PRADA

MILANO

DAL 1913

Interim Financial Report 2013

PRADA spa

(Hong Kong Stock code: 1913)

Interim Financial Report 2013

Index

Patrizio Bertelli

Miuccia Prada

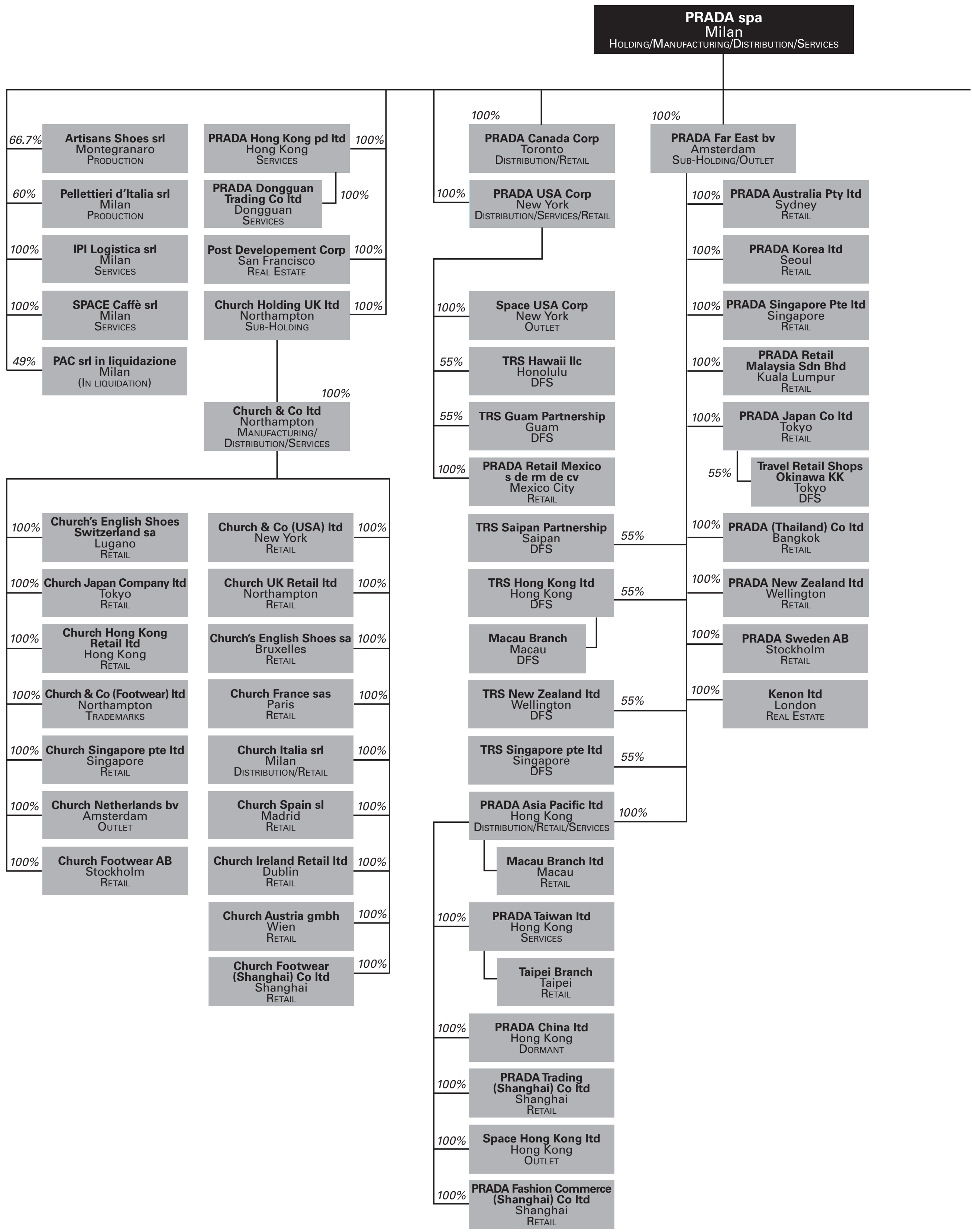
The PRADA Group

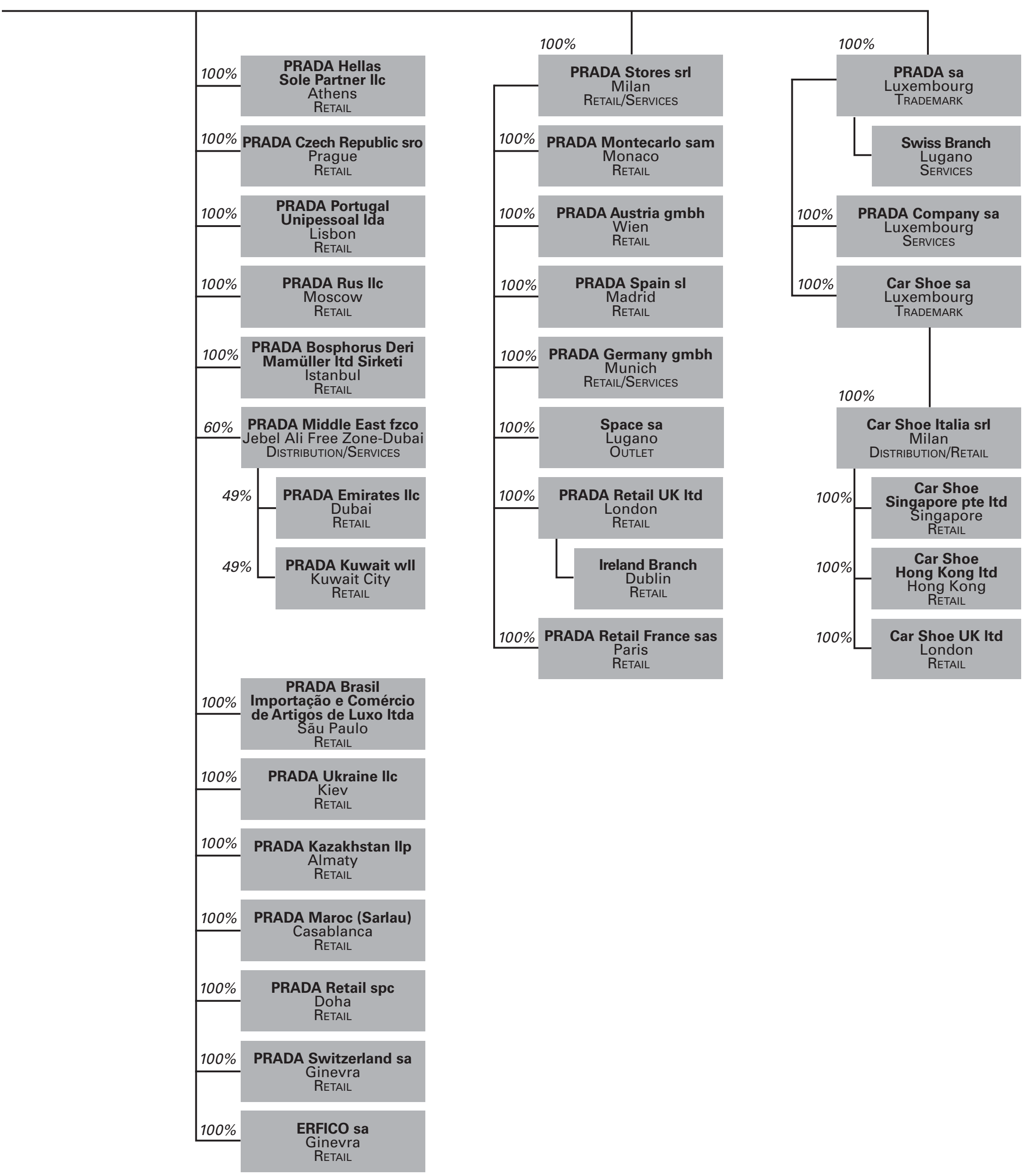
Corporate Information

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 (Legislative Decree 231/2001)	David Terracina (Chairman) Gian Franco Oliviero Mattei Franco Bertoli

Main Shareholder	PRADA Holding bv Keizersgracht 313 3rd Floor 1016 EE 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 in Hong Kong	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 in Hong Kong 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

