADA Holding bv and operating the retail business under franchise agreements.

Trade receivables from third parties increased by Euro 23 million compared to January 31, 2012, and stood at Euro 270.6 million at July 31, 2012. Higher sales and royalties, together with the weakening of Euro, were the main reasons behind the increase.

(amounts in thousands of Euro)	as at July 31 2012 unaudited	as at January 31 2012 audited
Third parties trade receivables, gross	283,062	259,258
Allowance for bad and doubtful debts	(12,455)	(11,681)
Total third parties trade receivables, net	270,607	247,577

During the six months period, there were no material changes to significantly affect the estimates making up the allowance.

Movements during the period may be analyzed as follows:

(amounts in thousands of Euro)	as at July 31 2012 unaudited	as at January 31 2012 audited
Opening balance	11,681	10,537
Exchange differences	187	198
Increases	917	2,369
Uses	(305)	(866)
Reversals	(25)	(557)
Closing balance	12,455	11,681

The following table contains a summary of total receivables before the allowance for doubtful debts at the reporting date:

(amounts in thousands of Euro)	as at July 31 2012 unaudited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 120
Trade receivables	304,498	255,229	15,702	6,518	7,425	7,153	12,471
Total	304,498	255,229	15,702	6,518	7,425	7,153	12,471

(amounts in thousands of Euro)	as at January 31 2012 audited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 120
Trade receivables	278,085	226,300	18,991	12,096	5,031	2,167	13,500
Total	278,085	226,300	18,991	12,096	5,031	2,167	13,500

The following table contains a summary by due date of trade receivables less the allowance for doubtful accounts at the reporting date:

(amounts in thousands of Euro)	as at July 31 2012 unaudited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 120
Trade receivables less allowance for doubtful accounts	292,043	254,682	15,607	6,335	7,238	7,117	1,064
Total	292,043	254,682	15,607	6,335	7,238	7,117	1,064

(amounts in thousands of Euro)	as at January 31 2012 audited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 120
Trade receivables less allowance for doubtful accounts	266,404	225,313	18,944	12,056	4,864	2,044	3,183
Total	266,404	225,313	18,944	12,056	4,864	2,044	3,183

10. Capital expenditure

Changes in the net book value of “Property, plant and equipment” in the period ended July 31, 2012, are as follows:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improve-ments	Furniture & fittings	Other tangible	Assets under construction	Total net book value
Balance at January 31, 2011 (audited)	145,602	15,042	220,112	72,109	24,695	59,157	536,717
Additions	40,806	7,030	110,797	29,329	18,825	51,820	258,607
Depreciation	(5,055)	(6,635)	(62,899)	(18,691)	(5,850)	-	(99,130)
Disposals	-	(4)	(61)	(183)	(63)	(15)	(326)
Exchange differences	1,443	28	14,637	2,405	325	3,501	22,339
Other movements	288	15	24,011	3,885	2,091	(30,627)	(337)
Impairment	-	-	(2,273)	(470)	(41)	(1,216)	(4,000)
Balance at January 31, 2012 (audited)	183,084	15,476	304,324	88,384	39,982	82,620	713,870
Additions	11,516	3,316	50,404	20,730	2,491	28,349	116,806
Depreciation	(2,940)	(3,447)	(40,128)	(11,854)	(3,324)	-	(61,693)
Disposals	(3)	-	(103)	(297)	(12,897)	(1)	(13,301)
Exchange differences	2,800	57	14,897	3,082	348	1,814	22,998
Other movements	3,333	123	31,358	1,832	1,320	(38,362)	(396)
Impairment	-	-	(556)	(179)	(16)	(108)	(859)
Balance at July 31, 2012 (unaudited)	197,790	15,525	360,196	101,698	27,904	74,312	777,425

Changes in the net book value of "Intangible assets" in the period ended July 31, 2012 are as follows:

