PRADA

MILANO

DAL 1913

Interim Financial Report 2012

PRADA spa

(Hong Kong Stock code: 1913)

Interim Financial Report 2012

Index

Patrizio Bertelli

Miuccia Prada

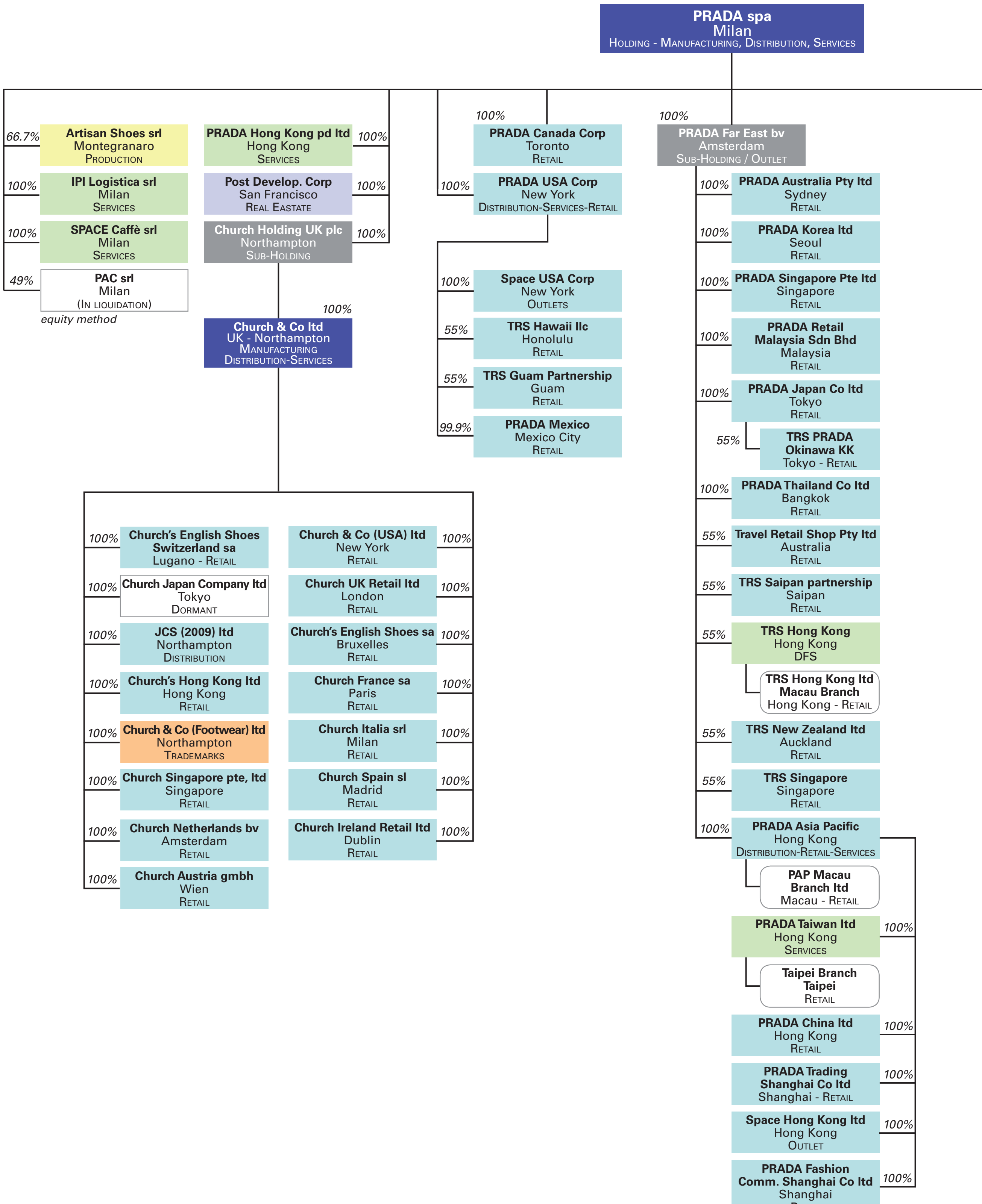
The PRADA Group

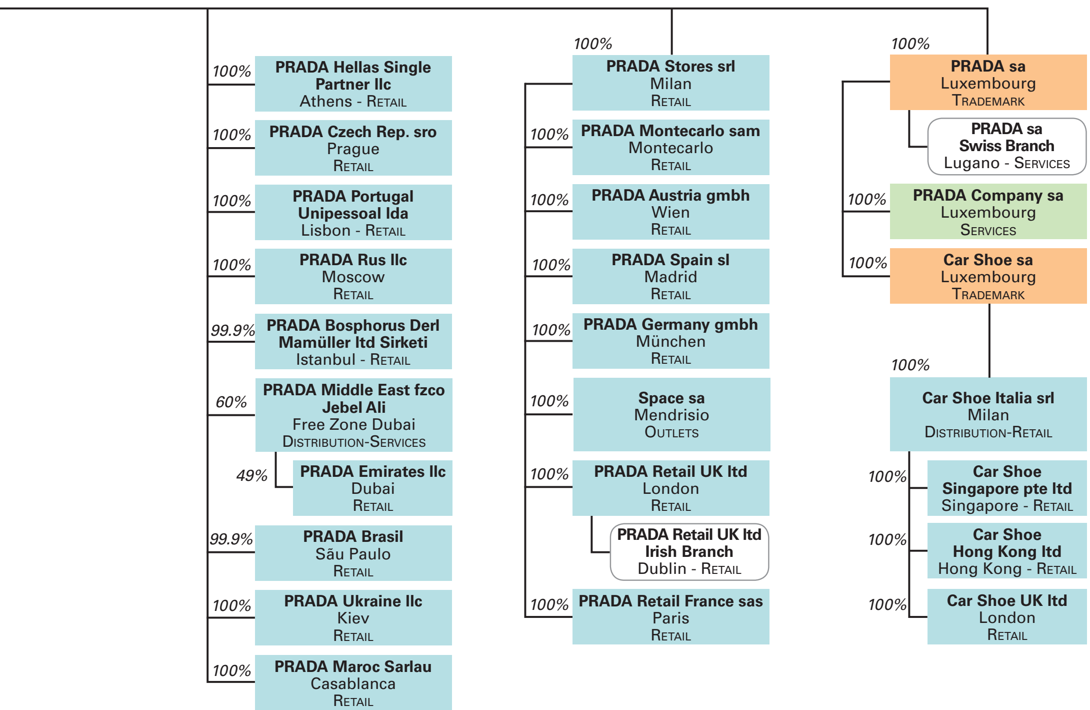
Corporate Information

Registered office	Via A. Fogazzaro, 28 20135 Milan, Italy
Headquarters office	Via A. Fogazzaro, 28 20135 Milan, Italy
Place of business in Hong Kong registered under Part XI of the Hong Kong Companies Ordinance	36/F, Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong
Company website	www.pradagroup.com
Hong Kong Exchange Stock Code	1913
Board of Directors (appointed on May 22, 2012)	Miuccia Prada Bianchi (Chairperson and Executive Director) Patrizio Bertelli (Chief Executive Officer and Executive Director) Carlo Mazzi (Deputy Chairman and Executive Director) Donatello Galli (Chief Financial Officer and Executive Director) Marco Salomoni (Non-Executive Director) Gaetano Micciché (Non-Executive Director) Gian Franco Oliviero Mattei (Independent Non-Executive Director) Giancarlo Forestieri (Independent Non-Executive Director) Sing Cheong Liu (Independent Non-Executive Director)
Audit Committee	Gian Franco Oliviero Mattei (Chairman) Giancarlo Forestieri Sing Cheong Liu
Remuneration Committee	Gian Franco Oliviero Mattei (Chairman) Marco Salomoni Giancarlo Forestieri
Nomination Committee	Gian Franco Oliviero Mattei (Chairman) Marco Salomoni Sing Cheong Liu
Board of Statutory Auditors (appointed on May 22, 2012)	Antonino Parisi (Chairman) Roberto Spada (Standing member) David Terracina (Standing member)
Supervisory Board (Law 231/2001)	David Terracina (Chairman) Marco Salomoni Franco Bertoli

Main Shareholder	PRADA Holding bv Dam 3-7 1012 JS Amsterdam - The Netherlands
Joint Company Secretaries	Patrizia Albano Via A. Fogazzaro, 28 20135 Milan, Italy Ying-Kwai Yuen (Fellow member, HKICS) Flat A, 20th Floor Block 4, Sceneway Garden 8 Sceneway Road Kowloon, Hong Kong
Authorized Representatives	Donatello Galli Via Elba, 10 20144 Milan, Italy Ying-Kwai Yuen (Fellow member, HKICS) Flat A, 20th Floor Block 4, Sceneway Garden 8 Sceneway Road Kowloon, Hong Kong
Alternate Authorized Representative to Donatello Galli	Sing Cheong Liu House 7 Severn Hill 4 Severn Road The Peak Hong Kong
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Auditor	Deloitte & Touche spa Via Tortona, 25 20144 Milan, Italy
Compliance Advisor	Anglo Chinese Corporate Finance, Limited 40th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong

PRADA Group Structure




100%
PRADA Hellas Single Partner llc
Athens - Retail
100%
PRADA Czech Rep. sro
Prague
Retail
100%
PRADA Portugal Unipessoal lda
Lisbon - Retail
100%
PRADA Rus llc
Moscow
Retail
99.9%
PRADA Bosphorus Derl Mamüller ltd Sirketi
Istanbul - Retail
60%
PRADA Middle East fzco Jebel Ali
Free Zone Dubai
Distribution-Services
49%
PRADA Emirates llc
Dubai
Retail
99.9%
PRADA Brasil
Sãu Paulo
Retail
100%
PRADA Ukraine llc
Kiev
Retail
100%
PRADA Maroc Sarlau
Casablanca
Retail
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PRADA Stores srl
Milan
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PRADA Montecarlo sam
Montecarlo
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PRADA Austria gmbh
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PRADA Spain sl
Madrid
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PRADA Germany gmbh
München
Retail
100%
Space sa
Mendrisio
Outlets
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PRADA Retail UK ltd
London
Retail
PRADA Retail UK ltd Irish Branch
Dublin - Retail
100%
PRADA Retail France sas
Paris
Retail
100%
PRADA sa
Luxembourg
Trademark
PRADA sa Swiss Branch
Lugano - Services
100%
PRADA Company sa
Luxembourg
Services
100%
Car Shoe sa
Luxembourg
Trademark
100%
Car Shoe Italia srl
Milan
Distribution-Retail
100%
Car Shoe Singapore pte ltd
Singapore - Retail
100%
Car Shoe Hong Kong ltd
Hong Kong - Retail
100%
Car Shoe UK ltd
London
Retail

Financial Review

The Financial Review of the Board of Directors refers to the Group of companies controlled by PRADA spa (the Company), holding company of the PRADA Group (the Group) and is based on the Consolidated financial statements of the Company at July 31, 2012. This Financial Review must be read together with the Interim condensed consolidated financial statements.

Consolidated income statement

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited	%	six months ended July 31 2011 audited	%
Retail	1,229,966	79.5%	835,372	73.6%
Wholesale	294,721	19.0%	282,031	24.9%
Royalties	22,686	1.5%	16,878	1.5%
Net revenues	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	(711,619)	-46.0%	(551,805)	-48.6%
EBIT	394,882	25.5%	253.378	22.3%
Interest and other financial expenses, net	(2,911)	-0.2%	(11,600)	-1.0%
Income before taxation	391,971	25.3%	241,778	21.3%
Taxation	(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)	0.112		0.071	

Key financial information

Key income statement information (amounts in thousands of Euro)	six months ended July 31 2012 unaudited	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)	July 31 2011 audited	January 31 2012 audited	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	-

2012 first half financial highlights

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 benefited 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 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.

Net sales analysis

(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	100.0%	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%

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 net number of 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 of 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.

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	%	% change
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%

EBITDA by brand

(amounts in thousands of Euro)						
six months ended July 31, 2012 unaudited	**Group**	**Prada**	**Miu Miu**	**Church's**	**Car Shoe**	**Others**
Net sales	1,524,687	1,233,433	245,971	31,010	11,342	2,931
Royalties	22,686	21,972	651	63	-	-
Net revenues	1,547,373	1,255,405	246,622	31,073	11,342	2,931
EBITDA	469,373	415,749	52,653	2,326	(947)	(408)
EBITDA %	30.3%	33.1%	21.3%	7.5%	-	-
six months ended July 31, 2011 audited	**Group**	**Prada**	**Miu Miu**	**Church's**	**Car Shoe**	**Others**
Net sales	1,117,403	878,383	198,872	27,003	9,711	3,434
Royalties	16,878	16,582	241	55	-	-
Net revenues	1,134,281	894,965	199,112	27,059	9,711	3,434
EBITDA	315,005	270,261	42,789	3,309	(1,302)	(52)
EBITDA %	27.8%	30.2%	21.5%	12.2%	-	-
Change in Net revenues in Euro	413,092	360,440	47,509	4,015	1,631	(503)
Change % in Net revenues	36.4%	40.3%	23.9%	14.8%	16.8%	-14.6%
Change in EBITDA in Euro	154,368	145,488	9,864	(983)	355	(356)
Change % in EBITDA	49.0%	53.8%	23.1%	-29.7%	-	-

The Prada brand generated EBITDA of Euro 415.7 million, a 53.8% increase over the first half of 2011. It increased from 30.2% of net revenues in the first half of 2011 to 33.1% in the first half of 2012. The improved profitability was thanks to a combination of sales growth and tight control on operating expenses so as to profit as much as possible from economies of scale.

The Miu Miu brand generated EBITDA of Euro 52.7 million, a 23.1% increase over the first half of 2011. As a percentage of net revenues, EBITDA remained almost unchanged at 21.3% for the six months ended July 31, 2012, compared to 21.5% for the same period of 2011. During the six months ended July 31, 2012, Miu Miu committed to continued retail expansion as a means of realizing its high growth potential. A total of 8 new stores were opened in both new countries, such as Morocco, Mexico and Brazil, and new cities on established markets, like Padua in Italy.