PRADA Group Structure




100%
PRADA Hellas Sole Partner llc
Athens
Retail
100%
PRADA Czech Republic sro
Prague
Retail
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PRADA Portugal Unipessoal lda
Lisbon
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100%
PRADA Rus llc
Moscow
Retail
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PRADA Bosphorus Deri Mamüller ltd Sirketi
Istanbul
Retail
60%
PRADA Middle East fzco
Jebel Ali Free Zone-Dubai
Distribution/Services
49%
PRADA Emirates llc
Dubai
Retail
49%
PRADA Kuwait wll
Kuwait City
Retail
100%
PRADA Brasil Importação e Comércio de Artigos de Luxo ltda
Sãu Paulo
Retail
100%
PRADA Ukraine llc
Kiev
Retail
100%
PRADA Kazakhstan llp
Almaty
Retail
100%
PRADA Maroc (Sarlau)
Casablanca
Retail
100%
PRADA Retail spc
Doha
Retail
100%
PRADA Switzerland sa
Ginevra
Retail
100%
ERFICO sa
Ginevra
Retail
100%
PRADA Stores srl
Milan
Retail/Services
100%
PRADA Montecarlo sam
Monaco
Retail
100%
PRADA Austria gmbh
Wien
Retail
100%
PRADA Spain sl
Madrid
Retail
100%
PRADA Germany gmbh
Munich
Retail/Services
100%
Space sa
Lugano
Outlet
100%
PRADA Retail UK ltd
London
Retail
Ireland Branch
Dublin
Retail
100%
PRADA Retail France sas
Paris
Retail
100%
PRADA sa
Luxembourg
Trademark
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 unaudited Interim condensed consolidated financial statements of the Group for the six months ended July 31, 2013, prepared in accordance with IAS 34 and the IFRS as adopted by the European Union. 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 2013 (unaudited)	%	six months ended July 31 2012 (unaudited)	%
Retail	1,422,460	82.3%	1,229,966	79.5%
Wholesale	285,124	16.5%	294,721	19.0%
Royalties	20,481	1.2%	22,686	1.5%
Net revenues	1,728,065	100.0%	1,547,373	100.0%
Cost of goods sold	(460,407)	-26.6%	(440,872)	-28.5%
Gross margin	1,267,658	73.4%	1,106,501	71.5%
Operating expenses	(809,320)	-46.8%	(711,619)	-46.0%
EBIT	458,338	26.5%	394,882	25.5%
Interest and other financial income/(expenses), net	(15,194)	-0.9%	(2,911)	-0.2%
Dividends received from third parties	284	-	-	-
Income before taxation	443,428	25.7%	391,971	25.3%
Taxation	(130,609)	-7.6%	(102,756)	-6.6%
Net income from continuing operations	312,819	18.1%	289,215	18.7%
Net income for the period	312,819	18.1%	289,215	18.7%
Net income from continuing operations – non-controlling interests	4,580	0.3%	2,806	0.2%
Net income – Non-controlling interests	4,580	0.3%	2,806	0.2%
Net income from continuing operations – Group	308,239	17.8%	286,409	18.5%
Net income – Group	308,239	17.8%	286,409	18.5%
Depreciation, amortization and impairment	92,715	5.4%	74,491	4.8%
EBITDA	551,053	31.9%	469,373	30.3%
Basic and diluted earnings per share (in Euro per share)	0.120		0.112	

Key financial information

Key figures of the periods (amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	twelve months ended January 31 2013 (audited)	six months ended July 31 2012 (unaudited)	% change on July 31 2012
Net revenues	1,728,065	3,297,219	1,547,373	11.7%
EBITDA	551,053	1,052,469	469,373	17.4%
EBIT	458,338	889,781	394,882	16.1%
Income before tax	443,428	883,616	391,971	13.1%
Net income of the Group	308,239	625,681	286,409	7.6%
Earnings per share	0.120	0.245	0.112	7.1%
Average headcount (persons)	10,364	9,427	9,101	13.9%
Capital expenditure	293,031	351,129	121,688	-
Net operating cash flows	403,764	759,272	332,192	-
EBITDA %	31.9%	31.9%	30.3%	-
EBIT %	26.5%	27.0%	25.5%	-

Key figures at the reporting date (amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)	July 31 2012 (unaudited)	change on January 31 2013
Net operating working capital	323,132	317,714	351,874	5,418
Net invested capital	2,205,677	2,017,844	1,944,812	187,833
Net financial position surplus/(deficit)	195,626	312,648	82,532	(117,023)
Group shareholders' equity	2,388,096	2,320,022	2,017,482	68,074

2013 first half financial highlights

In the six months ended July 31, 2013, the Group pursued its commercial strategy through the retail network expansion, also resigning some wholesale accounts in favor of the opening of Directly Operated Stores (DOS), mainly in North America. Keep following this path and leveraging on the worldwide success of its iconic products, the Group posted net revenues of Euro 1,728.1 million in the six months ended July 31, 2013, growing 11.7% as reported and 14.8% at constant exchange rates. The progress in sales was achieved despite an extremely volatile international economic environment and was mainly led by leather goods and the Prada brand.

The sales development was coupled with an improvement in the operating profit: the EBITDA for the six months ended July 31, 2013, amounted to Euro 551.1 million, or 31.9% as a percentage on net revenues, showing a progress of 17.4% over the results posted in the six months ended July 31, 2012.

The Group's net result for the six months ended July 31, 2013, totaled Euro 308.2 million, up by 7.6% compared to Euro 286.4 million recorded in the first half of 2012. It was slightly diluted by the impact of currencies fluctuation as well as by a higher tax rate.

At July 31, 2013, the positive net financial position of the Group stood at Euro 195.6 million, after the distribution of dividends of Euro 232.2 million and after a capital expenditure spending for the period of Euro 292.5 million that also included the purchase of a prestigious retail location in London where the Group already operated under a lease agreement.

On July 29, 2013, Prada spa issued a Euro 130 million Notes listed on the Irish Stock Exchange with an issue price of 99.641 per cent, settled on August 1, 2013. The Notes is due in 2018 and pays annual interest at the rate of 2.75%. Being the Notes settled on August 1, 2013, there is neither cash received nor liability recognized at the reporting date.

Net sales analysis

(amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	%	six months ended July 31 2012 (unaudited)	%	% change
Net sales by geographical area					
Italy	268,531	15.7%	259,326	17.0%	3.5%
Europe	374,300	21.9%	349,277	22.9%	7.2%
Americas	231,587	13.6%	204,161	13.4%	13.4%
Asia Pacific	627,564	36.8%	532,471	34.9%	17.9%
Japan (including Hawaii)	159,449	9.3%	164,415	10.8%	-3.0%
Middle East	43,287	2.5%	12,550	0.8%	244.9%
Other countries	2,866	0.2%	2,487	0.2%	15.2%
Total	1,707,584	100.0%	1,524,687	100.0%	12.0%
Net sales by brand					
Prada	1,410,062	82.6%	1,233,433	80.9%	14.3%
Miu Miu	255,950	15.0%	245,971	16.1%	4.1%
Church's	32,673	1.9%	31,010	2.1%	5.4%
Car shoe	7,551	0.4%	11,342	0.7%	-33.4%
Other	1,348	0.1%	2,931	0.2%	-54.0%
Total	1,707,584	100.0%	1,524,687	100.0%	12.0%
Net sales by product line					
Clothing	248,817	14.6%	248,677	16.3%	0.1%
Leather goods	1,156,369	67.7%	943,060	61.8%	22.6%
Footwear	282,396	16.5%	315,290	20.7%	-10.4%
Other	20,002	1.2%	17,660	1.2%	13.3%
Total	1,707,584	100.0%	1,524,687	100.0%	12.0%
Net sales by distribution channel					
DOS	1,422,460	83.3%	1,229,966	80.7%	15.7%
Independent customers and franchises	285,124	16.7%	294,721	19.3%	-3.3%
Total	1,707,584	100.0%	1,524,687	100.0%	12.0%
Net sales	1,707,584	98.8%	1,524,687	98.5%	12.0%
Royalties	20,481	1.2%	22,686	1.5%	-9.7%
Total net revenues	1,728,065	100.0%	1,547,373	100.0%	11.7%

Distribution channels

In the six months ended July 31, 2013, the retail channel contributed 83.3% of total net sales compared to 80.7% of the first six months of last year. Retail net sales amounted to Euro 1,422.5 million, up by 15.7% over Euro 1,230.0 million recorded in the same period of 2012 (+19.5% at constant exchange rates). The performance of this channel measured on a Same Store Sales Growth (SSSG) basis was 7%.