(amounts in thousands of Euro)	Trade-marks	Goodwill	Store Lease Acquisitions	Software	Development costs	Assets in progress	Total net book value
Balance at January 31, 2011 (audited)	312,460	503,946	36,087	6,385	7,869	2,372	869,119
Additions	166	-	14,393	4,178	128	1,384	20,249
Amortization	(11,025)	-	(8,354)	(3,067)	(4,726)	-	(27,172)
Disposals	-	-	-	(4)	(1)	-	(5)
Exchange differences	1,707	274	358	16	-	12	2,367
Other movements	-	-	190	1,071	-	(2,278)	(1,017)
Impairment	-	-	-	(1)	-	(14)	(15)
Balance at January 31, 2012 (audited)	303,308	504,220	42,674	8,578	3,270	1,476	863,526
Additions	115	-	1,350	572	-	2,845	4,882
Amortization	(5,542)	-	(4,045)	(1,491)	(859)	-	(11,937)
Disposals	-	-	-	-	-	-	-
Exchange differences	3,701	595	541	8	-	(2)	4,843
Other movements	-	-	(5)	359	-	(681)	(327)
Impairment	-	-	-	-	-	(1)	(1)
Balance at July 31, 2012 (unaudited)	301,582	504,815	40,515	8,026	2,411	3,637	860,986

11. Trade payables

(amounts in thousands of Euro)	as at July 31 2012 unaudited	as at January 31 2012 audited
Trade payables – third parties	318,844	280,808
Trade payables – related parties	2,013	2,730
Total	320,857	283,538

The increase in Trade payables was due to the growth of the business in general.

The following table summarizes trade payables by maturity date.

(amounts in thousands of Euro)	as at July 31 2012	Current	Overdue 1 < 30	31 < 60	61 < 90	91 < 120	> 120
Trade payables	320,857	288,554	14,819	8,786	4,601	642	3,455
Total	320,857	288,554	14,819	8,786	4,601	642	3,455

(amounts in thousands of Euro)	as at January 31 2012	Current	Overdue 1 < 30	31 < 60	61 < 90	91 < 120	> 120
Trade payables	283,538	251,483	17,392	5,507	2,553	2,131	4,472
Total	283,538	251,483	17,392	5,507	2,553	2,131	4,472

Management Discussion and Analysis for the three months period ended July 31, 2012

Net revenues

Consolidated net revenues for the three months period ended July 31, 2012, totaled Euro 860.6 million and recorded an increase of 28.5% (+20% at constant exchange rates) over Euro 670 million posted the same quarter of 2011.

The growth was achieved thanks to the retail channel that, scoring a 45.7% increase compared to the same three months period of 2011 (+33.9% at constant exchange rates and +20% SSSG), boosted net sales to Euro 660.3 million and compensated a 8.5% wholesale shrinkage which was expected and in line with Group's strategy of rationalization of this channel. A number of net 19 new stores (20 openings, 1 closure) were opened from May 1 to July 31, 2012.

The Asia Pacific market recorded the highest growth rate over the same three months of 2011 (+42.7% as reported and +27.1% at constant exchange rates). In Italy and in Europe, the closing of wholesale accounts was more than compensated by the progress of the retail that, thanks to travelers, recorded SSSG of 26% in Italy compared to the three months ended July 31, 2011, and of 32% in Europe.

In terms of product mix, leather goods, thanks to the performance of the retail and to travelers, drove the growth with a 48.5% increase over the three months ended July 31, 2011.

Prada was the brand leading the net sales improvement thus increasing its contribution to Group's net sales from 79.3% in the three months ended July 31, 2011, to 81.3% in the same period of 2012.

Operating results

In the three months ended July 31, 2012, EBITDA amounted to Euro 269.3 million, up by 33.3% compared to the same period of 2011 when EBITDA totaled Euro 202.1 million. The incidence on net revenues went from 30.2% to 31.3%. Main explanation of these improvements is to be found in the higher contribution of the retail channel (from 68.5% in the three months ended July 31, 2011, to 77.6% in the same period of 2012).

Group's net result totaled Euro 164.7 million and recorded a 35.2% growth over Euro 121.9 million of the same three months period of 2011. The incidence on net revenues grew from 18.2% to 19.1% even though tax rate increased from 25.1% to 26.5%.

Management Discussion and Analysis for the six months period ended July 31, 2012

Net revenues

For the six months period ended July 31, 2012, consolidated net revenues totaled Euro 1,547.4 million, up by 36.4% (+28.4% at constant exchange rates) on the Euro 1,134.3 million recorded in the same period of 2011.

Distribution channels

The retail channel increased by 47.2% to a total of Euro 1,230 million (Euro 835.4 million in the same period of 2011). At constant exchange rates the increase was 37.4%. This commercial growth was driven by the DOS expansion and 19% SSSG. The contribution by retail sales to the Group's consolidated net revenues advanced to 80.7% (74.8% in the first half of 2011), confirming the Group's core strategy focused on this channel. A net total of 26 new stores (28 openings, 2 closures) opened since the beginning of the period and took the total number of DOS at July 31, 2012, to 414.