The EBITDA of the Church's brand decreased from Euro 3.3 million in the first half of 2011 to Euro 2.3 million. As a percentage of net revenues, EBITDA fell from 12.2% to 7.5% mainly because of a dilution in gross margin that was not translated into prices.

The EBITDA of the Car Shoe brand for the six months ended July 31, 2012, was negative by Euro 0.9 million as the volume of revenues generated was still insufficient to achieve positive earnings from operations.

Number of stores

	July 31, 2012 unaudited		January 31, 2012 audited		July 31, 2011 audited	
	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 unaudited		January 31, 2012 audited		July 31, 2011 audited	
	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

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 rates 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, but decreased from 48.6% to 46% as a percentage of net revenues.

EBIT also 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.

Analysis of the statement of financial position

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)	July 31 2012 unaudited	January 31 2012 audited	July 31 2011 audited
Non-current assets (excluding deferred tax assets)	1,721,908	1,650,329	1,525,708
Trade receivables, net	292,043	266,404	291,657
Inventories, net	380,688	374,782	366,813
Trade payables	(320,857)	(283,538)	(303,963)
Net operating working capital	351,874	357,648	354,507
Other current assets (excluding financial position items)	152,692	112,623	117,652
Other current liabilities (excluding financial position items)	(246,444)	(262,534)	(272,719)
Other current assets/(liabilities), net	(93,752)	(149,911)	(155,067)
Provision for risks	(58,543)	(56,921)	(54,432)
Post-employment benefits	(41,526)	(35,898)	(35,108)
Other long-term liabilities	(90,294)	(75,991)	(64,664)
Deferred taxation, net	155,145	128,071	109,628
Other non-current assets/(liabilities), net	(35,218)	(40,739)	(44,576)
Net invested capital	1,944,812	1,817,327	1,680,572
Shareholder's equity – Group	(2,017,482)	(1,822,743)	(1,541,134)
Shareholder's equity – Non-controlling interests	(9,862)	(8,224)	(5,073)
Total consolidated shareholder's equity	(2,027,344)	(1,830,967)	(1,546,207)
Long term financial payables	(64,154)	(179,542)	(223,012)
Short term financial, net surplus/(deficit)	151,978	193,182	88,647
Payable for withholding on dividends	(5,292)	-	-
Net financial position surplus/(deficit) – including payable for withholding on dividends	82,532	13,640	(134,365)
Shareholder's equity and Net financial position	(1,944,812)	(1,817,327)	(1,680,572)
Debt to Equity ratio	n.a	n.a	0.09

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 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 statements 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.

Non-current assets

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited	July 31 2011 audited
Property, plant and equipment	777,425	713,870	606,971
Intangible assets	860,986	863,526	867,196
Investments in associated undertakings	19,459	15,631	1,753
Other non-current assets	64,038	57,302	49,241
Derivative financial instruments non-current	-	-	547
Total non-current assets	1,721,908	1,650,329	1,525,708
Percentage of tangible assets already depreciated	48%	47%	49%

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.

Net financial position

The following table summarizes the items included in the Net financial position.

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited	July 31 2011 audited
Long-term debt	(63,545)	(178,442)	(221,457)
Obligations under financial leases non-current	(609)	(1,100)	(1,555)
Long-term financial payables	(64,154)	(179,542)	(223,012)
Bank overdrafts and short-terms loans	(238,518)	(165,485)	(161,952)
Payables to related parties	(3,173)	(3,574)	-
Receivables from related parties	3,040	1,410	1,410
Obligations under financial leases current	(965)	(1,453)	(3,847)
Other Shareholders' loans	-	-	(574)
Cash and cash equivalents	391,594	362,284	253,610
Short-term net financial surplus/(deficit)	151,978	193,182	88,647
Net financial position surplus/(deficit)	87,824	13,640	(134,365)
Payable for withholding on dividends	(5,292)	-	-
Net financial position surplus/(deficit) including payable for withholding on dividends	82,532	13,640	(134,365)
Net financial position surplus/(deficit) - third parties (i.e. excluding financial receivables and payables with related parties)	87,957	15,804	(135,202)
Net financial position surplus/(deficit) - third parties including payable for withholding on dividends	82,665	15,804	(135,202)
NFP/EBITDA ratio	n.a	n.a.	0.22

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).

Risk factors

Risk factors regarding the international luxury goods market

Risks regarding the general state of the economy and the Group's international operations

The international environment in which Prada operates exposes the Group to several macroeconomic factors whose impact on consumer spending and the volume of tourist travel can affect its income statement, equity and cash flows.

PRADA Group strategy, focusing on international growth in the retail channel, has already proven its worth as a means of combating the effects of the worldwide downturn in 2008-2009 and led to highly satisfactory results when markets recovered.

Risks regarding the protection of intellectual property rights

Trademarks and other intellectual property rights are extremely important in the fashion and luxury goods market.

Prada's success also depends on its capacity to protect and promote its own trademarks and intellectual property rights and to prevent counterfeiting. For this purpose, the Group invests in worldwide trademark protection and in monitoring the market in order to take tough measures against counterfeiters of trademarks and designs.

Risks regarding brand image and recognition

The success of the Group on the international luxury goods market is linked to the image and distinctiveness of its brands. These features depend on many factors, like the style and design of products, the quality of materials and production techniques used, the image and location of the Group's Directly Operated Stores, the careful selection of licensees for certain product categories and communications activities in terms of public relations, advertising, marketing and Group profile, in general.

Preservation of the image and prestige acquired by the Group's brands and trademarks in the fashion and luxury goods industry is an objective that the PRADA Group pursues by closely monitoring each step of the process, both inside and outside the company, in order to guarantee uncompromised quality. It also engages in a constant search for innovation in terms of style, product and communications in order to ensure that its message is always consistent with the strong identity of the brands.

Risks regarding the ability to anticipate trends and respond to changing customer preferences

The Group's success depends on its ability to create and drive market and product trends while anticipating changes in customer preferences and in the dynamics of the luxury goods market.

The Group pursues its objective of driving the luxury goods market by stimulating consumer markets and setting trends thanks to the creative efforts of its Product Creation and Development department.

Risk factors specific to the PRADA Group

Risks regarding exchange rates fluctuations

The exchange rates risk to which the Group is exposed depends on the foreign currency fluctuations against the Euro. In order to hedge this risk, which is mainly concentrated in the parent company PRADA spa as worldwide distributor of most products, the Group enters into option and forward sale and purchase agreements so as to guarantee the counter value in Euro of identified financial and commercial cash flows.

Exchange rates risk management is described in the Notes to the Interim condensed consolidated financial statements.

Risks regarding interest rates fluctuations

The interest rates risk is the risk that cash outflows might vary as a result of interest rates fluctuation. In order to hedge this risk, which is mainly concentrated in the parent company PRADA spa, the Group uses interest rate swaps and collars. These instruments convert variable rate loans into fixed rate loans or loans at rates within a negotiated range of rates.

Interest rates risk management is described in the Notes to the Interim condensed consolidated financial statements.

Risks regarding the importance of key personnel

The Group's results depend both on the contribution of certain key figures who have played an essential role in the development of the Group and who have great experience of the fashion and luxury goods industry and on Prada's ability to attract and retain personnel highly capable in terms of the design, marketing and merchandising of products.

The Group believes that its management structure is capable of guaranteeing the ongoing success of the business.

Risks regarding the implementation of strategy

The Group's ability to increase revenues and improve profitability depends on the successful implementation of its strategy for each brand. As already stated, this strategy is based on the international development of the retail channel.

The Group is pursuing its objectives through gradual expansion in new geographical areas or in areas where its presence is not yet strong enough. In order to ensure the success of each new DOS, the Group carefully assesses market conditions and consumer trends in the new DOS location. In particular, when entering into new countries, the Group dedicates significant resources to ensuring that sales managers and personnel convey an image consistent with the identity of the Group's brands and a level of service in keeping with the quality of the products. The utmost attention is paid to the design and fitting out of the stores themselves.

Risks regarding the outsourcing of manufacturing activities

The Group designs, checks and produces in-house most of its prototypes and samples while outsourcing production of most of its accessories and products to third parties with the right experience and skills.

The Group has implemented a rigorous inspection and quality control process for all outsourced production. Prada contractually requires its outsourcers to comply with rules and regulations on brand ownership and other intellectual property rights, with all the provisions of laws and national collective agreements on labor and social security rules and with laws and regulations on health and safety in the workplace.

Credit risk

Credit risk is defined as the risk that a counterparty in a transaction causes a financial loss for another entity through failure to fulfill its obligations. The maximum risk to which an entity is potentially exposed is represented by all financial assets recorded in the financial statements. The Directors essentially believe that the Group's credit risk mainly regards trade receivables generated in the wholesale channel. The Group manages the credit risk and reduces its 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, the fact that net sales are evenly spread geographically and the ongoing strategy of selective reduction of the wholesale customer base (for reasons including the prevention of parallel distribution) have led to a reduced credit risk.

Liquidity risk

The liquidity risk relates to the difficulty the Group may have in fulfilling its obligations with regard to financial liabilities. The Directors are responsible for managing the liquidity risk while the Group Corporate Finance Department, reporting to the CFO, is responsible for managing financial resources as well as possible. The Directors believe that the funds and lines of credit currently available, in addition to those that will be generated by operating and financing activities, will allow the Group to meet its needs resulting from investing activities, working capital management and repayment of loans as they fall due. This can be achieved without using all available fund and surplus resources can thus be used to pay dividends.

Legal and regulatory risks

The Group operates in a complex regulatory environment and is exposed to legal risks and risks regarding compliance with applicable laws, including:

- the risks associated with health and safety at work in compliance with Italian Legislative Decree 81/08 and equivalent regulations in other countries;
- the possible legal sanctions for wrongful acts pursuant to Law 231/2001, as subsequently amended;
- the risks associated with antitrust rules in the areas where the Group operates;
- the possibility of events that adversely affect the reliability of annual financial reporting and the safeguarding of Group assets;
- changes in international tax rules that could expose the Group to the risk of non-compliance;
- the possible industrial compliance risks regarding the conformity of the finished goods distributed and the raw materials and consumables used with Italian and international laws and regulations.

By involving all of its various divisions and using external specialist advisors when necessary, the Group ensures that its processes and procedures are updated to comply changes in rules and regulations, reducing the risk of non-compliance to an acceptable level. As well as by divisional managers and by audit activities, monitoring activities are also carried out by specific entities and committees such as the Supervisory Board, the Internal Control Committee and the Industrial Compliance Committee.

Risks regarding data processing

Data is processed using information systems subject to a governance model that ensures that:

- data is adequately protected against the risk of unauthorized access, loss (including accidental loss) and utilization inconsistent with assigned duties;
- data is processed in accordance with applicable laws and regulations.

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.

Milan, September 24, 2012

Corporate Governance

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 Audit Committee, the Remuneration Committee and the Nomination Committee. Each is chaired by an independent non-executive director. The written terms of reference of each Committee are available on the Company's and Stock Exchange's websites.

In addition, the Board has established a Supervisory Body under the Italian Legislative Decree 231 of June 8, 2001 (the "Decree").

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 30, 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 elect its Chairman following the Annual General Meeting on May 22, 2012.

Supervisory Body

In compliance with 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 directors, 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, wich 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.

No dividends have been declared or paid by the Company in respect of the six months ended July 31, 2012.

Changes in Information of Directors Pursuant to Listing Rule 13.51B(1)

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the Company's 2011 Annual Report are set out below:

Director	Changes
Miuccia PRADA BIANCHI	Annual cap for the remuneration under the renewed consultancy agreement for the year ending January 31, 2013 is Euro 9,700,000 (last year Euro 8,700,000)
Patrizio BERTELLI	Annual cap for the remuneration under the renewed consultancy agreement for the year ending January 31, 2013 is Euro 10,000,000 (last year Euro 9,000,000)
Carlo MAZZI	Director's fee for the year ending January 31, 2013 was increased by Euro 50,000 (last year Euro 250,000)
Donatello GALLI	Director's fee for the year ending January 31, 2013 is Euro 40,000 (waived last year)
Marco SALOMONI	Director's fee for the year ending January 31, 2013 is Euro 60,000 (waived last year)
Giancarlo FORESTIERI	Ceased as member of Nomination Committee since June 7, 2012
Sing Cheong LIU	Director's fee for the year ending January 31, 2013 was increased by Euro 10,000 (Euro 37,000 last year, instead of Euro 50,000, due to pro-rata payment for appointment since May 2011) Appointed as member of Nomination Committee since June 7, 2012 Retired from the membership of the Security and Guarding Services Industry Authority with effect from May 31, 2012 Resigned from the offices of the Board of Directors of the Hong Kong Science and Technology Parks Corporation and Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region with effect from June 30, 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.