At July 31, 2013, the Group operated through 491 DOS, a net of 77 stores more than July last year. From the beginning of the financial year, a net of 30 new DOS were opened (36 openings, 6 closures): 24 Prada, 7 Miu Miu, 4 Church's and 1 Car Shoe.

Along with the Group's expectations, and contributing for the remaining 16.7% of total net sales, the wholesale channel generated net sales of Euro 285.1 million and recorded a 3.3% slowdown compared to the results achieved in the six months ended July 31, 2012. The shrinkage mostly occurred in Europe, Italy included, and was partially compensated by the contribution of the Asia Pacific region where 4 duty free fanchisee shops were opened in the period.

Markets

In terms of geography, the six months ended July 31, 2013, reported different growth trends.

Asia Pacific posted net sales for Euro 627.6 million and recorded a progress equal to 17.9% compared to Euro 532.5 million achieved during the six months ended July 31, 2012 (+18.7% at constant exchange rates). The contribution to total net sales reached 36.8% (34.9% last year). The performance in this area was pushed both by the retail openings in the period and by the growth delivered by the existing shops. The Greater China area (PRC, Hong Kong and Macau) generated net sales for Euro 396.7 million, contributing significantly to the development of the Far East market.

In the six months ended July 31, 2013, net sales in the European market (Italy excluded) amounted to Euro 374.3 million, up by 7.2% compared to Euro 349.3 million posted during the same period of last year (+8.9% at constant exchange rates). As the second largest market for the Group, it contributed 21.9% to consolidated net sales (22.9% in 2012) with different trends by distribution channels. The 138 DOS operating at period end posted a double-digit growth while the wholesale channel suffered a decline compared to the results posted in the same period of 2012 due to the persistent selective strategy over independent clients in the region and difficult market conditions especially in secondary cities.

The Italian market posted net sales of Euro 268.5 million that resulted from a high single-digit growth rate generated by the network of stores directly operated by the Group (50 at July 31, 2013), and, not differently from the rest of Europe, a slowdown in the wholesale channel.

The total net sales generated by the American market were Euro 231.6 million, up by 13.4% compared to Euro 204.2 million posted in the six months ended July 31, 2012 (+15.9% at constant exchange rates). The increase in sales was strongly contributed by retail as wholesale contracted.

In the six months ended July 31, 2013, the Japanese market demand proved to be robust recording net sales of Euro 159.4 million and delivering a double-digit growth of 16.4% at constant exchange rates and a slight decline of 3% as reported because of the persistent weakening of the Japanese Yen.

The Middle East area posted net sales amounting to Euro 43.3 million in the six months ended July 31, 2013, delivering a triple-digit expansion rate compared to the same period of 2012. The extraordinary advance in sales was essentially achieved thanks to the performances of the stores opened in the second half of previous year.

Products

In the six months ended July 31, 2013, the Leather goods segment recorded net sales of Euro 1,156.4 million, up by 22.6% compared to Euro 943.1 million posted in the same period of 2012 (+26.3% at constant exchange rates). Again, this product category, sustained by the impressive success of iconic handbags and by the launch of widely appreciated new styles, delivered double-digit growth rates in all markets (except in Japan) at constant and reported exchange rates.

Clothing generated net sales of Euro 248.8 million in the six months ended July 31, 2013, compared to Euro 248.7 million posted in the same period of 2012 (+0.1% as reported and +2.8% at constant exchange rates). Although the general increase was small, growth was positive in all markets at constant exchange rates.

Footwear contributed net sales of Euro 282.4 million in the six months ended July 31, 2013, down by 10.4% as reported (-8.4% at constant exchange rates) compared to

Euro 315.3 million achieved in the same period of last year. This category particularly suffered for the shrinkage of the wholesale business except for the Miu Miu shoes that managed to grow double-digit at constant exchange rates in this first half of the year compared to the same period of 2012.

Brands

During the six months ended July 31, 2013, the Prada brand generated net sales for Euro 1,410.1 million and the increase over Euro 1,233.4 million posted in the six months ended July 31, 2012, was 14.3% (+17.4% at constant exchange rates). The contribution to total net sales raised to 82.6% from 80.9% in the same period of 2012. Except for Italy, Prada delivered solid double-digit performances everywhere.

Miu Miu net sales amounted to Euro 256.0 million, up by 4.1% compared to Euro 246.0 million recorded in the six months ended July 31, 2012. The increase at constant exchange rates was +8.2%. The retail network delivered a 5.6% growth over the results achieved in the same period of 2012 (+10.6% at constant exchange rates). The brand posted positive increase in all product categories.

The Church's brand net sales totaled Euro 32.7 million and managed to achieve a 5.4% advance compared to the results posted in the six months ended July 31, 2012 (+8% at constant exchange rates). All markets delivered positive paces of growth, with Europe continuing to be the most important market for the English brand.

Car shoe totaled net sales of Euro 7.6 million, down by 33.4% over the same period of 2012. That was substantially due to timing differences in wholesale deliveries. The brand opened a new store in Italy during the period.

Royalties

In the six months ended July 31, 2013, the contribution of the licensed products business was equal to Euro 20.5 million, down by 9.7% compared to Euro 22.7 million posted in the same period of 2012. The results of the first half of 2012 were boosted for some Euro 4.6 million by the income following the launch of the PRADA phone by LG 3.0 that finished contributing royalties by the end of last year.

Number of stores

	July 31, 2013 (unaudited)		January 31, 2013 (audited)		July 31, 2012 (unaudited)	
	Owned	Franchises	Owned	Franchises	Owned	Franchises
Prada	301	23	283	19	263	19
Miu Miu	133	7	126	6	102	6
Church's	49	-	45	-	43	-
Car Shoe	8	-	7	-	6	-
Total	491	30	461	25	414	25

	July 31, 2013 (unaudited)		January 31, 2013 (audited)		July 31, 2012 (unaudited)	
	Owned	Franchises	Owned	Franchises	Owned	Franchises
Italy	50	6	48	5	46	5
Europe	138	6	137	6	125	6
Americas	75	-	61	-	49	-
Asia Pacific	142	18	130	14	119	14
Japan (including Hawaii)	70	-	71	-	69	-
Middle East	13	-	11	-	3	-
Africa	3	-	3	-	3	-
Total	491	30	461	25	414	25

Operating results

In the six months ended July 31, 2013, the Group's gross margin amounted to Euro 1,267.7 million, up by 14.6% compared to the same period of 2012. Profitability climbed up to 73.4% on net revenues from 71.5% achieved in the six months ended July 31, 2012. A more favorable sales mix in terms of channel, geographical area and product category allowed reaching a double-digit pace of growth.

The consolidated EBITDA amounted to Euro 551.1 million and recorded an increase of +17.4% compared to Euro 469.4 million posted in the six months ended July 31, 2012. Following the above mentioned improvement at gross margin level and despite the increased incidence of the operating expenses, the EBITDA profitability, as a percentage on net revenues, raised to 31.9% from 30.3% of the same six months period of last year.

The EBIT totaled Euro 458.3 million, or 26.5% on total net revenues, and grew 16.1% compared to Euro 394.9 million reported in the six months ended July 31, 2012 (25.5% on net revenues).

The tax charges for the first six months of 2013 represented 29.4% on profit before taxation compared to 26.2% reported in the comparable period of last year. The higher incidence rate mainly resulted from a change in the geographical mix of taxable incomes.

The net result for the six months ended July 31, 2013, amounted to Euro 308.2 million, or 17.8% on net revenues, up by 7.6% compared to Euro 286.4 million earned in the same period of 2012. The dilution in terms of profitability of the Group's net result was affected, in addition to the higher tax rate, by the negative impact of finance expenses that increased from Euro 2.9 million in the first half of 2012 to Euro 15.2 million, mainly because of the foreign exchange fluctuations.