The wholesale network accounted for the remaining 19.3% of total net sales, amounting to Euro 294.7 million, and achieved 4.5% growth over the same period of 2011. At constant exchange rates the increase was 1.3%. As already mentioned in the first quarter results, this channel partially benefited from a shift in deliveries to independent customers that took place at the end of the last financial year.

Markets

In the first half of 2012 the Group grew in all geographical areas.

The Asia Pacific market delivered the highest growth rate (+44.7% as reported and +31.8% at constant exchange rates) and volumes, posting net sales of Euro 532.5 million (Euro 368 million in the same period of 2011). Thus, its contribution to total net sales increased further to 34.9% (32.9% in the same period of 2011). Growth was achieved almost entirely through the retail channel which recorded a +46.8% increase (+20% SSSG and +33.3% at constant exchange rates). At July 31, 2012, the DOS network numbered some 119 stores, including 5 stores newly opened during the period. The Greater China area (China, Hong Kong and Macau) contributed SSSG of +21% and posted net sales of Euro 334.6 million, an increase of 50.2% compared to Euro 222.8 million recorded for the six months ended July 31, 2011.

As the Group's second largest market, Europe (excluding Italy) contributed 22.9% of total net sales for the six months ended July 31, 2012, some Euro 348.7 million (Euro 250.7 million in the same period of 2011). The increase (+39.1% as reported and +36.5% at constant exchange rates) was quite impressive considering the particularly difficult economic situation in the Euro zone. The appeal of the Group's stores, together with the momentum of the Prada and Miu Miu brands, successfully captured the continued growth in tourist numbers attracted also by a weak Euro. The boost in business was entirely delivered by the retail network performance (+63.5% as reported,

+31% SSSG and +59.8% at constant exchange rates) which largely offset the impact of the selective rationalization strategy of the wholesale business. Ten new DOS were opened in Europe, taking the total number to 125. It is worth highlighting the opening of the largest store in Moscow, in an impressive building located at Stoleshnikov Pereylok, and the unveiling of the refurbished Prada flagship store in Old Bond Street, London.

Net sales on the Italian market totaled Euro 259.3 million with a 21.5% increase compared to Euro 213.4 million for the same period in 2011. The retail channel recorded a 37.4% increase (+22% SSSG) while the wholesale business showed a +2.5% rise.

The American market generated total net sales of Euro 224.7 million, 30.8% more than the Euro 171.9 million posted in the same period of 2011 (+18.8% at constant exchange rates). Both channels reported excellent growth rates: retail increased by 38.8% (+10% SSSG, +25.9% at constant exchange rates) and wholesale increased by 17.7% (+7.4% at constant exchange rates). In the first half of 2012, the Americas area saw the opening of the first stores in two emerging markets (2 stores in Sao Paolo, Brazil, and 2 stores in Mexico City, Mexico). The DOS network included some 54 shops at July 31, 2012.

The Japanese market generated net sales of Euro 143.9 million, with a 34.2% increase (+19.8% at constant exchange rates) over the same period in 2011. To the growth contributed also a number of net 7 stores opened in the second half of 2011 other than a 3% SSSG.

The retail development strategy implemented in the Middle East led to the doubling of net sales in Other countries compared to the same period of 2011 (+149.8% as reported and +136.2% at constant exchange rates). During the six months ended July 31, 2012, the Group opened in the prestigious Mall of the Emirates, an undisputed luxury shopping destination, its third store in Dubai. In addition, it is worth mentioning the opening of the first 3 stores in Casablanca, Morocco, during the second quarter 2012.

Products

All product divisions achieved double digit growth rates over the same period of 2011. However, leather goods, which contributed 61.8% of total net sales, was confirmed as the leading segment with net sales totaling Euro 943.1 million and reporting a +52.7% increase (+43% at constant exchange rates). This was mainly due to retail business expansion in the Asia Pacific market where handbags and leather accessories represent the core of the product sales mix. The shift in wholesale deliveries at the end of 2011 materially affected the slowdown of the growth rate for clothing and footwear that was seen between the first and second quarters of 2012.