Directors' interests and short positions in securities

As at July 31, 2012, the Directors and Chief Executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code:

(a) Long positions in shares and underlying shares of the Company

Name of Director	Number of Shares	Nature of Interest	Approximate Percentage of issued Capital
Ms. Miuccia Prada Bianchi	2,046,470,760 (Notes 1 and 2)	Interest of Controlled corporation	80%
Mr. Patrizio Bertelli	2,046,470,760 (Notes 1 and 3)	Interest of Controlled corporation	80%

Notes

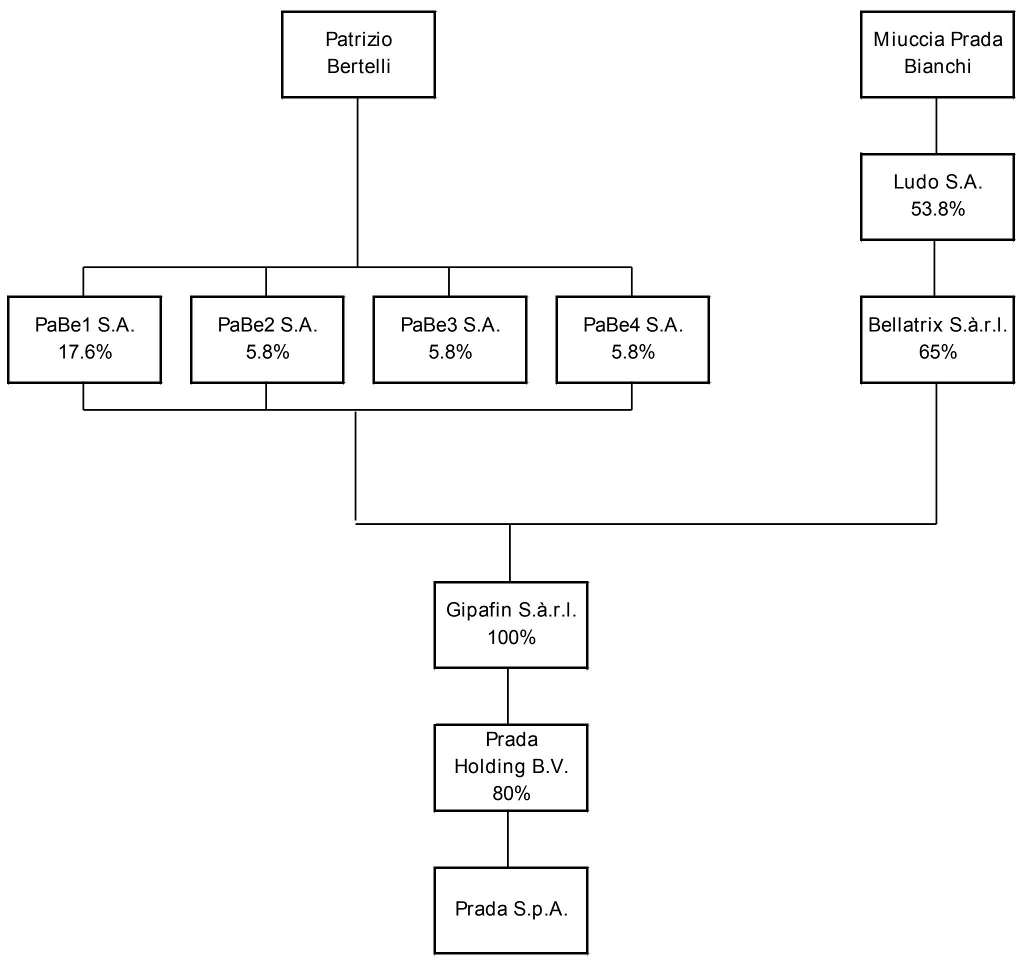
1. Prada Holding bv owns approximately 80% of the issued capital in the Company and is therefore the holding company of the Company.

2. The entire issued share capital in Prada Holding bv is held by Gipafin sàrl. Ms. Miuccia Prada Bianchi, owns, indirectly through Ludo sa 53.8%* of the capital in Bellatrix sàrl, which in turn owns 65% (or the entire Class B of 1,950 shares) of the capital in Gipafin sàrl. Ms. Prada Bianchi is therefore deemed under the SFO to be interested in all the shares registered in the name of Prada Holding bv. Ms. Prada Bianchi is also a director of Ludo sa.

   * Ludo sa's effective shareholding of 53.8% in Bellatrix sàrl comprises 42,690 shares (being the entire Class A shares) and 495,770 shares (being approximately 51.79% of the Class B shares of 957,310 shares).

3. Mr. Patrizio Bertelli owns, indirectly through companies owned by him (PaBe1 sa, PaBe2 sa, PaBe3 sa and PaBe4 sa), 35% (or the entire Class A of 1,050 shares) of the capital in Gipafin sàrl. Mr. Bertelli is therefore deemed under the SFO to be interested in all the shares registered in the name of Prada Holding bv.

The interests of Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli in the shares of the Company as at July 31, 2012 are summarized in the following chart:



(b) Long positions in shares and underlying shares of associated corporations:

Name of Director	Name of associated corporations	Class of shares	Number of shares	Nature of Interests	Approximate percentage of Interests
Ms. Miuccia Prada Bianchi	Prada Holding bv	Common Shares	1,001	Controlled Corporation	100%
	PRADA Arte bv	Registered Shares	180	As above	100%
	Prapar Corporation	Common Shares	50	As above	100%
	EXHL Italia srl	Participation Quotas (Euro)	15,000	As above	100%
	I.P.I. (21) UK ltd	Ordinary Shares	750,000	As above	100%
	MFH Munich Fashion Holding gmbH	Registered Share	1	As above	100%
	PAC srl (in liquidation)	Participation Quotas (Euro)	30,600	As above	100%
	Gipafin sàrl	Class B Shares	1,950	As above	100%
	Bellatrix sàrl	Class A Shares	42,690	As above	100%
	Bellatrix sàrl	Class B Shares	495,770	As above	51.79%
	Ludo sa	Ordinary Shares	100,310	Beneficial Owner	100%
	Arte One bv	Ordinary Shares	180	Controlled Corporation	100%
	PRA 1 srl	Participation Quotas (Euro)	10,000	As above	100%
Mr. Patrizio Bertelli	Prada Holding bv	Common Shares	1,001	Controlled corporation	100%
	Prapar Corporation	Common Shares	50	As above	100%
	EXHL Italia srl	Participation Quotas (Euro)	15,000	As above	100%
	I.P.I. (21) UK ltd	Ordinary Shares	750,000	As above	100%
	MFH Munich Fashion Holding gmbH	Registered Share	1	As above	100%
	PAC srl (in liquidation)	Participation Quotas (Euro)	30,600	As above	100%
	Gipafin sàrl	Class A Shares	1,050	As above	100%

Save as disclosed above, as at July 31, 2012, none of the Directors or the Chief Executives of the Company or their associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders' interests and short positions in securities

As at July 31, 2012, other than the interests of the Directors or the Chief Executives of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of issued capital
Prada Holding bv	Legal and beneficial owner	2,046,470,760	80%
Gipafin sàrl	Interest of controlled corporation	2,046,470,760	80%
Bellatrix sàrl	Interest of controlled corporation	2,046,470,760	80%
Ludo sa	Interest of controlled corporation	2,046,470,760	80%

Note:

Prada Holding bv owns approximately 80% of the issued capital in the Company. As Ludo sa owns 53.8% of Bellatrix sàrl which in turn owns 65% of Gipafin sàrl (Giapfin sàrl owns the entire issued capital in Prada Holding bv), Gipafin sàrl, Bellatrix sàrl and Ludo sa were all deemed to be interested in the 2,046,470,760 shares held by Prada Holding bv.

Interim condensed consolidated financial statements

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	July 31 2012 unaudited	January 31 2012 audited
Assets			
Current assets			
Cash and cash equivalents	6	391,594	362,284
Trade receivables, net	7	292,043	266,404
Inventories	8	380,688	374,782
Derivative financial instruments - current	9	108	894
Receivables and prepayments from parent company and other related parties	10	30,189	12,864
Other current assets	11	125,436	100,275
Total current assets		1,220,058	1,117,503
Non-current assets			
Property, plant and equipment	12	777,425	713,870
Intangible assets	13	860,986	863,526
Associated undertakings	14	19,459	15,631
Deferred tax assets	32	207,331	175,736
Other non-current assets	15	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	16	238,518	165,485
Payables to parent company and other related parties	17	4,358	4,361
Trade payables	18	320,857	283,538
Current tax liabilities	19	112,746	117,770
Derivative financial instruments - current	9	23,201	15,200
Obligations under finance leases - current	20	965	1,453
Other current liabilities	21	114,605	128,777
Total current liabilities		815,250	716,584
Non-current liabilities			
Long-term financial payables	22	63,545	178,442
Obligations under finance leases non-current	20	609	1,100
Post-employment benefits	23	41,526	35,898
Provision for contingencies and commitments	24	58,543	56,921
Deferred tax liabilities	32	52,186	47,665
Other non-current liabilities	25	89,682	75,656
Derivative financial instruments non-current	9	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 year		286,409	431,929
Total Shareholders' Equity – Group	26	2,017,482	1,822,743
Shareholders' Equity – Non-controlling interests	27	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

Consolidated income statement

(amounts in thousands of Euro)	Note	six months ended July 31 2012 unaudited	%	six months ended July 31 2011 audited	%
Net revenues	28	1,547,373	100.0%	1,134,281	100.0%
Cost of goods sold	29	(440,872)	-28.5%	(329,098)	-29.0%
Gross margin		1,106,501	71.5%	805,183	71.0%
Operating expenses	30	(711,619)	-46.0%	(551,805)	-48.6%
EBIT		394,882	25.5%	253,378	22.3%
Interest and other financial income/(expenses), net	31	(2,911)	-0.2%	(11,600)	-1.0%
Income before taxes		391,971	25.3%	241,778	21.3%
Taxation	32	(102,756)	-6.6%	(60,577)	-5.3%
Net income for the period 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 for the period – Non-controlling interests	27	2,806	18.5%	1,669	0.1%
Net income for the period – Group		286,409	18.5%	179,532	15.8%
Basic and diluted earnings per share (in Euro per share)		0.112		0.071	

Consolidated statement of cash flows

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited	six months ended July 31 2011 audited
Income before taxation from continuing operations	391,971	241,778
Total income before taxation	391,971	241,778
Income statement adjustments		
Depreciation and amortization	73,630	59,835
Impairment of property, plant and equipment and intangible assets	861	1,795
Non-monetary financial (income)/expenses	6,478	8,323
Other non-monetary charges	9,661	12,996
Changes in Statement of financial position		
Other non-current assets and liabilities	(7,721)	(6,122)
Trade receivables, net	(20,671)	(18,475)
Inventories, net	381	(87,506)
Trade payables	41,869	66,116
Other current assets and liabilities	(30,657)	(22,450)
Cash flows from operating activities	465,802	256,290
Interest paid, net	(4,498)	(9,132)
Taxes paid	(129,113)	(37,560)
Net cash flows from operating activities	332,191	209,598
Purchases of property, plant and equipment and intangible assets	(142,008)	(138,480)
Disposals of assets	1,954	1,800
Disposal of investments held for sale	-	1,800
Cash flows generated (utilized) by investing activities	(140,054)	(134,880)
Dividends paid to shareholders of PRADA spa	(122,963)	(2,482)
Dividends paid to Non-controlling shareholders	(2,645)	(3,886)
Repayment of long-term borrowings - third parties	-	(14,294)
Repayment of short-term portion of long term borrowings - third parties	(61,472)	(58,737)
Repayment of loans to related parties	(538)	(209)
New long-term borrowings – third parties arranged	29,840	3,354
Change in short-term borrowings – third parties	(9,883)	(32,171)
New loans to related companies	(1,545)	-
Issue of new shares by PRADA spa	-	206,560
Share capital increases by subsidiary companies	1,161	1,383
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
Foreign exchange differences	13,546	(1,163)
Opening cash and cash equivalents, net of bank overdraft	353,554	79,498
Closing cash and cash equivalents, net of bank overdraft	391,192	252,571
Cash and cash equivalents	391,594	253,610
Bank overdraft	(402)	(1,039)
Closing cash and cash equivalents, net of bank overdraft	391,192	252,571

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	Cash flow hedge reserve	Actuarial gain (losses) reserve	Available for sale 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)	3,464	(948)	-	531,729	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 each	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	(7,637)	(244)	(58)	-	431,929	446,762	4,910	451,672
Balance at January 31, 2012 audited	2,558,824,000	255,882	410,047	(17,239)	(4,173)	(1,192)	(58)	747,548	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	(6,856)	(1,336)	2,869	-	286,409	322,680	3,122	325,802
Balance at July 31, 2012 unaudited	2,558,824,000	255,882	410,047	24,354	(11,029)	(2,528)	2,811	1,051,536	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 (Note 33).

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

The accounting policies and the following notes constitute an integral part of the Interim condensed consolidated financial statements.

Notes to the Interim condensed consolidated financial statements

1. General information

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. At July 31, 2012, 79.98% of the share capital was owned by PRADA Holding bv, a company domiciled in The Netherlands, while the remaining shares were floating on the Main Board of the Hong Kong Stock Exchange.

The Interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors of PRADA spa on September 24, 2012.

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 "Consolidated statement of cash flows", the "Statement of changes in consolidated shareholders' equity", the "Statement of consolidated comprehensive income" and the "Notes to the Interim 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. These year-end Consolidated financial statements have been 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.

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").

The Interim condensed consolidated financial statements have been prepared using the same scope of consolidation, basis of consolidation and accounting policies adopted for the preparation of the Consolidated financial statements as at January 31, 2012, except for the amendments to accounting standards as reported below under Note 3.

The Group has prepared the Consolidated statement of financial position classifying separately current and non-current assets and liabilities. All the details needed for more complete information are provided in the Notes.

The Consolidated income statement is classified by destination.

Cash flow information is provided in the Consolidated statement of cash flows which has been prepared under the indirect method.

The Interim condensed consolidated financial statements have been prepared on a going concern basis and are presented in Euro which is also the functional currency of the Company.

3. Amendments to accounting standards

Amendments to IFRS applicable to the PRADA Group from February 1, 2012

The following amendments to IFRS have been endorsed by the European Union and are applicable to the PRADA Group effective from February 1, 2012. The matters in question are not applicable to the Group as of the date of these financial statements, but they could have future accounting effects:

- IFRS 7 "Financial instruments: disclosures". The amendments made to this standard, effective from July 1, 2011, are intended to improve the quality of disclosures on the de-recognition of financial instruments and when an excessive number of transactions is put in place at the end of a period;
- IAS 19 "Employee benefits". The amendments made to this standard, effective from January 1, 2013, exclude the application of the corridor method and require additional disclosures.