EBITDA by brand

(amounts in thousands of Euro)						
six months ended July 31, 2013 (unaudited)	Group	Prada	Miu Miu	Church's	Car Shoe	Others
Net sales	1,707,584	1,410,062	255,950	32,673	7,551	1,348
Royalties	20,481	19,261	1,214	6	-	-
Net revenues	1,728,065	1,429,323	257,164	32,679	7,551	1,348
EBITDA	551,053	507,854	43,680	2,569	(2,916)	(134)
EBITDA %	31.9%	35.5%	17.0%	7.9%	-	-
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%	-	-

In the six months ended July 31, 2013, the EBITDA of the Prada brand totaled Euro 507.9 million, or 35.5% on relevant net revenues, up by 22.2% compared to Euro

415.7 million, or 33.1%, posted in the six months ended July 31, 2012. The improved margin was the direct expression of the business expansion combined with a more profitable mix of sales in terms of channel, product category and geographical area, which allowed the brand to sustain the increased operative expenses. In fact, in addition to the direct cost deriving from the retail business expansion, major efforts were spent to sustain the brand equity. Once again, in these first six months of 2013, Prada pursued its innovative and unconventional cooperation with the art world ranging over cinema, dressing the Great Gatsby movie, to literature, launching a literary contest with Giangiacomo Feltrinelli Editor and art, sponsoring through the Fondazione Prada the exposition "When Attitudes Become Form: Bern 1969/Venice 2013" in Venice. Moreover, for the fourth time, the Group also sponsored the Luna Rossa yacht challenging the XXXIV America's Cup edition that started with the America's Cup World Series in 2012.

The EBITDA of the Miu Miu brand amounted to Euro 43.7 million for the six months ended July 31, 2013, or 17% on net revenues, down by 17% compared to the same period of 2012, when the incidence on net revenues was 21.3%. As previously highlighted, Miu Miu is still undergoing an intense investment phase, aimed to enlarge its global DOS footprint and brand awareness in all international markets. Consequently, the relative growth at the topline, broadly in line with the average of the luxury market, was not sufficient to absorb the expansion of the retail network and the investments made in communication and other brand building activities, such as the revisiting of the stores concept or the Miu Miu Women's tales project that, in February 2013, added to its history the fifth short movie, "The Door" by Ava DuVernay.

The EBITDA of the Church's brand for the six months ended July 31, 2013, totaled Euro 2.6 million, up by 10.4% compared to the results achieved the same period of last year. As a percentage on net revenues, the profitability increased from 7.5% in the first half of 2012 to 7.9% in the current period. The improvement achieved at the gross margin level was essentially delivered by the sales expansion, but it was partially offset by the higher incidence of the selling expenses, following the recent openings in new countries for the brand.

In the six months ended July 31, 2013, the EBITDA of the Car Shoe brand totaled negative Euro 2.9 million. The further decline compared to negative Euro 0.9 million recorded in the same six months of 2012 was substantially caused by timing difference in deliveries to independent clients.

Analysis of the statement of financial position

Net invested capital

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

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)	July 31 2012 (unaudited)
Non-current assets (excluding deferred tax assets)	2,015,666	1,821,773	1,721,908
Trade receivables, net	317,519	304,525	292,043
Inventories, net	408,534	343,802	380,688
Trade payables	(402,921)	(330,613)	(320,857)
Net operating working capital	323,132	317,714	351,874
Other current assets (excluding items of financial position)	165,028	165,962	152,692
Other current liabilities (excluding items of financial position)	(240,039)	(230,285)	(246,444)
Other current assets/(liabilities), net	(75,011)	(64,323)	(93,752)
Provision for risks	(47,750)	(46,914)	(58,543)
Post-employment benefits	(57,888)	(45,538)	(41,526)
Other long-term liabilities	(89,211)	(85,289)	(90,294)
Deferred tax assets/(liabilities), net	136,739	120,421	155,145
Other non-current assets/(liabilities), net	(58,110)	(57,320)	(35,218)
Net invested capital	2,205,677	2,017,844	1,944,812
Shareholder's equity – Group	(2,388,096)	(2,320,022)	(2,017,482)
Shareholder's equity – Non-controlling interests	(13,207)	(10,470)	(9,862)
Total consolidated shareholders' equity	(2,401,303)	(2,330,492)	(2,027,344)
Long term financial payables	(81,572)	(79,348)	(64,154)
Short term financial, net surplus/(deficit)	277,199	391,996	151,978
Payable for dividends	(1)	-	(5,292)
Net financial position surplus/(deficit) – including payable for dividends	195,626	312,648	82,532
Shareholders’ equity and Net financial position	(2,205,677)	(2,017,844)	(1,944,812)
Debt to Equity ratio	n.a	n.a.	n.a

At July 31, 2013, Net invested capital totaled Euro 2,205.7 million compared to Euro 2,017.8 million at January 31, 2013. The investments occurred during the period contributed the most to the increase.

The consolidated shareholders’ equity rose from Euro 2,330.5 million to Euro 2,401.3 million at July 31, 2013. The increase generated by the Group’s net income for the six months ended July 31, 2013, amounting to Euro 308.2 million, was partially offset by Euro 230.3 million of dividends distributed to the PRADA spa shareholders (as approved on May 23, 2013, by the Annual General Meeting on the financial statements for the year ended January 31, 2013) and by Euro 1.9 million of dividends paid to Non-controlling interests. Other changes resulting from translation differences and changes in fair value equity reserves accounted for the rest of the increase.

Non-current assets (excluding deferred tax assets)

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)	July 31 2012 (unaudited)
Property, plant and equipment	1,047,291	857,299	777,425
Intangible assets	879,477	878,750	860,986
Investments in associated undertakings	16,672	23,024	19,459
Other non-current assets	72,028	61,682	64,038
Derivative financial instruments-non-current	198	1,018	-
Total non-current assets (exluding deferred tax assets)	2,015,666	1,821,773	1,721,908
Percentage of tangible assets already depreciated	43%	46%	48%

The increase in Property, plant and equipment and Intangible assets taken together was largely due to capital expenditure for the period (Euro 293.0 million) less depreciation, amortization and impairment (Euro 92.7 million), the effect of translation into Euro (Euro 8.8 million) and other (Euro 0.8 million). The Group's capital expenditure for the period was allocated as follows: Euro 250.2 million in the retail area, Euro 11.9 million in the production and logistics area and Euro 30.9 million in the corporate area. It is worth highlighting that the spending in the retail area included the purchase of two prestigious retail locations: one in London, in Old Bond street, and one in St. Petersburg.

Net operating working capital

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)	July 31 2012 (unaudited)
Trade receivables, net	317,519	304,525	292,043
Inventories, net	408,534	343,802	380,688
Trade payables	(402,921)	(330,613)	(320,857)
Net operating working capital	323,132	317,714	351,874

The increase in inventories was essentially attributable to the higher unitary value of the more expensive fall/winter finished products stocked at July 31, 2013, as well as to larger quantities of raw materials purchased to support the growth of the retail business. Compared to July 31, 2012, the variance in inventories followed the increased volumes because of the business expansion. For the same reasons, trade payables also increased.

Net financial position

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

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)	July 31 2012 (unaudited)
Long term debt	(81,124)	(78,830)	(63,545)
Obligations under finance leases	(448)	(518)	(609)
Long term financial payables	(81,572)	(79,348)	(64,154)
Short term financial payables and bank overdrafts	(159,468)	(175,570)	(238,518)
Payables to parent company and related parties	(4,205)	(5,018)	(3,173)
Receivables from parent company and related parties	1,415	1,413	3,040
Obligations under finance leases	(197)	(575)	(965)
Cash and cash equivalents	439,654	571,746	391,594
Short term financial (payables)/receivables, net of cash and cash equivalents	277,199	391,996	151,978
Net financial surplus/(deficit)	195,627	312,648	87,824
Payable for dividends	(1)	-	(5,292)
Net financial surplus/(deficit), including payable for dividends	195,626	312,648	82,532

The operational free cash flow generated during the period allowed the Group to book a net positive financial position of Euro 195.6 million (Euro 312.6 million at January 31, 2013) after the payment of Euro 230.3 million of dividends on the 2012 financial statements and the massive ongoing capital expenditure program (Euro 292.5 million).