Brands

The Prada brand increased its net sales to Euro 1,233.4 million with a growth of 40.4% (+32.1% at constant exchange rates) over the net sales of Euro 878.4 million recorded in the same period of 2011. The brand's contribution to total net sales increased to 80.9% compared to 78.6% of the same period of last year. The performance compared to the 2011 results was driven by the retail channel which achieved a +52.3% increase (+42.2% at constant exchange rates). The Prada Woman Spring/Summer 2012 collection with its fifties-style inspiration contributed towards the great success and confirmed Prada as a sophisticated interpreter of its times and a forerunner of style and trends. Like bananas and monkeys last summer, cars and cartoon prints became iconic items for the entire season.

The Miu Miu brand contributed 16.1% to total Group net sales, recording net sales of Euro 246 million in the first half of 2012. The increase over the same period of last year was +23.7% (+15.8% at constant exchange rate), mainly thanks to the leather goods division which achieved +21.2% growth and contributed 62.6% of total Miu Miu net sales. During the six months ended July 31, 2012, the retail network continued to expand with 8 new DOS.

In the first half of 2012 the Church's brand achieved growth of 14.8% over the same period of 2011. At constant exchange rates the increase was 9.5%. In Europe, Church's main market, net sales were strong and increased by 20.6% compared to the same period of 2011 (+14.1% at constant exchange rates).

Car Shoe net sales increased by 16.8% (+15.2% at constant exchange rates) essentially because of a shift in deliveries at the end of last year.

Royalties

The licensed products business grew by 34.4% during the period ended July 31, 2012, and contributed net revenues of Euro 22.7 million (Euro 16.9 million for the same period ended July 31, 2011). The growth was mainly thanks to higher sales of eyewear and to royalties earned under a new licensing agreement with LG for the sale of the new PRADA Phone by LG 3.0, a premium handset which combines high-end technology with a design that embodies superior style.

Operating results

Profitability measured at Gross margin level improved from 71% to 71.5% on net revenues, largely because of the progress achieved by the retail channel and the positive impact of exchange rate fluctuation.

EBITDA for the six months ended July 31, 2012, totaled Euro 469.4 million, 49% more than the Euro 315 million reported for the same period of the previous year. As a percentage of net revenues, EBITDA improved further compared to the first quarter 2012, when it represented 29.1% of net revenues, and increased to 30.3% from the 27.8% recorded in the six months ended July 31, 2011. Taking advantage of the Gross margin improvement, EBITDA achieved more growth benefitting from a significant leverage effect on operating expenses. In actual fact operating costs increased in absolute terms, from Euro 551.8 million in the six months period ended July 31, 2011, to Euro 711.6 million, but decreased from 48.6% to 46% as a percentage of net revenues.

More in detail, product design and development expenses increased slightly compared to the six months period ended July 31, 2011, but decreased as a percentage of net revenues as most of the costs of this corporate area are fixed.

Advertising and communications costs in both periods were essentially driven by the purchase of media spaces. Moreover, in the first half of 2012, the Group started to sponsor the Luna Rossa yacht which has started racing in the 2012 America's Cup World series and took part in regattas in Naples, Venice and Newport in the first half of the year.

Selling costs increased from Euro 357.2 million in the first half of 2011 to Euro 488.9 million. They remained almost unchanged as a percentage of net revenues notwithstanding a total of 69 new DOS, net, opened since July 31, 2011 (including 26 opened in the first half of 2012).

General and administrative expenses increased to Euro 98.2 million in the first half of 2012 from Euro 89.3 million. The business expansion led to higher overhead expenses, mainly labor costs and consultancy expenses.

EBIT improved to stand at Euro 394.9 million with a 55.8% increase on the Euro 253.4 million recorded in the six months ended July 31, 2011. As a percentage of the Group's net revenues, EBIT increased to 25.5% from 24% already reached in the first quarter of 2012 (22.3% in the six months ended July 31, 2011).

Essentially because of a reduction in bank borrowings, together with an important increase in liquidity, net finance charges for the six months ended July 31, 2012, totaled Euro 2.9 million, a significant reduction on the amount of Euro 11.6 million recorded in the same period of 2011.

The effective tax rate increased from 25.1% in the first six months ended July 31, 2011, to 26.2%, essentially because of higher taxable income earned in countries with higher tax rate.

The Group's net income amounted to Euro 286.4 million with 59.5% growth on the net income of Euro 179.5 million reported for the six months ended July 31, 2011.

Net invested capital

At July 31, 2012, Net invested capital stood at Euro 1,944.8 million, Euro 127.5 million higher than at January 31, 2012. The increase was the natural of the development of Group operations and there was no significant variance in the composition of Net invested capital.