New standards and amendments issued by the IASB, endorsed by the European Union and early adopted by the PRADA Group

- IAS 1 "Presentation of financial statements". The amendments made to this standard, effective from July 1, 2012, are intended to clarify the criteria for preparation of the statement of "Other items of comprehensive income".

New standards and amendments issued by the IASB that are not applicable to the PRADA Group and have not yet been endorsed by the European Union

- IFRS 9 "Financial instruments". This new standard, effective from January 1, 2015, represents the first phase of a series of standards intended to replace entirely IAS 39 "Financial instruments: recognition and measurement" with the introduction of new criteria for the classification of financial assets and liabilities and for the de-recognition of financial assets. In more details, the rules set out by IAS 39 will no longer apply to qualify, then value, a financial asset. Instead, the valuation criteria of the financial asset will be addressed by the way a company manages its financial instruments together with the relevant contractual cash flows. On the financial liabilities side, the main change will entail recognition through other comprehensive income statements, and no longer through income statements, of the change in the fair value of financial liabilities as a result of a change in the credit rating;
- IFRS 10 "Consolidated Financial Statements". This new standard, effective from January 1, 2013, further develops the definition of control as a fundamental concept for consolidation. In June 2012 the IASB approved the "Transition Guidance on Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities" to clarify and explain that the "date of initial application" in IFRS 10 means "the beginning of the annual reporting period in which IFRS 10 is applied for the first time". An entity is not required to make adjustments to previous accounting for its involvement with entities if the consolidation conclusion reached at the date of initial application is the same when applying IAS 27 and when applying IFRS 10. Instead, an investor shall adjust comparative periods retrospectively if the consolidation conclusion reached at the date of initial application is different when applying IFRS 10 when compared with applying IAS 27;

- IFRS 11 "Joint Arrangements". This new standard, effective from January 1, 2013, will entirely replace IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly-controlled entities". It provides new criteria for use identifying joint arrangements and indicates the equity method as the only method for use in accounting for investments in jointly controlled entities in Consolidated financial statements;
- IFRS 12 "Disclosure of interests in other entities". This standard, effective from January 1, 2013, represents a new guideline on disclosures required in relation to all types of interests in entities, including subsidiaries, joint arrangements, associated and structured entities that are not controlled by the entity;
- IFRS 13 "Fair value measurement". This new standard, effective from January 1, 2013, provides a guide to measurement at, and disclosure of, the fair value;
- IAS 12 "Income taxes". The amendments made to this standard, effective from January 1, 2012, require the measurement of deferred tax relating to an asset depending on how the carrying amount of the asset will be recovered (i.e. through use or sale);
- IFRS 7 "Financial instruments: disclosures". The amendments made to this standard, effective from January 1, 2013, require additional disclosures to measure the effects or potential effects of the offsetting of financial assets and liabilities on the financial position of an entity;
- IAS 32 "Financial instruments: presentation". The amendments made to this standard, effective from January 1, 2014, supplement the guidelines on the offsetting of financial assets and liabilities.

As at July 31, 2012, the European Union has not completed yet the endorsement of the new standards and amendments as described above.

4. Significant acquisitions and disinvestments

There were no significant acquisitions and disinvestments during the period ended July 31, 2012.

5. Operating segments

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. It is also reported in the Financial Review where it is accompanied by further information on the Group's operating results.

Net sales analysis

(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	100.0%	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	%	% change
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%

Information about non-current assets by geographical areas

The following table reports the carrying value of most of the Group's non-current assets by geographical area, as requested by "IFRS 8 Operating segments" for entities that have a single reportable segment.

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Italy	434,356	416,542
Europe	822,676	814,240
Americas	172,819	160,539
Japan	117,807	119,355
Asia Pacific	150,182	124,527
Other countries	19,608	10,938
Total	1,717,448	1,646,141

The total amount of Euro 1,717.4 million relates to the Group's non-current assets excluding, as requested by "IFRS 8 Operating segments", those relating to financial instruments, deferred tax assets and the surplus arising from a pension benefit scheme.

6. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Cash on hand	25,708	23,770
Bank deposit accounts	112,177	195,227
Bank current accounts	253,709	143,287
Total	391,594	362,284

At July 31, 2012, bank current accounts and deposit accounts generate interest income of between 0.0% and 4% per annum (between 0.0% and 4.08% at January 31, 2012).

Bank deposit accounts and current accounts are broken down by currency as follows:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Euro	87,790	108,286
US Dollar	81,498	56,170
Korean Won	31,368	27,529
Hong Kong Dollar	33,895	70,045
Other currencies	131,335	76,484
Total bank deposit accounts and current accounts	365,886	338,514

7. Trade receivables, net

Trade receivables are detailed as follows:

(amounts in thousands of Euro)	July 31 2012 unaudited	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.

Trade receivables from third parties consist of the following:

(amounts in thousands of Euro)	July 31 2012 unaudited	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

Change in the Allowance for bad and doubtful debts consists of the following:

(amounts in thousands of Euro)	July 31 2012 unaudited	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

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

8. Inventories

Inventories consist of the following:

(amounts in thousands of Euro)	July 31 2012 unaudited	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 in 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. Derivative financial instruments: assets and liabilities

Derivative financial instruments: assets and liabilities, current portion.

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Financial assets regarding derivative instruments	108	894
Financial liabilities regarding derivative instruments	(23,201)	(15,200)
Net carrying amount – current	(23,093)	(14,306)

Derivative financial instruments: assets and liabilities, non-current portion.

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Financial assets regarding derivative instruments	-	-
Financial liabilities regarding derivative instruments	(612)	(335)
Net carrying amount – non-current	(612)	(335)

The net carrying amount of derivative financial instruments, current and non-current taken together, consists of the following:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited	IFRS7 Category
Forward contracts	47	316	Level II
Options	61	578	Level II
Positive fair value	108	894	
Forward contracts	(5,452)	(3,279)	Level II
Options	(16,632)	(11,428)	Level II
Interest rate swaps	(1,729)	(828)	Level II
Negative fair value	(23,813)	(15,535)	
Net carrying amount	(23,705)	(14,641)	

All of the above derivative instruments are qualified as Level II of the fair value hierarchy proposed by IFRS 7. The Group has not entered into any derivative contracts that may be classed as Level I or III.

The Group entered into the financial derivative contracts in the course of its risk management activities in order to hedge financial risks connected with exchange rates and interest rates fluctuations.

Foreign exchange rates transactions

The cash flows resulting from the Group's international activities are exposed to exchange rates volatility. In order to hedge this risk, the Group enters into options and forward sale and purchase agreements so as to guarantee the value in Euro (or in other currencies of the various Group companies) of identified cash flows.

Expected future cash flows mainly regard the collection of trade receivables and settlement of trade payables. The most important currencies in terms of hedged amounts are: Hong Kong Dollar, US Dollar and Japanese Yen.

The notional amounts of the derivative contracts designated as foreign exchange risk hedges (as translated at the European Central Bank exchange rates at July 31, 2012) are stated below.

Contracts in place at July 31, 2012, to hedge projected future trade cash flows.

(amounts in thousands of Euro)	Options	Forward sale contracts	Forward purchase contracts (*)	July 31 2012 unaudited
Currency				
US Dollar	65,752	-	-	65,752
GB Pound	34,046	-	-	34,046
Japanese Yen	48,412	-	-	48,412
Hong Kong Dollar	95,689	739	-	96,428
Korean Won	-	17,689	-	17,689
Singapore Dollar	16,337	262	-	16,599
Other	17,187	15,364	(913)	31,638
Total	277,423	34,054	(913)	310,564

(*) Positive figures represent forward sales, negative figures represent forward purchases of currency.

Contracts in place as at July 31, 2012, to hedge projected future financial cash flows.

(amounts in thousands of Euro)	Options	Forward sale contracts	Forward purchase contracts	July 31 2012 unaudited
Currency				
Japanese Yen	-	62,480	-	62,480
Hong Kong Dollar	-	-	(26,248)	(26,248)
Total	-	62,480	(26,248)	36,232

All contracts in place as at July 31, 2012, will mature within 12 months.

Contracts in place at January 31, 2012, to hedge projected future trade cash flows.

(amounts in thousands of Euro)	Options	Forward sale contracts	Forward purchase contracts (*)	January 31 2012 audited
Currency				
US Dollar	123,812	-	(26,563)	97,249
GB Pound	42,672	-	-	42,672
Japanese Yen	67,604	1,985	(34,781)	34,808
Hong Kong Dollar	159,657	4,893	-	164,550
Swiss Franc	2,706	3,362	-	6,068
Singapore Dollar	14,551	-	-	14,551
Other	18,155	39,831	(1,190)	56,796
Total	429,157	50,071	(62,534)	416,694

(*) Positive figures represent forward sales, negative figures represent forward purchases of currency.

Contracts in place as at January 31, 2012, to hedge projected future financial cash flows.

(amounts in thousands of Euro)	Options	Forward sale contracts	Forward purchase contracts	January 31 2012 audited
Currency				
Japanese Yen	-	76,617	-	76,617
Total	-	76,617	-	76,617

All contracts in place as at January 31, 2012, had an expiry date shorter than twelve months. All contracts in place at the reporting date were entered into with leading financial institutions and the Group does not expect any default by these institutions.

Interest rates transactions

The Group enters into Interest Rate Swaps agreements (IRS) in order to hedge the risk of interest rates fluctuations in relation to several bank loans. The key features of the IRS agreements in place as at July 31, 2012, and January 31, 2012, are summarized as follows:

Contract	Currency	Notional amount	Interest rate	Maturity date	July 31 2012 unaudited	Currency	Hedged loan – lending institution	Amount	Expiry
					fair value €.000				
IRS	Euro/000	140,000	1.511%	26/07/2013	(1,060)	Euro/000	Pool loan	140,000	07/2013
IRS	Euro/000	15,000	1.545%	02/06/2014	(156)	Euro/000	Intesa-Sanpaolo	15,000	06/2014
IRS	Euro/000	3,600	2.210%	01/07/2015	(96)	Euro/000	MPS	3,600	07/2015
IRS	Yen/000	2,000,000	1.875%	31/03/2017	(417)	Yen/000	Mizuho	2,000,000	03/2017

Contract	Currency	Notional amount	Interest rate	Maturity date	January 31 2012 audited	Currency	Hedged loan – lending institution	Amount	Expiry
					fair value €.000				
IRS	Euro/000	180,000	1.511%	26/07/2013	(638)	Euro/000	Pool loan	180,000	07/2013
IRS	Euro/000	18,750	1.545%	02/06/2014	(66)	Euro/000	Intesa-Sanpaolo	18,750	06/2014
IRS	Euro/000	12,000*	1.745%	29/05/2012	(1)	Euro/000	Unicredit	12,000	05/2014
IRS	Euro/000	4,200	2.210%	01/07/2015	(80)	Euro/000	MPS	4,200	07/2015
IRS	Euro/000	3,750	3.500%	01/08/2012	(43)	Euro/000	Carilucca, Pisa e Livorno	3,750	08/2012

* IRS discontinued in compliance with IAS 39

The IRS converts the variable interest rates applying to a series of loans into fixed interest rates. These agreements have been arranged with leading financial institutions and the Group does not expect them to default.

Movements in the cash flow hedge reserve included in Group shareholders' equity, before tax effects, since February 1, 2011, are as follows:

(amounts in thousands of Euro)	
Opening balance as at February 1, 2011 (audited)	4,780
Change in the translation reserve	7
Change in fair value, recognized in equity	(7,223)
Change in fair value, charged to Income statement	(3,209)
Closing balance at January 31, 2012 (audited)	(5,645)
Change in the translation reserve	(7)
Change in fair value, recognized in equity	(21,056)
Change in fair value, charged to Income statement	11,581
Closing balance at July 31, 2012 (unaudited)	(15,127)

Changes in the reserve that are charged to the Income statement are recorded under Interest and other financial income/(expense), net or within the EBIT following the nature of the underlying.

Credit risk

Credit risk is defined as the risk that an entity in a transaction causes a financial loss to another entity by not fulfilling its obligations. The maximum risk to which an entity is potentially exposed is represented by all financial assets recorded in the financial statements. The Directors essentially believe that the Group's credit risk mainly regards trade receivables generated in the wholesale channel.

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.

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

(amounts in thousands of Euro)	July 31 2012 unaudited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 121
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)	January 31 2012 audited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 121
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)	July 31 2012 unaudited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 121
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)	January 31 2012 audited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 121
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

At the reporting date, the expected loss on doubtful receivables was fully covered by the allowance for doubtful receivables. Movements in the allowance for doubtful receivables are shown in Note 7.

The following table summarizes trade payables by maturity date.

(amounts in thousands of Euro)	July 31 2012 unaudited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 121
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)	January 31 2012 audited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 121
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

10. Receivables and prepayments from parent companies and other related parties

Receivables and prepayments from parent companies and other related parties consist of the following:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Financial receivables – other related parties	3,040	1,410
Other receivables – PRADA Holding bv	222	654
Other receivables – other related parties	12,254	1,646
Other receivables – other companies controlled by PRADA Holding bv	4	154
Prepayments – other related parties	14,669	9,000
Total	30,189	12,864

During the six months period ended July 31, 2012, an interest-free loan of USD 2 million was granted to a Non-controlling interest entity for the development of the retail network in the Middle East. Hence, financial receivables from other related parties increased from Euro 1.4 million to Euro 3 million.

Prepayments includes Euro 12 million of advance payments made to Luna Rossa Challenge NZ ltd and Luna Rossa Challenge srl, in accordance with the contracts signed with subsidiary PRADA sa, for sponsorship of the Luna Rossa yacht in relation to its participation in the XXXIV edition of the America's Cup to be held in San Francisco, California, in 2013. The remaining Euro 2.6 million essentially consisted of advances paid to Progetto Prada Arte srl and Stichting Fondazione Prada for cultural initiatives to be undertaken after the reporting period.