The composition in the short-term bank debt was affected by a shift occurred in the six months ended July 31, 2013. In fact, the Pool loan borrowed by PRADA spa and PRADA Japan co ltd expiring in the period was definitively repaid for some Euro 122 million. At the same time, PRADA spa arranged a new revolving credit facility for Euro 170 million, drawn for Euro 100 million at July 31, 2013, and PRADA Japan co ltd arranged a new working capital syndicate loan of Japanese Yen 3 billion, drawn at July 31, 2013, for some Japanese Yen 2.9 billion, or Euro 22.2 million.

On the long-term side the subsidiary PRADA Japan co ltd entered into a syndicate loan agreement with a pool of Japanese banks for a total amount of Japanese Yen 6 billion, drawn at July 31, 2013, for some Japanese Yen 3.3 billion, or Euro 25.5 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 Group is exposed to several macroeconomic factors as a consequence of its operations on an international scale.

Current economic conditions may adversely impact demand for the Group's products, reduce access to credit and cause its customers and others with which it does business to suffer financial hardship, all of which could adversely impact the business, results of operations, financial condition and cash flows of the Group.

A substantial amount of the Group's sales is generated by customers who purchase products while travelling abroad. Consequently, adverse economic conditions (like the global financial crisis in 2008 and 2009), global political developments (such as the war in Iraq in the Spring of 2003), other social and geo-political sources of unrest, instability, disorders, riots, civil wars or military conflicts, natural disasters such as fire, floods, blizzards and earthquakes or other events (such as the events in the United States on September 11, 2001, or the travel advisories issued by the World Health Organisation in connection with Severe Acute Respiratory Syndrome-SARS) that result in a shift in travel patterns or a decline in travel volumes in the past have had, and in the future could have, an adverse effect on the Group's business and results of operations.

Risks regarding the protection of intellectual property rights

The Group believes that its trademarks and other intellectual property rights are fundamental to its success and position. Therefore, the business is highly dependent on the Group's ability to protect and promote trademarks and other intellectual property rights.

The Group constantly commits to establish and protect its trademarks and other intellectual property rights such as registered designs and patents on a worldwide basis. The Group believes that its trademarks and other intellectual property rights are adequately supported by applications for registrations, existing registrations and other legal protections in all principal markets.

Risks regarding brand image and recognition

The success of the Group on the international luxury goods market is linked to the recognition, integrity and image of its brands. In these terms, the success of its brands 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 the 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 as well as to anticipate and respond to changing consumer preferences and fashion trends in a timely manner.

The Group pursues its objective of driving the luxury goods market by stimulating consumer markets and setting trends thanks to the commitment of its Design and Product development department. This corporate area employs some 900 people distributed between the Design, where the creative effort is contributed by the mix of nationalities, cultures and talents and the Product Development, where the craftsmanship abilities combined with well-established industrial processes allow Prada to compete in the industry to attempt to stay abreast of emerging lifestyle and consumer trends.

Risk factors specific to the PRADA Group

Risks regarding exchange rate fluctuations

The Group has a wide international footprint and therefore is exposed to exchange rate risk which can affect revenues, costs, margins and profits. In order to hedge the exchange rate risk, the Group enters into derivative hedging contracts to ensure the value in euro (or in other operating currencies) of identified expected cash flows. Such expected future cash flows mainly consist of the collection of trade and financial receivables and the payment of trade payables. They are mainly concentrated in the parent company PRADA spa as worldwide distributor and holding of the Group.

The management of the exchange rate risk is described in the Notes to the unaudited Interim condensed consolidated financial statements.

Risks regarding interest rate fluctuations

The interest rate risk is the risk that cash outflows might vary as a result of interest rate 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.

The management of the interest rate risk is described in the Notes to the unaudited 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 design, marketing and merchandising of products.

The Group believes it has a management structure capable of guaranteeing the ongoing success of the business and it has recently implemented a long-term incentive plan in order to retain the key figures in the Company so as to let them to continue to cover key roles for the achievement of the challenging objectives that the Group constantly seeks.

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 mainly 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 considered 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 brands and a level of service in keeping with the quality of the products. The utmost attention is also paid to the design and fitting out of the stores themselves.

Risks regarding the outsourcing of manufacturing activities

While the Group develops, controls and produces in-house the majority of its prototypes and samples, the production of most of its accessories and products is outsourced to external manufacturers with appropriate expertise and capacity. External manufacturers produced the vast majority of finished products.

The Group has in place a rigorous inspection and quality control process for all outsourced production, and contractually requires all third-party manufacturers to comply with intellectual property protections and confidentiality restrictions, in addition to all applicable labour, social security and health and safety laws and regulations.

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 Group essentially believes that its credit risk mainly regards trade receivables generated in the wholesale channel and cash and cash equivalents. The Group manages the credit risk and reduces its negative effects through its commercial and financial strategy.

On the trade receivables side, 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.

On the cash and cash equivalents side, the risk of default substantially relates to bank deposits which is the method most widely used by the Group to invest the surplus funds generated by operations also considering its low-risk policy. The default risk is mitigated by the allocation of the available funds among different bank deposits in terms of countries, currencies and banks as well as by the term profile of such investments which is always short-term. The residual significant portion of cash and cash equivalents is made up of bank accounts and cash. The Group maintains that there is no significant risk on these kinds of liquid assets as their use is strictly connected with the business operations and corporate processes and, as a result, the number of parties involved is very fragmented.

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 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, repayment of loans as they fall due and dividend payments as planned.

Legal and regulatory risks

The PRADA 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 81/2008 and equivalent regulations in other countries;
- possible legal sanctions for wrongful acts pursuant to Italian 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 applicable to countries where the Group operates;
- possible industrial compliance risks regarding the conformity of the finished goods distributed and raw and consumables materials used with the 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.

Information on relationships and transactions with related parties

Information on the Group's relationships and transactions with related parties is provided in the Notes to the interim condensed consolidated financial statements.

Outlook for second half of 2013

The Group will continue to pursue its retail growth strategy and support the world wide awareness of its brands. The challenging environment determined by a still weak general economic situation and the added international tensions of the recent weeks, will – nevertheless - require a close attention to efficiency of operations and execution of strategy in order to be able to respond to possible sudden change of conditions.

Milan (Italy), September 17, 2013

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 Code

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company's corporate governance practices have complied with the code provisions set out in the Code throughout the six months from February 1, 2013 to July 31, 2013 (the "Review Period").

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.

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 Audit Committee consists 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. The Audit Committee has held four meetings on April 3, 2013, May 23, 2013, June 11, 2013 and September 17, 2013 with an attendance rate of 91.7% to discuss the auditing and internal controls activities, to propose the appointment of the external Auditor, to review the audited separate and consolidated financial statements of the Company for the year ended January 31, 2013, the unaudited consolidated quarterly financial statements of the Company for the three months ended April 30, 2013 and the unaudited consolidated interim financial statements of the Company for the six months ended July 31, 2013, 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 one meeting on April 3, 2013 with an attendance rate of 100% to discuss the implementation of the long-term incentive plan connected to the Group's results and its application to certain strategic consultants of the Company.

Nomination Committee

The Company has established a Nomination Committee in compliance 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 and one non-executive director, Mr. Marco Salomoni. The Nomination Committee has held two meetings on April 3, 2013 and September 17, 2013 with attendance rate of 100% to review the adequacy of the structure and composition of the Board, to perform the annual review of the independence of the independent non-executive directors and to propose to the Board the adoption of the Board diversity policy.

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. Gian Franco Oliviero Mattei (who replaced Mr. Marco Salomoni on June 11, 2013).

Board of Statutory Auditors

Under Italian law, the Company is required to have a Board of Statutory Auditors, appointed by the shareholders, which has the authority to supervise the Company on its compliance with the law and the By-laws, compliance with the principles of proper management and, in particular, on the adequacy of the organizational, administrative and accounting structure adopted by the Company and on its functioning. The Board of Statutory Auditors of the Company consists of Mr. Antonino Parisi (Chairman), Mr. Roberto Spada and Mr. David Terracina.