The Group's equity strengthened further and overcame Euro 2 billion notwithstanding the decrease due to dividends of Euro 128 million recognized to PRADA spa shareholders, as approved by the Annual General Meeting held in Hong Kong on May 22, 2012, on the financial statement for the year ended January 31, 2012 (including Euro 123 million disbursed on July 3, 2012, and Euro 5.3 million payable at July 31, 2012, for withholding on dividends to non-Italian residents beneficial owners). The result was possible thanks to the net income generated by the Group together with the positive impact of the revaluation of net assets outside the Euro zone.

Net financial position

The free cash flows generated during the first half of 2012 enabled the Group to raise enough liquidity to increase the net financial surplus to Euro 82.5 million despite dividends totaling some Euro 126 million as paid to PRADA spa shareholders (Euro 123 million, net of withholding payables to non-Italian residents beneficial owners) and Non-controlling interests (Euro 3 million).

Analysis of Capital expenditure

The increase in Property, plant and equipment was mainly driven by the capital expenditure incurred during the first six months of the year, as allocated as follows: Euro 90.5 million in the retail area, Euro 11 million in the production and logistics area and Euro 20.2 million in the corporate area.

Outlook for second half of 2012

Market conditions are expected to remain very challenging for the short term with some more general volatility. Against this backdrop, the Group has shown so far a remarkable capacity to grow, meeting plans and expectations and further strengthening its leading position in the luxury industry. The Directors thus remain confident about the near future and will continue to pursue the retail focused strategy which is an essential pillar of our long term growth prospects.

Corporate governance practices

The Company is committed to maintaining a high standard of corporate governance practices and fulfilling its commitment to effective corporate governance. The corporate governance model adopted by the Company consists of a set of rules and standards with the aim of establishing efficient and transparent operations within the Group, to protect the rights of the Company's shareholders and to enhance shareholder value. The corporate governance model adopted by the Company is in compliance with the applicable regulations in Italy, as well as the principles of the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Compliance with the Corporate Governance Code of the Listing Rules

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with all the applicable code provisions set out in the Code on Corporate Governance Practices (effective until March 31, 2012) and Corporate Governance Code (effective from April 1, 2012) contained in Appendix 14 of the Listing Rules throughout the six months ended July 31, 2012.

The Board

The Board of Directors of the Company (the "Board") is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Company and the Group.

As resolved at the Annual General Meeting of the Company on May 22, 2012, the following persons were re-elected as members of the Board and Ms. Miuccia Prada Bianchi was elected as the Chairperson of the Board (and the other executive roles were confirmed at the first Board meeting thereafter in accordance with Italian law and the by-laws of the Company (the "By-laws") for a term of three financial years, ending on the date of the shareholders' meeting called to approve the financial statements for the last year of the Board's office:

Ms. Miuccia Prada Bianchi as executive director and Chairperson of the Board;

Mr. Patrizio Bertelli as executive director and Chief Executive Officer;

Mr. Carlo Mazzi as executive director and Deputy Chairman;

Mr. Donatello Galli as executive director and Chief Financial Officer;

Mr. Marco Salomoni as non-executive director;

Mr. Gaetano Micciché as non-executive director;

Mr. Gian Franco Oliviero Mattei as independent non-executive director;

Mr. Giancarlo Forestieri as independent non-executive director; and

Mr. Sing Cheong Liu as independent non-executive director.

The Board has established the following committees:

1. Audit Committee
2. Remuneration Committee
3. Nomination Committee

Audit Committee

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules. The members of the audit committee consist of three independent non-executive directors, namely, Mr. Gian Franco Oliviero Mattei (Chairman), Mr. Giancarlo Forestieri and Mr. Sing Cheong Liu. The primary duties of the audit committee are to review and supervise our financial reporting process and internal controls of the Group. The Audit Committee has held three meetings on March 29, 2012, June 7, 2012, and September 24, 2012, with an attendance rate of 100% to discuss the auditing and internal controls activities of the Group, to review the audited separate and consolidated financial statements of the Company for the year ended January 31, 2012, to appoint its Chairman following the Annual General Meeting on May 22, 2012, to review the unaudited consolidated quarterly financial statements of the Company for the three months ended April 31, 2012, and the unaudited consolidated interim financial statements of the Company for the six months ended July 31, 2012, before recommending to the Board for approval.