Other receivables include Euro 10.9 million arising from the sale of works of art to related parties. The transaction, as disclosed by the Company's announcement dated June 28, 2012, involved the sale of a total of 10 assets that, deemed as non-core investments by the Directors, were realized at the fair value, as confirmed by an appraisal performed by an independent advisor.

Details of receivables from parent companies and related parties are provided in Note 34.

11. Other current assets

Other current assets are detailed as follows:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
VAT	32,660	37,372
Income tax and other tax receivables	9,841	6,597
Other assets	33,694	15,337
Prepayments and accrued income	46,844	39,049
Deposits	2,397	1,920
Total	125,436	100,275

Other assets

Other assets are detailed as follows:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Advertising contributions under license agreements	10,143	3,693
Advances to suppliers	4,371	4,832
Incentives for retail investments	4,501	4,152
Advances to employees	1,111	754
Other receivables	13,568	1,906
Total	33,694	15,337

Other receivables, amounting to Euro 13.6 million at July 31, 2012, mainly include down payments made to enter into preliminary agreements for the development of the retail network.

Prepayments and accrued income are detailed as follows:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Rental charges	18,771	15,664
Insurance	2,823	1,033
Design costs	11,639	9,914
Fashion shows and advertising campaigns	4,639	4,138
Sponsorship	1,000	704
Consulting	1,506	1,757
Amortized costs on loans	394	591
Other	6,072	5,248
Total	46,844	39,049

Design costs mainly include costs incurred for the conception and realization of collections that will generate revenue in the future.

12. Property, plant and equipment

Changes in the historical cost of Property, plant and equipment in the period ended July 31, 2012, and January 31, 2012, are as follows:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improve-ments	Furniture & fittings	Other tangibles	Assets under construction	Total historical cost
Balance at January 31, 2011 (audited)	172,525	97,048	487,208	176,512	84,493	59,157	1,076,943
Additions	40,806	7,030	110,797	29,329	18,825	51,820	258,607
Disposals	-	(300)	(106)	(525)	(1,656)	(15)	(2,602)
Exchange differences	1,968	238	29,531	6,090	944	3,501	42,272
Other movements	288	15	23,893	4,860	1,116	(30,627)	(455)
Impairment	-	(8)	(10,187)	(5,470)	(646)	(1,216)	(17,527)
Balance at January 31, 2012 (audited)	215,587	104,023	641,136	210,796	103,076	82,620	1,357,238
Additions	11,516	3,316	50,404	20,730	2,491	28,349	116,806
Disposals	(3)	(22)	(154)	(587)	(13,373)	(1)	(14,140)
Exchange differences	3,817	516	33,486	7,669	957	1,814	48,259
Other movements	3,333	123	31,296	1,831	1,320	(38,362)	(459)
Impairment	-	-	(2,367)	(1,997)	(1,195)	(108)	(5,667)
Balance at July 31, 2012 (unaudited)	234,250	107,956	753,801	238,442	93,276	74,312	1,502,037

Changes in accumulated depreciation of Property, plant and equipment in the period ended July 31, 2012, and January 31, 2012, are as follows:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improvements	Furniture & fittings	Other tangibles	Total accum. depreciation
Balance at January 31, 2011 (audited)	26,923	82,006	267,096	104,403	59,798	540,226
Depreciation	5,055	6,635	62,899	18,691	5,850	99,130
Disposals	-	(296)	(45)	(342)	(1,593)	(2,276)
Exchange differences	525	210	14,894	3,685	619	19,933
Other movements	-	-	(118)	975	(975)	(118)
Impairment	-	(8)	(7,914)	(5,000)	(605)	(13,527)
Balance at January 31, 2012 (audited)	32,503	88,547	336,812	122,412	63,094	643,368
Depreciation	2,940	3,447	40,128	11,854	3,324	61,693
Disposals	-	(22)	(51)	(290)	(476)	(839)
Exchange differences	1,017	459	18,589	4,587	609	25,261
Other movements	-	-	(62)	(1)	-	(63)
Impairment	-	-	(1,811)	(1,818)	(1,179)	(4,808)
Balance at July 31, 2012 (unaudited)	36,460	92,431	393,605	136,744	65,372	724,612

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

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improve-ments	Furniture & fittings	Other tangibles	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

Additions to Land and buildings amounted to Euro 11.5 million and mainly referred to the acquisition of two buildings situated in central Italy as set out by the agreement signed by the Company in 2010 to commit to purchase a number of properties. These last two acquisitions (the commitment was entirely fulfilled at July 31, 2012) related to buildings already involved in the Group's production and engineering processes through rental agreements.

The increases in Production plant and machinery mainly related to purchases of equipment involved in footwear production.

Taken together, total capital expenditure on tangible and intangible fixed assets for the six months period amounted to Euro 121.7 million. In line with the Group's growth strategy, most of it was focused on the retail network (Euro 90.5 million), some Euro 51.9 million for the opening of new stores (Euro 39.7 million for stores opened before July 31, 2012, and Euro 12.2 million for stores opening soon) and Euro 38.6 million for the expansion and refurbishment of existing stores.

Assets under construction amounted to Euro 74.3 million as at July 31, 2012, and mainly related to investments in the retail network.

Disposals of Other tangible assets essentially relate to the sale of works of art to related parties as described in Note 10.

Land and buildings included capitalized interest charges as follows:

(amounts in thousands of Euro)	Opening net book value	Increases	Exchange differences	Amortization	Closing net book value
Land and buildings	8,377	45	378	(147)	8,653

13. Intangible assets

Changes in the historical cost of Intangible assets in the period ended July 31, 2012, and January 31, 2012, are as follows:

(amounts in thousands of Euro)	Trademarks	Goodwill	Store Lease Acquisitions	Software	Development costs	Assets in progress	Total historical cost
Balance at January 31, 2011 (audited)	390,091	533,168	107,760	60,728	45,465	2,372	1,139,584
Additions	166	-	14,393	4,178	128	1,384	20,249
Disposals	-	-	-	(12)	(1)	-	(13)
Exchange differences	2,341	835	686	268	-	12	4,142
Other movements	-	-	300	1,082	180	(2,278)	(716)
Impairment	-	-	-	(38)	(191)	(14)	(243)
Balance at January 31, 2012 (audited)	392,598	534,003	123,139	66,206	45,581	1,476	1,163,003
Additions	115	-	1,350	572	-	2,845	4,882
Disposals	-	-	-	-	-	-	-
Exchange differences	5,093	1,818	1,094	339	-	(2)	8,342
Other movements	-	-	50	363	-	(681)	(268)
Impairment	-	-	-	(25)	-	(1)	(26)
Balance at July 31, 2012 (unaudited)	397,806	535,821	125,633	67,455	45,581	3,637	1,175,933

Changes in the accumulated amortization of Intangible assets in the period ended July 31, 2012, and January 31, 2012, are as follows:

(amounts in thousands of Euro)	Trademarks	Goodwill	Store Lease Acquisitions	Software	Development costs	Total accumulated amortization
Balance at January 31, 2011 (audited)	77,631	29,222	71,673	54,343	37,596	270,465
Amortization	11,025	-	8,354	3,067	4,726	27,172
Disposals	-	-	-	(8)	-	(8)
Exchange differences	634	561	328	252	-	1,775
Other movements	-	-	110	11	180	301
Impairment	-	-	-	(37)	(191)	(228)
Balance at January 31, 2012 (audited)	89,290	29,783	80,465	57,628	42,311	299,477
Amortization	5,542	-	4,045	1,491	859	11,937
Disposals	-	-	-	-	-	-
Exchange differences	1,392	1,223	553	331	-	3,499
Other movements	-	-	55	4	-	59
Impairment	-	-	0	(25)	-	(25)
Balance at July 31, 2012 (unaudited)	96,224	31,006	85,118	59,429	43,170	314,947

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

(amounts in thousands of Euro)	Trademarks	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

The net book value of Trademarks at July 31, 2012, and January 31, 2012, is broken down as follows.

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Miu Miu	173,764	176,537
Church's	110,140	108,411
Luna Rossa	6,622	7,111
Car Shoe	5,880	5,983
Prada	4,393	4,474
Other	783	792
Total	301,582	303,308

Store lease acquisition costs (key-money) include intangible assets recognized in respect of costs incurred by the Group to enter into, take over or extend lease agreements for retail premises in the most prestigious retail locations worldwide. The increase recorded during the period regards lease agreements in Europe.

Additions to Intangible assets under construction mainly refer to licenses for IT projects other than improvements to software already in use.

The following table contains a summary of total additions to Property, plant and equipment and Intangible assets for each business area.

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Retail	90,456	191,169
Production and logistics	20,224	57,828
Corporate	11,008	29,859
Total	121,688	278,856

Goodwill

As at July 31, 2012, Goodwill amounted to Euro 504.8 million.

A breakdown of goodwill by Cash Generating Unit (CGU) is provided below:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Italy Wholesale	78,355	78,355
Asia Pacific and Japan Retail	311,935	311,936
Italy Retail	25,850	25,850
Germany and Austria Retail	5,064	5,064
United Kingdom Retail	9,300	9,300
Spain Retail	1,400	1,400
France and Monte Carlo Retail	11,700	11,700
North America Retail and Wholesale	48,000	48,000
Production division	3,492	3,492
Church's	9,719	9,123
Total	504,815	504,220

As required by IAS 36, goodwill with an indefinite useful life is not amortized. Instead, it is tested for impairment at least once a year.

The method used to identify the recoverable value (value in use) was based on the discounted expected free cash-flow generated by the assets directly attributable to the business to which the goodwill has been allocated (CGU).

Value in use was calculated as the sum of the present value of future free cash-flows expected from the business plan projections prepared for each CGU and the present value of the operating activities of the sector at the end of the business plan period (terminal value).

Business plans covered a period of five years and the discount rate used to discount cash flows was calculated using the weighted average cost of capital approach (WACC). For the year ended January 31, 2012, the WACC used for discounting purposes was in a range between 6.8% and 23.3%.

The impairment test performed as at January 31, 2012, did not identify any impairment loss for the Group CGUs. However, as value in use was measured based on estimates, the Group cannot guarantee that the value of goodwill will not be impaired in future.

14. Investments

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Investment in associated undertaking	1,739	1,739
Investment available for sale	17,706	13,878
Other investments	14	14
Total	19,459	15,631

Investment in associated undertaking regards a 49% interest in Pac srl (in liquidation) that has been recorded under the equity method.

Investment available for sale regards the 4.88% stake in the share capital of Sitoy Group Holdings ltd, a company listed on the Hong Kong Stock Exchange that operates on the Asian market in the production of leather bags and other products. In accordance with IAS 39, the investment was initially recognized at cost and subsequently restated at fair value in line with the official quoted share price on the Hong Kong Stock Exchange at the reporting date (Level I of the fair value hierarchy per IFRS 7). Fair value adjustments are recognized in a specific equity reserve.

15. Other non-current assets

Other non-current assets are detailed as follows:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Guarantee deposits	56,221	49,526
Deferred rental income	2,609	2,893
Other receivables	5,208	4,883
Total	64,038	57,302

The increase in Guarantee deposits is due to the expansion of the retail network.

Guarantee deposits are below analyzed by nature and maturity:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Nature:		
Stores	53,844	47,652
Offices	1,691	1,335
Warehouses	178	148
Other	508	391
Total	56,221	49,526

(amounts in thousands of Euro)	July 31 2012 unaudited
Maturity:	
By July 31, 2014	14,211
By July 31, 2015	7,542
By July 31, 2016	2,535
By July 31, 2017	2,797
After July 31, 2017	29,136
Total	56,221

16. Short-term financial payables and bank overdrafts

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Bank overdrafts and commercial lines of credit	402	8,730
Short-term bank loans	20,827	29,871
Current portion of long-term loans	218,511	128,273
Deferred costs on loans	(1,222)	(1,389)
Total	238,518	165,485

The increase in the Current portion of long-term loans is essentially due, net of repayments made during the six months ended July 31, 2012, to the reclassification from long to short-term of Euro 60 million relating to the Pool loan taken on by PRADA spa and of Euro 24.9 million (or Japan Yen equivalent) relating to loans arranged by PRADA Japan co ltd.

Short-term bank loans and the current portion of long-term loans by currency consist of the following:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Euro	160,026	99,993
Japanese Yen	61,153	44,476
Renminbi	16,759	12,818
Other currencies	1,400	857
Total Short term bank loans and Current portion of long-term loans	239,338	158,144

Considering hedges in place at the reporting date, some 74% of the current portion of medium/long term loans consisted of fixed rate loans (81% at January 31, 2012) with variable rate loans making up the remaining 26% (19% at January 31, 2012).

Short-term financial payables are stated net of amortized costs incurred to arrange the loans and amounting, at July 31, 2012, to Euro 1.2 million.

17. Payables to parent companies and related parties

Payables to parent companies and related parties consist of the following:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Financial payables – other related parties	3,173	3,574
Other payables – PRADA Holding bv	134	-
Other payables – other related parties	1,049	528
Other payables – other companies controlled by PRADA Holding bv	2	259
Total	4,358	4,361

Financial payables towards other related parties, totaling Euro 3.2 million at July 31, 2012, related to an interest-free loan contributed by Al Tayer, the Non-controlling shareholder of PRADA Middle East fzco, according to its stake in the Prada Group's subsidiary. The fund was used to develop the retail business in the Middle East.

18. Trade payables

Trade payables consist of the following:

(amounts in thousands of Euro)	July 31 2012 unaudited	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.

19. Tax payables

Current tax payables consist of the following:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Current income taxes	89,394	94,858
VAT and other taxes	23,352	22,912
Total	112,746	117,770

20. Obligations under finance leases

At July 31, 2012, Obligations under finance leases consisted of Euro 1 million under current liabilities and Euro 0.6 million under non-current liabilities. They mainly related to properties leased in Italy.