Dividends

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

On April 5, 2013, the Board recommended the payment of a final dividend of Euro/cents 9 per share in the capital of the Company, representing a total dividend of Euro 230,294,160. The shareholders approved this dividend at the Shareholders' General Meeting of the Company held on May 23, 2013. The dividend was paid on June 20, 2013.

No dividends have been declared or paid by the Company in respect of the six months ended July 31, 2013.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Director since the Company's 2012 Annual Report is set out below:

Name of Director	Change
Sing Cheong Liu	Ceased as a member of the Council of The Hong Kong University of Science and Technology with effect from March 31, 2013
Gaetano Micciché	Elected as a member of the Management Board of Intesa Sanpaolo S.p.A. on May 9, 2013 Granted the honorary title *"Cavaliere del Lavoro"* by the President of the Republic of Italy on May 31, 2013
Gian Franco Oliviero Mattei	Ceased as Chairman and CEO of HGM – Holding Gruppo Marchi S.p.A. with effect from June 24, 2013 Elected as Chairman of Adenium Sgr S.p.A with effect from April 30, 2013

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 as set out in Appendix 10 of the Listing Rules (the "Model Code"). Relevant employees who are likely to be in possession of unpublished inside 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, 2013. There was no incident of non-compliance during the six months ended July 31, 2013.

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, 2013.

Directors' interests and short positions in securities

As at July 31, 2013, 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:

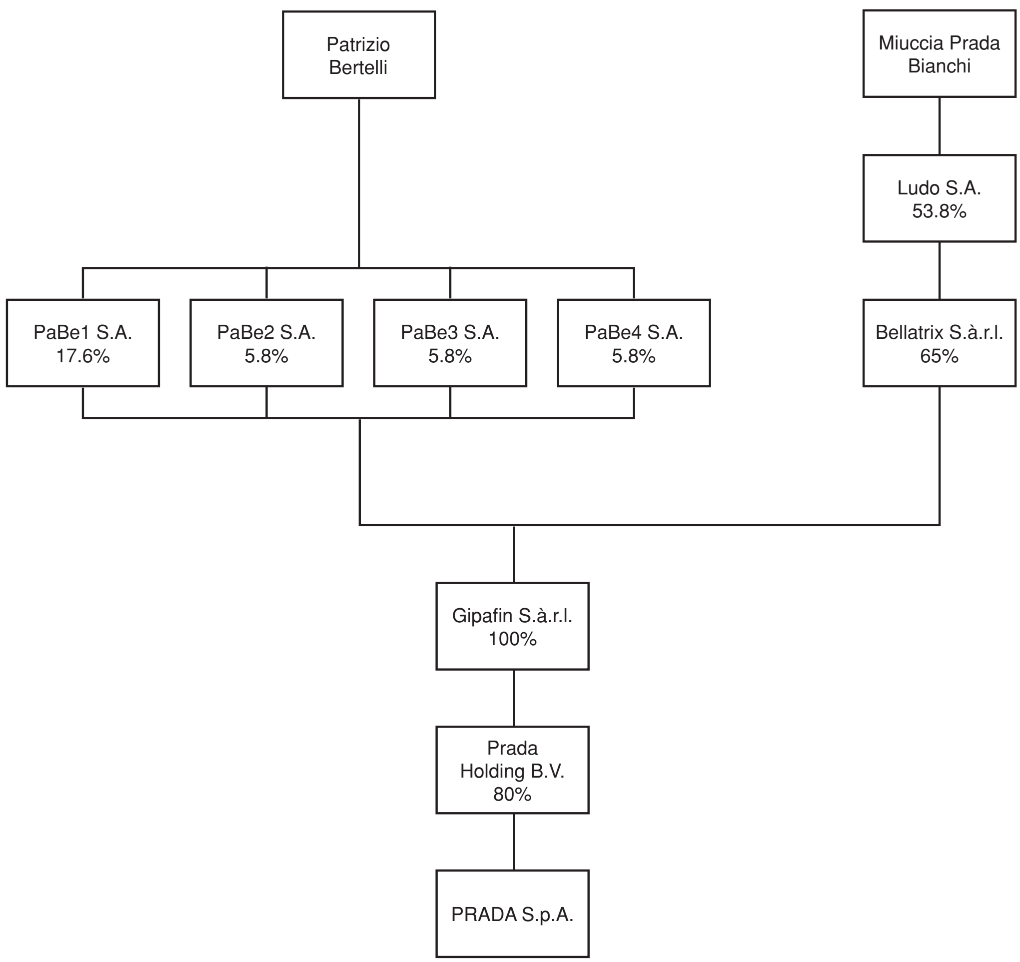
1. Prada Holding bv owns approximately 80% of the issued capital in the Company and is therefore the holding company of the Company.

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% (which comprises 438,460 ordinary shares and 100,000 preference shares) of the capital in Bellatrix sàrl, which in turn owns 65% (which comprises 1,650 ordinary shares and 300 preference shares) of the capital in Gipafin sàrl. Ms. Miuccia Prada Bianchi is therefore deemed under the SFO to be interested in all the shares registered in

the name of Prada Holding bv. Ms. Miuccia Prada Bianchi is also a director of Ludo sa.

3. Mr. Patrizio Bertelli owns, indirectly through companies owned by him (PaBe1 sa, PaBe2 sa, PaBe3 sa and PaBe4 sa), 35% (which comprises 750 ordinary shares and 300 preference shares) of the capital in Gipafin sàrl. Mr. Patrizio 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, 2013 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%
	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	Ordinary Shares	1,650	As above	68.75%
	Gipafin sàrl	Preference Shares	300	As above	50%
	Bellatrix sàrl	Ordinary Shares	438,460	As above	49.83%
	Bellatrix sàrl	Preference Shares	100,000	As above	83.34%
	Ludo sa	Ordinary Shares	100,310	Beneficial Owner	100%
	PRADA Arte bv	Registered Shares	180	Controlled Corporation	100%
	Arte One bv	Ordinary Shares	180	As above	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	Ordinary Shares	750	As above	31.25%
	Gipafin sàrl	Preference Shares	300	As above	50%

Save as disclosed above, as at July 31, 2013, none of the Directors and 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, 2013, other than the interests of the Directors 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 (Gipafin 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 2013 (unaudited)	January 31 2013 (audited)
Assets			
Current assets			
Cash and cash equivalents	6	439,654	571,746
Trade receivables, net	7	317,519	304,525
Inventories, net	8	408,534	343,802
Derivative financial instruments - current	9	22,863	43,060
Receivables from, and advance payments to, parent company and other related parties	10	17,973	19,493
Other current assets	11	125,607	104,823
Total current assets		1,332,150	1,387,449
Non-current assets			
Property, plant and equipment	12	1,047,291	857,299
Intangible assets	13	879,477	878,750
Associated undertakings	14	16,672	23,024
Deferred tax assets	32	182,244	176,057
Other non-current assets	15	72,028	61,682
Derivative financial instruments - non current	9	198	1,018
Total non-current assets		2,197,910	1,997,830
Total Assets		3,530,060	3,385,279
Liabilities and Shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans	16	159,468	175,570
Payables to parent company and other related parties	17	5,018	5,599
Trade payables	18	402,921	330,613
Current tax liabilities	19	105,229	97,148
Derivative financial instruments - current	9	1,845	912
Obligations under finance leases - current	20	197	575
Other current liabilities	21	132,153	131,645
Total current liabilities		806,831	742,062
Non-current liabilities			
Long-term financial payables	22	81,124	78,830
Obligations under finance leases non-current	20	448	518
Post-employment benefits	23	57,888	45,538
Provision for risks and charges	24	47,750	46,914
Deferred tax liabilities	32	45,505	55,636
Other non-current liabilities	25	89,054	84,905
Derivative financial instruments non-current	9	157	384
Total non-current liabilities		321,926	312,725
Total Liabilities		1,128,757	1,054,787
Share capital		255,882	255,882
Other reserves		1,860,837	1,480,747
Translation reserve		(36,862)	(42,288)
Net profit for the year		308,239	625,681
Total Shareholders' Equity – Group	26	2,388,096	2,320,022
Shareholders' Equity – Non-controlling interests	27	13,207	10,470
Total Liabilities and Shareholders' Equity		3,530,060	3,385,279
Net current assets		525,319	645,387
Total assets less current liabilities		2,723,229	2,643,217