Remuneration Committee

The Company has established a remuneration committee in compliance with the Code. According to its terms of reference, the primary duties of the remuneration committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration. The remuneration committee consists of two independent non-executive directors, Mr. Gian Franco Oliviero Mattei (Chairman) and Mr. Giancarlo Forestieri and one non-executive director, Mr. Marco Salomoni. The Remuneration Committee has held two meetings on March 27, 2012, and June 7, 2012, with an attendance rate of 100% to discuss the update of the plan for attribution of specific benefits to the management of the Company, the renewal of the consultancy agreements with two Executive Directors, Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli, the proposal of allocation of the aggregate compensation of the Directors and the Committee members which was resolved by the Annual General Meeting of the Company on May 22, 2012, and to appoint its Chairman following the Annual General Meeting on May 22, 2012.

Nomination Committee

The Company has established a nomination committee on March 29, 2012, to comply with the Code. According to its terms of reference, the primary duties of the nomination committee are to make recommendations to the Board on the structure, size and composition of the Board itself, on the selection of new Directors and on the succession plans for Directors. The nomination committee consists of two independent non-executive directors, Mr. Gian Franco Oliviero Mattei (Chairman) and Mr. Sing Cheong Liu (who replaced Mr. Giancarlo Forestieri as a Committee member on June 7, 2012) and one non-executive director, Mr. Marco Salomoni. The Nomination Committee has held one meeting on June 7, 2012, with attendance rate of 100% to appoint its Chairman following the Annual General Meeting on May 22, 2012.

Supervisory Body

In compliance with Italian Legislative Decree 231 of June 8, 2001 (the "Decree"), the Company has established a supervisory body whose primary duty is to ensure the functioning, effectiveness and enforcement of the Company's Model of Organization, adopted by the Company pursuant to the Decree. The supervisory body consists of three members appointed by the Board selected among qualified and experienced individuals, including non-executive director, qualified auditors, executives or external individuals. The supervisory body consists of Mr. David Terracina (Chairman), Mr. Franco Bertoli and Mr. Marco Salomoni.

Board of Statutory Auditors

Under Italian law, the Company is required to have a board of statutory auditors, appointed by the Shareholders, which has the authority to supervise the Company on its compliance with the law and the By-Laws, compliance with the principles of proper management and, in particular, on the adequacy of the organizational, administrative and accounting structure adopted by the Company and on its functioning.

As resolved at the Annual General Meeting of the Company on May 22, 2012, the following persons were elected/re-elected as members of the board of statutory auditors of the Company for a term of three financial years, ending on the date of the shareholders' meeting called to approve the financial statements for the last year of the board of statutory auditors' office:

Mr. Antonino Parisi as statutory auditor and Chairperson of the board of statutory auditors;

Mr. Roberto Spada as statutory auditor; and

Mr. David Terracina as statutory auditor.

Dividends

The Company may distribute dividends subject to the approval of the shareholders in an ordinary shareholders' meeting.

On March 29, 2012, the Board of Company recommended the payment of a final dividend of Euro/cents 5 per share in the capital of the Company, representing a total dividend of Euro 127,941,200. The Shareholders approved this dividend at the Annual General Meeting of the Company held on May 22, 2012. The dividend was paid on July 3, 2012.

Directors' Securities Transactions

The Company has adopted written procedures governing Directors' securities transactions in compliance with on terms no less than the standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written procedures. Specific written confirmations have been obtained from each Director to confirm compliance with the Model Code for the six months ended July 31, 2012. There was no incident of non-compliance during the six months ended July 31, 2012.

Purchase, Sale, or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended July 31, 2012.

Publication of Interim Results Announcement and Interim Report

The interim results announcement of the Company is published on the websites of the Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk* and the Company at *www.pradagroup.com*. The interim report will be available on the same websites and despatched to the shareholders of the Company in due course.

By Order of the Board
PRADA S.p.A.
Mr. Carlo Mazzi
Deputy Chairman

Milan (Italy), September 24, 2012

As at the date of this announcement, the Company's executive directors are Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI, Mr. Carlo MAZZI and Mr. Donatello GALLI; the Company's non-executive directors are Mr. Marco SALOMONI and Mr. Gaetano MICCICHÈ and the Company's independent non-executive directors are Mr. Gian Franco Oliviero MATTEI, Mr. Giancarlo FORESTIERI and Mr. Sing Cheong LIU.