21. Other current liabilities

Other current liabilities consist of the following:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Payables for capital expenditure	34,616	57,844
Accrued expenses and deferred income	15,866	12,944
Other payables	64,123	57,989
Total	114,605	128,777

Other payables consist of the following:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Short-term benefits for employees and other personnel	46,001	44,550
Customer advances	5,752	4,688
Returns from customers	6,014	6,988
Payable for withholding on dividends	5,292	-
Other	1,064	1,763
Total	64,123	57,989

The payable for withholding on dividends, amounting to Euro 5.3 million at July 31, 2012, was related to the application of the Italian ordinary withholding tax rate to the whole amount of dividends paid in relation to the 2011 Company Financial statements, as approved by the Annual General Meeting held on May 22, 2012, to non-Italian residents beneficial owners (on or after January 1, 2012) of the Company shares held through the Hong Kong Central Clearing and Settlement System.

22. Long-term financial payables

Long-term financial payables are analyzed below:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Bank borrowings	63,570	178,919
Deferred costs on loans	(25)	(477)
Total	63,545	178,442

The reduction in long-term financial payables was mainly due to the reclassification of the current portion to Short-term financial payables and bank overdrafts.

The Group generally borrows at variable rates of interest and manages the risk of interest rates fluctuation by entering into hedging agreements as described in Note 9.

At the reporting date, some 23% of long-term loans consisted of fixed rates loans (70% at January 31, 2012) with variable rates loans making up the remaining 77% (30% at January 31, 2012).

Details of long-term borrowings at July 31, 2012, are provided below:

Borrower	amount in thousands of Euro	Loan currency	Lender	Expiry date	Interest rate (1)
PRADA spa	2,400	Euro	Monte dei Paschi di Siena (2)	07/2015	3.310%
PRADA spa	7,500	Euro	IntesaSanPaolo	06/2014	2.145%
PRADA spa	4,800	Euro	Unicredit	05/2014	2.345%
PRADA spa	12,903	Euro	Cariparma (2)	08/2015	2.309%
PRADA Japan co ltd	20,827	Japanese Yen	Mizhuo Bank	03/2017	1.075%
PRADA Fashion Commerce (Shanghai) co limited	5,438	Renminbi	Mizuho Bank	09/2013	6.650%
PRADA Middle East fzco	9,702	US dollar	ENBD	09/2016	3.960%
Total	63,570				

(1) the interest rates include the effect of hedging instruments
(2) secured by a mortgage on a building

Details of long-term borrowings at January 31, 2012, are provided below:

Borrower	amount in thousands of Euro	Loan currency	Lender	Expiry date	Interest rate (1)
PRADA spa	100,000	Euro	Pool loan	07/2013	3.010%
PRADA spa	3,000	Euro	Monte dei Paschi di Siena (2)	07/2015	3.310%
PRADA spa	11,250	Euro	IntesaSanPaolo	06/2014	2.145%
PRADA spa	7,200	Euro	Unicredit	05/2014	2.345%
PRADA spa	13,779	Euro	Cariparma (2)	08/2015	2.590%
PRADA Japan co ltd	3,279	Japanese Yen	Mizhuo Bank	07/2013	2.090%
Church & Co plc	856	GB Pound	HSBC	07/2013	1.200%
PRADA Japan co ltd	27,825	Japanese Yen	Mizhuo Bank	07/2013	1.540%
PRADA Fashion Commerce (Shanghai) co limited	11,730	Renminbi	Mizuho Bank	09/2013	6.650%
Total	178,919				

(1) the interest rates include the effect of hedging instruments
(2) secured by a mortgage on a building

During the six months ended July 31, 2012, the Group arranged three new long-term loans.

In March 2012, PRADA Japan co ltd signed a term loan agreement with Mizuho for a total amount of Japanese Yen 2 billion. The term loan is subject to interest at the 6 month TIBOR plus a spread of 0.625% and has to be repaid in eight equal semiannual installments starting from September 2013.

In May 2012, PRADA Middle East fzco signed a term loan agreement with ENBD for a total amount of US Dollar 22 million, or AE Dirham equivalent. The term loan is subject to interest at the 3 month LIBOR plus a spread of 3.5% for drawdowns in US Dollar or, alternatively, to interest at the 3 month EIBOR plus a spread of 2.5% for drawdowns in AE Dirham. The loan is repayable in ten equal quarterly installments starting from June 2014. At July 31, 2012, the loan was partially drawn in US Dollar only. The loan is subject to a Debt/Equity ratio covenant which was fully respected at the reporting date.

In July 2012, PRADA Fashion Commerce (Shanghai) co limited signed a term loan agreement with IntesaSanPaolo for a total amount of RMB 50 million. The term loan is subject to interest at 98% of the PBOC Base Rate determined on a quarterly base. It has to be repaid in six equal quarterly installments starting from March 2014. The availability period ends on December 31, 2013, and at the reporting date the loan had not been drawn down.

All bank borrowings are analyzed below by security profile.

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Secured	21,460	20,443
Unsecured	281,850	325,350
Total	303,310	345,793

23. Long-term employee benefits

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Post-employment benefits	38,252	35,283
Other long-term employee benefits	3,274	615
Total liabilities for long-term benefits	41,526	35,898
Post-employment benefit (pension plan surplus)	(4,461)	(4,187)
Net liabilities for long-term benefits	37,065	31,711

Post-employment benefits

Liabilities and assets for post-employment benefits reported at July 31, 2012, totaled Euro 33.8 million, net (Euro 31.1 million, net at January 31, 2012) and all were qualified as defined benefit plans. The pension plan surplus is included in Other non-current assets, Note 15.

The balance included Euro 21.3 million of liabilities recorded in the financial statements of Italian companies and Euro 17 million reported by foreign companies. The Italian liabilities for post-employment benefits regarded the "Trattamento di Fine Rapporto" (hereinafter "TFR" i.e. staff leaving indemnity) and the balance - which reflected fair value - was determined projecting the benefit, accruing under Italian law at the reporting date, to the future date when the employment relationship will be terminated and discounting it at the reporting date using the actuarial "Projected Unit Credit Method (PUCM)".

The following table shows movements on liabilities for post-employment benefits in the six months ended July 31, 2012.

	Post-employment benefits Italian companies (TFR)	Post-employment benefits non-Italian companies	Group Total
Balance at January 31, 2012 (audited)	20,208	10,888	31,096
Current service cost	81	1,641	1,722
Interest cost	196	51	247
Actuarial (gains)/losses	1,843	-	1,843
Benefits paid	(1,036)	(602)	(1,638)
Exchange differences	-	521	521
Balance at July 31, 2012 (unaudited)	21,292	12,499	33,791

The TFR liability was determined based on an independent appraisal by Federica Zappari, an Italian national registered actuary (n. 1134) of *Ordine Nazionale degli Attuari.*

Post-employment benefits of non-Italian companies are stated net of the surplus on pension plans relating to Group companies operating in the United Kingdom which provide pension services for their employees.

The positive fair value of these pension funds, amounting to Euro 4.5 million as at July 31, 2012, was not updated since January 2012. The Directors believe that there have been no significant changes in their fair value during the period.

The amount relating to the current service cost, equal to Euro 1.7 million (Euro 1.3 million as at July 2011) and interest costs of Euro 0.3 million (Euro 0.3 million as at July 2011) were recognized through the income statement.

Other long-term employee benefits

These long-term employee benefits fall into the IAS 19 category "Other long-term employee benefits". As at July 31, 2012, their actuarial valuation, obtained using the PUCM, was Euro 3.3 million.

24. Provisions for risks and charges

Movements on provisions for risks and charges are summarized as follows:

(amounts in thousands of Euro)	Provision for litigation	Provision for tax disputes	Other provisions	Total
Balance at January 31, 2012 (audited)	1,618	37,335	17,968	56,921
Exchange differences	7	829	1,139	1,975
Reversals	-	(103)	(37)	(140)
Uses	(662)	(146)	(1,093)	(1,901)
Increases	-	915	773	1,688
Balance at July 31, 2012 (unaudited)	963	38,830	18,750	58,543

There have been no significant developments in outstanding litigations at January 31, 2012, or any new controversies occurred in the six months period ended July 31, 2012, so as to considerably adjust the estimates made to account for Provisions for risks and charges at January 31, 2012.

In June 2012, PRADA Retail France sas received confirmation from the French Tax Authorities that the mutual agreement procedure with Swiss Competent Authority was officially closed. The adjustment to the income of PRADA Retail France sas agreed with the tax authorities did not generate any corporate income tax cash out in France, but merely affected the accumulated tax losses. An amount of deferred tax assets of Euro 1.6 million was, therefore, recognized on the tax losses remaining after the closure of the procedure.

25. Other non-current liabilities

Other non-current liabilities amounted to Euro 89.7 million (Euro 75.7 million as at January 31, 2012). They mainly regarded liabilities to be recognized on a straight-line basis in relation to commercial lease costs. The increase was due to expansion of the retail network.

26. Shareholders' equity - Group

The Group's shareholders' equity is as follows:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Share Capital	255,882	255,882
Other reserves	1,051,536	747,547
Actuarial reserve	(2,528)	(1,192)
Fair value in asset available for sale	2,811	(58)
Cash flow hedge reserve	(11,029)	(4,173)
Translation reserve	24,354	(17,239)
Share premium reserve	410,047	410,047
Net income for the period	286,409	431,929
Total	2,017,482	1,822,743

Share capital

At July 31, 2012, some 79.98% of the share capital of PRADA spa was held by PRADA Holding bv while the remainder was floating on the Main Board of the Hong Kong Stock Exchange.

Other reserves

At July 31, 2012, Other reserves amounted to Euro 1,051.5 million and mainly consisted of prior years retained earnings.

Translation reserve

The change in the Translation reserve at July 31, 2012, compared to January 31, 2012, was due to the higher value of net assets contributed by subsidiaries outside the Euro zone.

Net income for the period

The Group's net income for the period amounted to Euro 286.4 million (Euro 431.9 million for the year ended January 31, 2012).

27. Shareholders' equity – Non-controlling interests

The following table shows the changes incurred in the Non-controlling interests portion of Shareholders' equity during periods ended July 31, 2012, and January 31, 2012.

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Opening balance	8,224	5,788
Translation differences	316	432
Dividends	(2,645)	(3,886)
Net income for the period	2,806	4,496
Actuarial Reserve	-	(18)
Capital injection in subsidiaries	1,161	1,412
Closing balance	9,862	8,224

The capital injection into subsidiaries related to TRS Australia ltd and was made by Non-controlling shareholders in proportion to the number of shares held by them.

Dividends for the six months ended July 31, 2012, (Euro 2.6 million) were distributed by subsidiaries TRS Hong Kong ltd and Artisans Shoes srl.

28. Net revenues

Consolidated revenues are mainly generated by sales of products and are stated net of returns and discounts:

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited	six months ended July 31 2011 audited
Net sales	1,524,687	1,117,403
Royalties	22,686	16,878
Total	1,547,373	1,134,281

A breakdown of net revenues by brand, distribution channel, geographical area and product is provided in the Financial Review.

Royalties are paid under licensing agreements on sales of eyewear, smart phones, fragrances and concept cars. The increase in royalties income compared to the six months ended July 31, 2011, was mainly due to higher sales of eyewear and to royalties arising under a new licensing agreement with LG for the sale of the new PRADA Phone by LG 3.0.

29. Cost of goods sold

Cost of goods sold is analyzed as follows:

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited	six months ended July 31 2011 audited
Purchases of raw materials and production costs	360,694	349,833
Logistics costs, duties and insurance	76,156	62,994
Change in inventories	4,022	(83,729)
Total	440,872	329,098

Cost of goods sold increased in absolute terms, but decreased as a percentage on net revenues from 29% in the six months ended July 31, 2011, to 28.5%. This improvement was mainly due to a more favorable sales mix in terms of distribution channels, as well as to the positive impact of exchange rates, resulting from the weakening of Euro in the first half of 2012 compared to the same period of 2011, as the effect on net revenues largely compensated the increase in cost of goods sold arising from currencies.

30. Operating expenses

Operating expenses can be analyzed as follows:

(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%

Operating expenses increased from Euro 551.8 million in the six months ended July 31, 2011, to Euro 711.6 million and fell from 48.6% of net revenues to 46%. At constant exchange rates, operating expenses increased by 20.1% rather than by 29%.

Product design and development expenses increased slightly compared to the six months 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.

Operating expenses included most of the total of depreciation, amortization and impairment adjustments for both property, plant and equipment and intangible assets, for a total amount of Euro 69.8 million (Euro 57.4 million in the six months ended July 31, 2011), most of the labor costs, for Euro 213.7 million (Euro 178.7 million in the six months ended July 31, 2011), most of the fixed rent, for Euro 98.5 million (Euro 80 million in the six months ended July 31, 2011) and most of the variable rent, for Euro 119.9 million (Euro 80.1 million in the six months ended July 31, 2011).

31. Interest and other financial income/(expenses), net

Interest and other financial income/(expenses), net consist of the following:

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited	six months ended July 31 2011 audited
Interest expense 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)

Net financial expenses decreased by Euro 8.7 million compared to the six months ended July 31, 2011, resulting in total net finance change of Euro 2.9 million for the first half of 2012.

Interest expenses decreased essentially because of a reduction in bank borrowings, especially on the long-term side. Instead, interest income was earned by investing the increased liquidity across a number of currencies, countries and banks, in compliance with the Group's corporate finance strategy which favors low-risk investments.

32. Income taxes

Income taxes consist of the following:

(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

The increase in income taxes in absolute terms is essentially due to the growth of the Group business in general. The tax rate increased from 25.1% in the six months ended July 31, 2011, to 26.2% mainly as a result of higher taxable income earned in countries with higher tax rates.