Consolidated income statement

(amounts in thousands of Euro)	Note	six months ended July 31 2013 (unaudited)	%	six months ended July 31 2012 (unaudited)	%
Net revenues	28	1,728,065	100.0%	1,547,373	100.0%
Cost of goods sold	29	(460,407)	-26.6%	(440,872)	-28.5%
Gross margin		1,267,658	73.4%	1,106,501	71.5%
Operating expenses	30	(809,320)	-46.8%	(711,619)	-46.0%
EBIT		458,338	26.5%	394,882	25.5%
Interest and other financial income/(expenses), net	31	(15,194)	-0.9%	(2,911)	-0.2%
Dividend received from investments	14	284	-	-	-
Income before taxation		443,428	25.7%	391,971	25.3%
Taxation	32	(130,609)	-7.6%	(102,756)	-6.6%
Net income for the period from continuing operations		312,819	18.1%	289,215	18.7%
Net income for the period		312,819	18.1%	289,215	18.7%
Net income – Non-controlling interests	27	4,580	0.3%	2,806	0.2%
Net income – Group		308,239	17.8%	286,409	18.5%
Basic and diluted earnings per share (in Euro per share)		0.120		0.112	

Consolidated statement of cash flows

(amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Income before taxation	443,428	391,971
Income statement adjustments		
Depreciation and amortization	91,825	73,630
Impairment of property, plant and equipment and intangible assets	890	861
Non-monetary financial (income)/expenses	14,512	6,478
Other non-monetary (income)/ expenses	41,137	9,661
Changes in Statement of financial position		
Other non-current assets and liabilities	(14,899)	(7,721)
Trade receivables, net	(13,674)	(20,671)
Inventories, net	(65,911)	381
Trade payables	71,296	41,869
Other current assets and liabilities	(33,105)	(30,657)
Cash flows from operating activities	535,499	465,802
Financial expenses, net - third parties	(6,854)	(4,498)
Taxes paid	(124,881)	(129,113)
Net cash flows from operating activities	403,764	332,191
Purchases of property, plant and equipment and intangible assets	(292,484)	(142,008)
Disposals of assets	-	1,954
Financial assets held for trading	(989)	-
Dividend received from investments	284	-
Cash flows generated (utilized) by investing activities	(293,189)	(140,054)
Dividends paid to shareholders of PRADA spa	(230,294)	(122,963)
Dividends paid to Non-controlling shareholders	(1,881)	(2,645)
Repayment of loans to related parties	(930)	(538)
New loans to related companies	-	(1,545)
Repayment of short term portion of long term borrowings - third parties	(143,436)	(61,472)
New long-term borrowings – third parties arranged	29,812	29,840
Change in short-term borrowings – third parties	100,801	(9,883)
Capital contribution by Non-controlling interests	10	1,161
Cash flows generated (utilized) by financing activities	(245,918)	(168,045)
Change in cash and cash equivalents, net of bank overdrafts	(135,343)	24,092
Foreign exchange differences	3,262	13,546
Opening cash and cash equivalents, net of bank overdraft	571,722	353,554
Closing cash and cash equivalents, net of bank overdraft	439,641	391,192
Cash and cash equivalents	439,654	391,594
Bank overdraft	(13)	(402)
Closing cash and cash equivalents, net of bank overdraft	439,641	391,192

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, 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 year (recycled to P&L)	-	-	-	41,593	(6,856)	-	2,869	-	286,409	324,016	3,122	327,138
Comprehensive income for the year (not recycled to P&L)	-	-	-	-	-	(1,336)	-	-	-	(1,336)	-	(1,336)
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

(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, 2012 (audited)	2,558,824,000	255,882	410,047	(17,239)	(4,173)	(1,192)	(58)	747,548	431,929	1,822,744	8,224	1,830,968
Allocation of 2011 net profit	-	-	-	-	-	-	-	431,929	(431,929)	-	-	-
Dividends	-	-	-	-	-	-	-	(127,941)	-	(127,941)	(5,576)	(133,517)
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-	-	1,166	1,166
Comprehensive income for the year (recycled to P&L)	-	-	-	(25,049)	24,321	-	5,544	-	625,681	630,497	6,656	637,153
Comprehensive income for the year (not recycled to P&L)	-	-	-	-	-	(5,278)	-	-	-	(5,278)	-	(5,278)
Balance at January 31, 2013 audited)	2,558,824,000	255,882	410,047	(42,288)	20,148	(6,470)	5,486	1,051,536	625,681	2,320,022	10,470	2,330,492
Allocation of 2012 net profit	-	-	-	-	-	-	-	625,681	(625,681)	-	-	-
Dividends	-	-	-	-	-	-	-	(230,294)	-	(230,294)	(1,881)	(232,175)
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-	-	10	10
Comprehensive income for the year (recycled to P&L	-	-	-	5,426	(10,225)	-	(4,764)	-	308,239	298,676	4,608	303,284
Comprehensive income for the year (not recycled to P&L)	-	-	-	-	-	(308)	-	-	-	(308)	-	(308)
Balance at July 31, 2013 (unaudited)	2,558,824,000	255,882	410,047	(36,862)	9,923	(6,778)	722	1,446,923	308,239	2,388,096	13,207	2,401,303

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 2013 (unaudited)	twelve months ended January 31 2013 (audited)	six months ended July 31 2012 (unaudited)
Net income for the period – Consolidated	312,819	633,277	289,215
A) Items recycled to P&L:			
Change in Translation reserve	5,454	(25,989)	41,190
Tax impact	-		-
Change in Translation reserve less tax impact	5,454	(25,989)	41,190
Change in Cash Flow Hedge reserve	(14,099)	33,530	(9,475)
Tax impact	3,874	(9,209)	2,619
Change in Cash Flow Hedge reserve less tax impact	(10,225)	24,321	(6,856)
Change in Fair Value reserve	(6,352)	7,391	3,826
Tax impact	1,588	(1,847)	(957)
Change in Fair Value reserve less tax impact	(4,764)	5,544	2,869
B) Item not recycled to P&L:			
Change in Actuarial reserve	(385)	(6,369)	(1,843)
Tax impact	77	1,091	507
Change in Actuarial reserve less tax impact	(308)	(5,278)	(1,336)
Consolidated comprehensive income for the period	302,976	631,875	325,802
Comprehensive income for the period – Non-controlling Interests	4,608	6,656	3,122
Comprehensive income for the period – Group	298,368	625,219	322,680

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). It 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 more than 70 countries worldwide through a network that included 491 Directly Operated Stores (DOS) at July 31, 2013, 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, 2013, 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.

These Interim condensed consolidated financial statements were approved by the Board of Directors of PRADA spa on September 17, 2013.

2. Basis of preparation

The Interim condensed consolidated financial statements of the PRADA Group for the six months ended July 31, 2013, including the "Consolidated statement of financial position", the "Consolidated income statement", the "Consolidated comprehensive income statement", the "Consolidated statement of cash flows", the "Statement of changes in consolidated shareholders' equity" and the "Notes to the Interim condensed consolidated financial statements" have been prepared in accordance with "IAS 34 Interim Financial Reporting" as endorsed by the European Union.

The Interim condensed consolidated financial statements should be read together with the Consolidated financial statements of the PRADA Group for the twelve months ended January 31, 2013, that were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union.

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

IFRS also refers to all International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), 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 for the twelve months ended January 31, 2013, except for the amendments to accounting standards as reported below under Note 3.

The Group has prepared the Consolidated statement of financial position presenting separately current and non-current assets and liabilities. All the details needed for more complete information are provided in the Notes to the interim condensed consolidated financial statements. The Consolidated income statement is classified by destination. The 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 presented in Euro which is also the functional currency of the Company.

3. Amendments to IFRS

New standards and amendments issued by the IASB, endorsed by the European Union and applicable to the PRADA Group from February 1, 2013

The following amendments to IFRS have been endorsed by the European Union and are applicable to the PRADA Group effective from February 1, 2013. The matters in question do not have any significant impact to the Group as of the date of these Interim condensed consolidated financial statements:

– "IAS 1 Presentation of financial statements". The objective of the amendments made to this Standard, effective from annual periods beginning July 1, 2012, are to make the presentation of the increasing number of items of other comprehensive income clearer, and to assist users of the financial statements in distinguishing between the items of other comprehensive income that can be reclassified subsequently to profit or loss, and those that will never be reclassified to profit or loss.