Movements on net deferred tax assets and deferred tax liabilities are as follows:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Opening balance	128,071	88,667
Exchange differences	7,086	6,848
Deferred taxes on derivative instruments recorded in equity (cash flow hedges)	2,619	2,795
Deferred taxes on post-employment benefits recorded in equity (reserve for actuarial differences)	80	443
Deferred taxes on costs attributable to the share capital increase/IPO	-	1,023
Other movements	103	(27)
Deferred taxes for the period in income statement	17,186	28,322
Closing balance	155,145	128,071

Deferred tax assets and liabilities by nature consist of the following:

(amounts in thousands of Euro)	July 31, 2012 unaudited		January 31, 2012 audited	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Inventories	89,873	-	86,126	-
Receivables and other assets	412	1,577	1,103	1,575
Useful life of non-current assets	55,936	14,303	58,695	14,032
Deferred taxes due to acquisitions	-	28,963	-	28,556
Provision for risks / accrued expenses	34,079	2,245	12,928	267
Non deductible / taxable charges / income	6,678	1,379	3,566	535
Tax loss carryforwards	7,960	-	4,788	-
Derivative financial instruments	4,174	-	1,552	-
Long-term employee benefits	7,163	2,291	6,674	2,015
Other	1,056	1,428	304	685
Total	207,331	52,186	175,736	47,665

33. Additional information

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 amounting to Euro 5.3 million at July 31, 2012, shown under Other current liabilities (Note 21), 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.

Headcount

The average headcount by functional area for the periods ended July 31, 2012, and July 31, 2011, was as follows:

(number of employees)	six months ended July 31 2012 unaudited	six months ended July 31 2011 audited
Production	1,736	1,699
Product design and development	849	793
Advertising and Communications	109	98
Selling	5,612	4,461
General and administrative services	795	689
Total	9,101	7,740

Employee remuneration

Employee remuneration by functional area for the periods ended July 31, 2012, and July 31, 2011, was as follows:

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited	six months ended July 31 2011 audited
Production	41,412	38,208
Product design and development	28,513	26,207
Advertising and Communications	5,530	4,818
Selling	140,536	105,481
General and administrative services	39,150	42,180
Total	255,141	216,894

Employee remuneration by nature for the periods ended July 31, 2012, and July 31, 2011, was as follows:

(amounts in thousands of Euro)	six months ended July 31 2012 unaudited	six months ended July 31 2011 audited
Wages and salaries	192,454	167,355
Post-employment benefits	10,960	7,576
Social security	42,735	34,835
Other	8,992	7,128
Total	255,141	216,894

Distributable reserves of parent company PRADA spa

(amounts in thousands of Euro)	Amount at July 31, 2012 unaudited	Possible utilization	Distributable amount	Summary of utilization in last three years	
				Coverage of losses	Distribution of dividends
Share Capital	255,882				
Share premium reserve	410,047	A,B,C	405,260		
Legal reserve	46,390	B			
Other reserves	182,899	A,B,C	182,899		
Non distributable reserves Art. 7 of Legislative Decree 38/2005	20,516				
Retained earnings	171,541	A,B,C	160,651	15,774	193,750
Fair Value Reserve	(10,890)				
Distributable Amount			748,810		

A share capital increase
B coverage of losses
C distributable to shareholders

Pursuant to Article 2431 of the Italian Civil Code, the share premium reserve is fully distributable only when the legal reserve reaches an amount equal to 20% of share capital. As at January 31, 2012, the adjustment required to reach this amount would be Euro 16,736 thousands.

(amounts in thousands of Euro)	Directors' fees	Salaries and other benefits	Bonuses and other incentives	Non-monetary benefits	Contributions to retirement benefits scheme	Total
Miuccia Prada Bianchi	500	4,850	-	-	-	5,350
Patrizio Bertelli	500	3,000	1,500	-	-	5,000
Carlo Mazzi	150	-	-	41	9	200
Donatello Galli	20	150	38	19	77	304
Marco Salomoni	30	200	-	-	8	238
Gian Franco Oliviero Mattei	70	-	-	-	8	78
Giancarlo Forestieri	30	-	-	-	4	34
Gaetano Micciché	20	-	-	-	-	20
Sing Cheong Liu	30	-	-	-	6	36
Total	1,350	8,200	1,538	60	112	11,260

The salary and other benefits amounting to Euro 4,850 thousands recognized to Miuccia Prada Bianchi remunerates the services that she provided for the six months ended July 31, 2012, as a strategic consultant for the Group, in accordance with the Renewed Consultancy Agreement signed on April 26, 2012. Such Renewed Consultancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and, as such, has been disclosed with a Company's announcement dated April 27, 2012.

The salary and other benefits and bonuses and other incentives totaling Euro 4,500 thousands recognized to Patrizio Bertelli remunerates the services that he provided for the six months ended July 31, 2012, as a strategic consultant for the Group, in accordance with the Renewed Consultancy Agreement signed on April 26, 2012. Such Renewed Consultancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and, as such, has been disclosed with a Company's announcement dated April 27, 2012.

Remuneration of the PRADA spa Board of Directors for the period ended July 31, 2011

(amounts in thousands of Euro)	Directors' fees	Salaries and other benefits	Bonuses and other incentives	Non-monetary benefits	Contributions to retirement benefits scheme	Total
Miuccia Prada Bianchi	500	4,350	-	-	-	4,850
Patrizio Bertelli	500	2,500	1,500	-	-	4,500
Marco Salomoni	-	200	-	-	8	208
Carlo Mazzi	125	-	-	40	-	165
Donatello Galli	-	141	34	17	62	254
Marco Cerrina Feroni	11	-	-	-	-	11
Davide Mereghetti	11	-	-	-	-	11
Giancarlo Forestieri	30	-	-	-	-	30
Gian Franco Oliviero Mattei	65	-	-	-	4	69
Gaetano Micciché	9	-	-	-	-	9
Sing Cheong Liu	11	-	-	-	-	11
Total	1,262	7,191	1,534	57	74	10,118

Exchange rates

The exchange rates against the Euro used to consolidate statements of financial position and income statements prepared in other currencies as at July 31, 2012, January 31, 2012, and July 31, 2011, are shown below.

Currency	Average rate	Average rate in prior period	Closing rate	Opening rate
US Dollar	1.287	1.418	1.228	1.318
Canadian Dollar	1.294	1.376	1.231	1.313
GB Pound	0.815	0.874	0.784	0.835
Swiss Franc	1.203	1.254	1.201	1.205
Australian Dollar	1.248	1.355	1.168	1.237
Korean Won	1,469.141	1,546.938	1,387.850	1,477.990
Japanese Yen	102.994	115.489	96.030	100.630
Hong Kong Dollar	9.986	11.034	9.525	10.219
Singapore Dollar	1.623	1.768	1.528	1.649
Thai Baht	40.077	43.016	38.670	40.753
Taiwan Dollar	38.146	41.146	36.878	38.952
Russian Ruble	39.608	40.078	39.527	39.690
Czech Koruna	25.154	24.328	25.255	25.188
Macau Pataca	10.285	11.365	9.810	10.522
Chinese Renminbi	8.141	9.239	7.815	8.312
New Zealand Dollar	1.601	1.795	1.517	1.592
Malaysian Ringgit	3.983	4.284	3.846	4.013
Turkish Lira	2.312	2.251	2.199	2.333
Brazilian Real	2.444	2.287	2.512	2.289
Mexican Peso	17.039	16.752	16.286	17.057
UAE Dirham	4.725	5.206	4.512	4.840
Ukrainian Hryvna	10.296	11.424	9.788	10.551
Moroccan Dirham	11.114	-	11.015	11.145

Independent Auditors compensation

The total fees and expenses accrued to Deloitte & Touche spa and its network for the audit of the financial statements ending January 31, 2013, together with non-audit services, are illustrated below:

Type of service	Audit Firm	provided to	Fees in thousands of Euro
Audit services	Deloitte & Touche spa	PRADA spa	307
Audit services	Deloitte Network/ Deloitte & Touche spa	Subsidiaries	540
Total audit fees accrued for the six months ended July 31, 2012			847
Certificate sales	Deloitte Network/ Deloitte & Touche spa	Subsidiaries	40
Tax advices	Deloitte Network	PRADA spa/ Subsidiaries	85
Other	Deloitte Network	Subsidiaries	5
Total non-audit fees accrued for the six months ended July 31, 2012			130
Out of pocket expenses			9
Total independent auditors compensation accrued for the six months ended July 31, 2012			986

34. Transactions with related parties

The Group enters into commercial and financial transactions with companies owned by entities that directly or indirectly control PRADA spa or with companies controlled by Non-controlling interests shareholders. All of them are related parties.

These transactions mainly refer to the sale of goods, the supply of services, the granting and receipt of loans and sponsorship and franchise agreements. These transactions take place on an arm's length basis at the same economic terms as those applied to third parties.

The following tables show details of related party transactions for each item in the Statement of financial position and Income statement. They show amounts relating to each related party and the total amount relating to each line item.

Statement of financial position amounts at July 31, 2012 (unaudited)

(amounts in thousands of Euro)	Trade receivables	Receivables and prepayments from parent companies and other related parties	Trade payables	Payables to parent companies and other related parties
PRADA Holding bv	-	222	-	134
Other related parties	21,436	29,963	2,014	4,222
DFS Hawaii	-	-	607	-
DFS Cotai ltd	11	-	379	415
DFS New Zealand ltd	-	-	-	39
DFS Venture Singapore (pte) ltd	-	-	41	46
Fratelli Prada spa	21,139	-	631	313
Al Tayer Travels	-	-	5	-
Al Tayer Insignia llc	-	-	105	3,173
Al Tayer Trends	37	1,628	-	-
Danzas llc UAE	-	-	67	163
Aati Contracts	-	-	175	-
Luna Rossa Challenge 2013 NZ ltd	147	11,138	-	-
Luna Rossa Challenge 2013 srl	101	862	-	-
Stiching Fondazione Prada/Progetto Prada Arte srl	-	3,818	-	72
HMP srl	-	78	-	-
PABE 1 sa	-	6,788	-	-
LUDO sa	-	4,142	-	-
Prada America's Cup srl	-	1,397	-	-
Other	1	111	4	1
Prada Arte bv	-	1	-	-
Other companies controlled by PRADA Holding bv	-	3	-	2
Prapar Corporation	-	-	-	2
EXHL Italia	-	3	-	-
Members of the Board of Directors	-	-	-	147
Other related parties	-	9	-	80
Total at July 31, 2012	21,436	30,197	2,014	4,585

Statement of financial position amounts at January 31, 2012 (audited)

(amounts in thousands of Euro)	Trade receivables	Receivables and prepayments from parent companies and other related parties	Trade payables	Payables to parent companies and other related parties
PRADA Holding bv	-	654	-	-
Other related parties	18,827	12,056	2,730	4,102
DFS Hawaii	-	-	480	-
DFS Australia pty ltd	-	-	347	616
DFS Cotai ltd	4	-	457	-
F.lli Prada srl	18,618	18	938	313
Al Tayer Travels	-	-	5	-
Al Tayer Insignia llc	205	-	435	2,995
Danzas llc UAE	-	-	26	21
Luna Rossa Challenge 2013 NZ ltd	-	7,350	-	-
Luna Rossa Challenge 2013 srl	-	150	-	-
Stellarea	-	28	-	-
Stitching Fondazione Prada/Progetto Prada Arte srl	-	2,725	-	61
Gipafin sarl	-	20	-	-
CID USA Corp.	-	78	-	-
HMP srl	-	195	-	-
Prada America's Cup srl	-	1,397	-	-
Other	-	95	42	96
Other companies controlled by PRADA Holding bv	-	154	-	259
Prapar Corporation	-	148	-	259
EXHL Italia	-	6	-	-
Members of the Board of Directors	-	-	-	87
Other related parties	-	-	-	266
Total at January 31, 2012	18,827	12,864	2,730	4,714

Income statement amounts at July 31, 2012 (unaudited)

(amounts in thousands of Euro)	Net revenues	Cost of goods sold	General, admin. & selling costs (income)	Royalties income	Interest income	Interest expense
PRADA Holding bv	-	-	(77)	-	-	-
Other related parties	20,567	1,317	14,004	564	1	90
Fratelli Prada spa	20,567	1,041	(1,143)	564	-	-
Danzas llc		278	-	-	-	-
DFS Hawaii	-	-	1,750	-	-	-
DFS New Zealand ltd	-	-	228	-	-	-
DFS Australia pty ltd	-	-	-	-	-	14
DFS Cotai ltd	-	-	2,265	-	-	-
DFS Venture Singapore pte ltd	-	-	216	-	-	-
Al Tayer Travels	-	-	24	-	-	-
Al Tayer Group llc	-	-	18	-	-	11
Al Tayer Insignia llc	-	-	87	-	-	65
Luna Rossa Challenge sl	-	-	22	-	-	-
HMP srl	-	-	248	-	1	-
Stitching Fondazione Prada/Progetto Prada Arte srl	-	(2)	2,336	-	-	-
Luna Rossa Challenge 2013 NZ ltd	-	-	6,838	-	-	-
Luna Rossa Challenge 2013 srl	-	-	461	-	-	-
Other	-	-	654 (*)	-	-	-
Other companies controlled by PRADA Holding bv	-	-	(6)	-	-	-
EXHL Italia srl	-	-	(6)	-	-	-
Total at July 31, 2012	20,567	1,317	13,921	564	1	90

(*) This amount includes fees for services provided by Patrizia Albano (wife of Carlo Mazzi, Deputy Chairman of PRADA spa at July 31, 2012) and Secva srl (an Italian company whose Chairman and majority owner is Carlo Mazzi).

Income statement amounts at July 31, 2011 (audited)

(amounts in thousands of Euro)	Net revenues	Cost of goods sold	General, admin. & selling costs (income)	Royalties income	Interest income	Interest expense
PRADA Holding bv	-	-	(72)	-	149	-
Other related parties	19,431	1.259	4,004	522	1	-
Venezia 3 srl	2,042	140	(914)	54	-	-
F.lli Prada srl	6,648	344	203	179	-	-
Montenapoleone 6 srl	3,155	175	91	85	-	-
IPR srl	4,838	473	(119)	129	-	-
Spiga 1 srl	2,742	156	(27)	75	-	-
PRADA Italia spa	-	-	(114)	-	-	-
Luna Rossa Challenge 2007	-	(25)	1,999	-	-	-
HMP srl	-	-	235	-	1	-
Stitching Fondazione Prada/Progetto Prada Arte srl	6	(4)	2,098	-	-	-
Other	-	-	553 (*)	-	-	-
Other companies controlled by PRADA Holding bv	-	-	(9)	-	-	1
Prapar Corporation	-	-	-	-	-	1
EXHL Italia srl	-	-	(3)	-	-	-
EXHL Japan co ltd	-	-	(3)	-	-	-
Prada Arte bv	-	-	(3)	-	-	-
Other	-	-	-	-	-	-
Total at July 31, 2011	19,431	1,259	3,924	522	150	1

(*) This amount includes fees for services provided by Marina Prada Bianchi (sister of Miuccia Prada Bianchi), Alberto Prada Bianchi (brother of Miuccia Prada Bianchi) and Patrizia Albano (wife of Carlo Mazzi, Deputy Chairman of PRADA spa at July 31, 2011).

The above tables disclose information on transactions and outstanding balances with related parties in accordance with IAS 24 Related party disclosure. Some of these transactions fall within the application of the Hong Kong Listing Rules, in particular:

- the income statement transactions with related party Fratelli Prada spa reported for the six months ended July 31, 2012, together with the outstanding balances at July 31, 2012, fall within the scope of application of Chapter 14A of the Hong Kong Stock Exchange Listing Rules as they are qualified as continuing connected transactions. Disclosure of these continuing connected transactions has been made in the Company's prospectus dated June 13, 2011;
- the income statement transactions with related parties Luna Rossa Challenge 2013 NZ ltd and Luna Rossa Challenge 2013 srl reported for the six months ended July 31, 2012, together with the outstanding balances at July 31, 2012, fall within the scope of application of Chapter 14A of the Hong Kong Stock Exchange Listing Rules as they are qualified as non-exempted connected transactions. Disclosure of these non-exempted connected transactions has been made in the Company's announcement dated January 10, 2012, in accordance with the applicable requirements of Chapter 14A of the Listing Rules;
- all of the other related parties transactions reported either fall outside the definition of connected transaction under the Hong Kong Stock Exchange Listing Rules or are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements.

Compensation of key management personnel

Key management consists of the Company's Board of Directors and the remuneration of Directors is determined by the Remuneration Committee having regard to the performance of individuals and market trends. Details of the Directors' remuneration are disclosed in Note 33.

35. Commitments

Operating leases

At July 31, 2012, and January 31, 2012, operating lease commitments, by maturity date, were as follows:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Within a year	254,457	245,310
After between one year and five years	771,420	746,902
After more than five years	574,301	596,745
Total	1,600,178	1,588,957

The following table shows the amounts paid in first half of 2012 and 2011:

(amounts in thousands of Euro)	July 31 2012 unaudited	July 31 2012 audited
Fixed minimum lease payments	100,109	82,208
Variable lease payments	119,916	80,234
Total	220,025	162,442

Some Group companies are required to pay lease charges based on a fixed percentage of net sales.

Finance leases

Property, plant and equipment include the following assets held under finance leases:

(amounts in thousands of Euro)	July 31 2012 unaudited	January 31 2012 audited
Land and buildings	12,284	15,284
Furniture and fittings	15,983	15,253
Other tangibles	3,869	3,926
Accumulated depreciation	(19,496)	(19,124)
Total	12,640	15,339

The present value of lease payments due after July 31, 2012, is detailed by maturity date below:

(amounts in thousands of Euro)	
Payable by	
July 31, 2013	965
July 31, 2014	180
July 31, 2015	415
July 31, 2016	5
July 31, 2017	9
after July 31, 2017	-
Total	1,574

Other commitments

The Shareholders' agreement signed between PRADA spa and Al Tayer Insignia llc for the development of a Prada and Miu Miu network in the Middle East provides that the parties may exercise an option whereby PRADA will buy back up to 20% of PRADA Middle East fzco shares. The Directors maintain that the fair value of this clause cannot be reliably measured.

During the six months ended July 31, 2012, the Group signed preliminary contracts to acquire retail businesses in prestigious retail locations in Italy. The total consideration agreed was equal to Euro 9.5 million, out of which Euro 6 million paid in advance at the reporting date.

During the six months ended July 31, 2012, the Group signed a preliminary contract to enter into a lease agreement relating to a prestigious retail location in Europe. The total consideration agreed was equal to approximately Euro 16 million, out of which Euro 1.7 million paid in advance at the reporting date. The agreement was settled and any consideration paid before these Interim consolidated condensed financial statements were approved and authorized for issue.

36. Consolidated companies

The companies included in the scope of consolidation are as follows.

Entity	Local currency	Share capital (000s of local currency)	% interest	Registered office	Date of incorporation/ establishment	Main business
Italy						
PRADA spa	EUR	255,882		Milan, Italy		Production/Distribution/ Group Holding company
Artisans Shoes srl(*)	EUR	1,000	66.70	Montegranaro, Italy	09/02/1977	Footwear production
Space Caffè srl (*)	EUR	20	100.00	Milan, Italy	06/12/1990	Service company
IPI Logistica srl(*)	EUR	600	100.00	Milan, Italy	26/01/1999	Service company
PRADA Stores srl(*)	EUR	520	100.00	Milan, Italy	11/04/2001	Retail/sub holding company
Car Shoe Italia srl	EUR	10	100.00	Milan, Italy	16/03/2001	Distribution/Retail
Church Italia srl	EUR	51	100.00	Milan, Italy	31/01/1992	Distribution/Retail

Entity	Local currency	Share capital (000s of local currency)	% interest	Registered office	Date of incorporation/ establishment	Main business
Europe						
PRADA Retail UK ltd	GBP	5,000	100.00	London, UK	07/01/1997	Retail
PRADA Germany gmbh	EUR	215	100.00	Munich, Germany	20/03/1995	Retail
PRADA Austria gmbh	EUR	40	100.00	Vienna, Austria	14/03/1996	Retail
PRADA Spain sa	EUR	240	100.00	Madrid, Spain	14/05/1986	Retail
PRADA Retail France sas	EUR	4,000	100.00	Paris, France	10/10/1984	Retail
PRADA Hellas Single Partner Limited Liability Company (*)	EUR	6,000	100.00	Athens, Greece	19/12/2007	Retail
PRADA Monte-Carlo sam	EUR	150	100.00	Monte-Carlo, Monaco	25/05/1999	Retail
PRADA sa (*)	EUR	31	100.00	Luxembourg	29/07/1994	Service company/ Trademark owner
PRADA Company sa	EUR	3,204	100.00	Luxembourg	12/04/1999	Service company
Car Shoe sa	EUR	2,100	100.00	Luxembourg	13/03/2001	Service company/ Trademark owner
PRADA Far East bv (*)	EUR	20	100.00	Amsterdam, Netherlands	27/03/2000	Sub-holding company/ Service company/ Retail
Space sa	CHF	200	100.00	Lugano, Switzerland	17/07/2008	Retail
Church Holding UK plc (*)	GBP	78,126	100.00	Northampton, UK	22/07/1999	Sub-holding
Church France sa	EUR	241	100.00	Paris, France	01/06/1955	Retail
Church UK Retail ltd	GBP	1,021	100.00	Northampton, UK	16/07/1987	Retail
Church's English Shoes Switzerland sa	CHF	100	100.00	Lugano, Switzerland	29/12/2000	Retail
Church & Co ltd	GBP	2,811	100.00	Northampton, UK	16/01/1926	Sub-holding company/ Production/Distribution
Church & Co (Footwear) ltd	GBP	44	100.00	Northampton, UK	06/03/1954	Trademark owner
Church English Shoes sa	EUR	75	100.00	Brussels, Belgium	25/02/1963	Retail
PRADA Czech Republic sro (*)	CZK	2,500	100.00	Prague, Czech Republic	25/06/2008	Retail
PRADA Portugal. Unipessoal lda (*)	EUR	5	100.00	Lisbon, Portugal	07/08/2008	Retail
PRADA Rus llc (*)	RUR	250	100.00	Moscow, Russia	07/11/2008	Retail
Church Spain sl	EUR	3	100.00	Madrid, Spain	06/05/2009	Retail
PRADA Bosphorus Deri Mamuller Ticaret Limited Sirketi (*)	TRY	7,630	99.99	Istanbul, Turkey	26/02/2009	Retail
PRADA Ukraine llc (*)	UAH	30,000	100.00	Kyiv, Ukraine	14/10/2011	Retail
Church Netherlands bv	EUR	18	100.00	Amsterdam, Netherlands	07/07/2011	Retail
Car Shoe UK ltd	GBP	100	100.00	London, UK	28/10/2011	Retail
Church Ireland Retail ltd	EUR	50	100.00	Dublin, Ireland	20/11/2011	Retail
Church Austria gmbh	EUR	35	100.00	Vienna, Austria	17/01/2012	Retail
JCS (2009) ltd	GBP	90	100.00	Northampton, UK	21/09/1920	Dormant

Entity	Local currency	Share capital (000s of local currency)	% interest	Registered office	Date of incorporation/ establishment	Main business
Americas						
PRADA USA Corp (*)	USD	152,211	100.00	New York, U.S.A	25/10/1993	Services / Distribution/ Retail
Space USA Corp	USD	301	100.00	New York, U.S.A.	15/02/1994	Retail
TRS Hawaii llc	USD	400	55.00	Honolulu, U.S.A.	17/11/1999	Duty-free stores
PRADA Canada corp. (*)	CAD	300	100.00	Toronto, Canada	01/05/1998	Distribution/Retail
Church & Co (USA) ltd	USD	85	100.00	New York, U.S.A.	08/09/1930	Retail
Post Development corp (*)	USD	42,221	100.00	New York, U.S.A.	18/02/1997	Real estate
PRADA Retail Mexico, S. de R.L. de C.V.	MXN	2,058	99.99	Mexico City, Mexico	12/07/2011	Retail
PRADA Brasil Importação e Comércio de Artigos de Luxo Ltda (*)	BRL	19,280	99.99	Sao Paulo, Brazil	12/04/2011	Retail
Asia-Pacific and Japan						
PRADA Asia Pacific ltd	HKD	3,000	100.00	Hong Kong	12/09/1997	Retail /Distribution/ Services
PRADA Taiwan ltd	TWD	3,800	100.00	Hong Kong	16/09/1993	Retail
Space HK ltd	HKD	1,000	100.00	Hong Kong	25/02/1993	Retail
PRADA Retail Malaysia Sdn. Bnd.	MYR	1,000	100.00	Malaysia	23/01/2002	Retail
PRADA China ltd	HKD	7,000	100.00	Hong Kong	03/11/1997	Retail
TRS Hong Kong	HKD	500	55.00	Hong Kong	23/02/2001	Duty-free stores
PRADA Singapore Pte ltd	SGD	1,000	100.00	Singapore	31/10/1992	Retail
TRS Singapore	SGD	500	55.00	Singapore	08/08/2002	Duty-free stores
PRADA Korea ltd	KRW	8,125,000	100.00	Seoul, Korea	27/11/1995	Retail
PRADA (Thailand) Co ltd	BTH	172,000	100.00	Bangkok, Thailand	19/06/1997	Retail
PRADA Japan Co ltd	JPY	200,000	100.00	Tokyo, Japan	01/03/1991	Retail
TRS Guam Partnership	USD	1,095	55.00	Guam	01/07/1999	Duty-free stores
TRS Saipan Partnership	USD	1,405	55.00	Saipan	01/07/1999	Duty-free stores
TRS New Zealand ltd	NZD	100	55.00	Auckland, New Zealand	04/11/1999	Duty-free stores
PRADA Australia Pty ltd	AUD	7,500	100.00	Sydney, Au-stralia	21/04/1997	Retail
TRS Australia ltd	AUD	3,821	55.00	Sydney, Au-stralia	23/03/2000	Duty-free stores
PRADA Trading (Shanghai) Co ltd	RMB	1,653	100.00	Shanghai, China	09/02/2004	Retail
TRS Okinawa KK	JPY	10,000	55.00	Tokyo, Japan	21/01/2005	Duty-free stores
PRADA Fashion Commerce (Shanghai) Co ltd	RMB	48,966	100.00	Shanghai, China	31/10/2005	Retail
Church Japan Co ltd	JPY	3,050	100.00	Tokyo, Japan	17/04/1992	Dormant
Church Hong Kong Retail ltd	HKD	1,000	100.00	Hong Kong	04/06/2004	Retail
Church Singapore Pte ltd	SGD	500	100.00	Singapore	18/08/2009	Retail
Car Shoe Singapore ltd	SGD	500	100.00	Singapore	01/02/2010	Retail
Car Shoe Hong Kong ltd	HKD	3,000	100.00	Hong Kong	26/02/2010	Retail
PRADA Hong Kong P.D. ltd (*)	HKD	11,000	100.00	Hong Kong	15/12/2011	Service company
Other countries						
PRADA Maroc sarlau (*)	MAD	25,384	100.00	Casablanca, Morocco	11/11/2011	Retail
PRADA Middle East fzco (*)	AED	18,000	60.00	Jebel Ali Free Zone Dubai	25/05/2011	Services / Distribution
PRADA United Arab Emirates llc (**)	AED	300	-	Dubai	04/08/2011	Retail

(*) Companies owned directly by PRADA spa
(**) Company consolidated based on definition of control per IAS 27

The following table shows the companies not included in the consolidation area and the related consolidation method:

Company	Percentage direct interest as at July 31, 2012	Percentage direct interest as at July 31, 2011	Note	Consolidation method
PAC srl (in liquidation)	49.00	49.00	Associate	Equity method

37. Events after the reporting period

No significant events occurred after the reporting period.