– "IAS 19 Employee benefits". The amendments made to this Standard, effective from annual periods beginning on or after January 1, 2013, should help users of financial statements to better understand how defined benefit plan affect entity's financial position, financial performance and cash flows.

– "IFRS 13 Fair Value measurement". This new Standard, effective from annual periods beginning on or after January 1, 2013, defines the fair value, sets out in a single IFRS a framework for measuring the fair value and requires disclosures about fair value measurements. This IFRS applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements. It does not require fair value measurements in addition to those already required or permitted by other IFRSs and is not intended to establish valuation standards or affect valuation practices outside financial reporting.

– "IAS 12 Income Taxes". The amendments made to this Standard, effective from annual period beginning on or after January 1, 2013, provide a practical approach for measuring deferred tax assets and deferred tax liabilities when an investment property is measured using the fair value model in "IAS 40 Investment property". These amendments have to be applied retrospectively.

– "IFRS 7 Financial Instruments: Disclosures". The amendments made to this Standard, effective from annual periods beginning on or after January 1, 2013, require additional disclosures to enable users of its financial statements to evaluate the effect, or potential effect, of netting arrangements on the entity's financial position. The disclosures required by these amendments have to be applied retrospectively.

– "IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine". This new IFRIC 20, effective from annual periods beginning on or after January 1, 2013, aimed to provide guidance on recognition of production stripping costs as an asset.

– Amendments to "IFRS 1 First-time Adoption of International Financial Reporting Standards – Government Loans". The amendments, effective from annual periods beginning on or after January 1, 2013, deal with loans received from governments at a below market rate of interest and their objective is to give first-time adopters of IFRSs relief from full retrospective application on transition to IFRSs.

– Annual improvements to IFRSs (2009-2011 Cycle). Such improvements amended:

- "IAS 1 Presentation of Financial Statements". New criteria have been introduced when reporting comparative information are provided in addition to the minimum comparative financial statements and when a change in accounting policy, a retrospective restatement or a reclassification occur;
- "IAS 16 Property, Plant and Equipment". The amendment establishes that items such as spare parts, stand-by equipment and servicing equipment are recognized with this IFRS when they meet the definition of IAS 16. Otherwise, such items are classified as inventory;
- "IAS 32 Financial Instruments: Presentation". The amendment clarified that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with IAS 12 "Income taxes".

New standards and amendments issued by the IASB, endorsed by the European Union, but not yet applicable to the PRADA Group as effective from annual periods beginning on or after January 1, 2014

– "IFRS 10 Consolidated Financial Statements". This new Standard, effective at the latest as from the commencement date of a financial year starting on January 1, 2014, grounds on previous version of "IAS 27 Consolidated and Separate Financial Statements" and provide more guidance for the presentation and preparation of consolidated financial statements. It enforces the definition of control as basis for determining which entities have to be consolidated. It also supersedes "IAS 27 Consolidated and Separate Financial Statements" and "SIC 12 Consolidation – Special Purpose Entities".

– "IFRS 11 Joint Arrangements". This new Standard, effective at the latest as from the commencement date of a financial year starting on January 1, 2014, establishes principles for financial reporting by parties to a joint arrangement and supersedes "IAS 31 Interests in Joint Ventures" and "SIC 13 Jointly Controlled Entities - Non-monetary Contributions by Ventures'". The IFRS provides guidelines to determine the type of joint arrangement in which an entity is involved (joint operation or joint venture) by assessing its rights and obligations arising from the arrangement.

– "IFRS 12 Disclosure of Interests in Other Entities". This new standard, effective at the latest as from the commencement date of a financial year starting on January 1, 2014, applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It requires the entity to disclose information that enable users of its financial statements to evaluate the nature of, and risks associated with, its interests in other entities as well as the effects of those interests on its financial position, financial performance and cash flows.

– "IAS 28 Investment in Associates and Joint Ventures". The amendments to this Standard, effective at the latest as from the commencement date of a financial year starting on January 1, 2014, have to be read together with "IFRS 11 Joint Arrangements" and "IAS 27 Separate Financial Statements". The standard (as amended in 2011) is to be applied by all entities that are investors with joint control of, or significant influence over, an investee and defines the equity method as a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee.

– "IAS 27 Separate Financial Statements". The amendments to this standard followed the issue of "IFRS 10 Consolidated Financial Statements", "IFRS 11

Joint Arrangements", "IFRS 12 Disclosure of Interests in Other Entities" and the amendments to "IAS 28 Investment in Associates and Joint Ventures" and prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. Such amendments are effective at the latest as from the commencement date of a financial year starting on January 1, 2014.

- Transition Guidance (amendments to IFRS 10, IFRS 11 and IFRS 12) provided additional transition relief by limiting the requirement to present adjusted comparative information to the period immediately preceding the date of initial application when the consolidation conclusion reached at the date of initial application were different between IFRS 10 and IAS 27/SIC 12.

- IAS 32 "Financial Instruments: Presentation". The amendments made to this Standard, effective from annual periods beginning on or after January 1, 2014, and to be applied retrospectively, clarify the criterion to be followed when an entity currently has legally enforceable right to set off the financial assets and financial liabilities.

As requested by the Hong Kong Stock exchange the Group assessed the financial effects of IFRS 10 on its consolidated figures and did not raise any detailed disclosure to be provided as the application of this new standard would not have any impact on the PRADA Group Interim condensed consolidated financial statements at July 31, 2013. As far as all of the others new IFRS and amendments above mentioned concern, the Group is currently assessing their impact on its consolidated financial statements.

New standards and amendments issued by the IASB, not yet endorsed by the European Union and not applicable to the PRADA Group as effective from annual periods beginning on or after January 1, 2014

- "IFRS 9 Financial instruments". This new Standard, effective from annual periods beginning on or after January 1, 2015, represents the first of three phases aimed at replacing entirely "IAS 39 Financial instruments: recognition and measurement". Such phase 1, named "Classification and measurement of financial assets and financial liabilities" requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Assets are subsequently measured at amortized cost or fair value. On the liabilities side, most of the requirements of IAS 39 for classifying and measuring financial liabilities remained unchanged, with the exception of the recognition through other comprehensive income, 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.

- Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27) introduced an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss instead of consolidating those subsidiaries in its consolidated and separate financial statements. In addition, the amendments introduce new disclosure requirements related to investment entities in "IFRS 12 Disclosure of Interests in Other Entities" and "IAS 27 Separate Financial Statements". Such amendments are required to apply for annual periods beginning on or after January 1, 2014.

- Recoverable amount disclosures for non-financial assets (amendments to "IAS 36 Impairment of Assets"). The amendment requires more disclosure about the recoverable amount of any cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. Such amendments are required to apply for annual periods beginning on or after January 1, 2014. Earlier application is permitted. An entity shall not apply those amendments in periods (including comparative periods) in which it does not also apply IFRS 13.

– Amendments to "IAS 39 Financial Instruments: Recognition and Measurement". Such amendments provided relief from discontinuing hedge accounting when novation to a central counterparty following the introduction of a new law or regulation of a derivative designated as a hedging instrument meets certain criteria. Such amendments are required to apply for annual periods beginning on or after January 1, 2014.

– "IFRIC Interpretation 21 Levies". This interpretation, effective from annual periods beginning on or after January 1, 2014, provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with "IAS 37 Provisions, Contingent Liabilities and Contingent Assets" and those where the timing and amount of the levy is certain.

As at September 17, 2013, the date of approval of these Interim condensed consolidated financial statements, the European Union has not completed yet the endorsement of the new standards and amendments as described above.

4. Incorporation of subsidiaries

On February 3, 2013, the Group set up PRADA Retail SPC in order to develop its commercial activities in Qatar.

On February 7, 2013, the Group set up Kenon ltd, a real estate company based in London (United Kingdom).

On June 24, 2013, the Group set up PRADA Kazakhstan llp in order to develop its retail activities in Kazakhstan.

On July 5, 2013, the Group set up PRADA New Zealand Limited in order to develop its commercial activities in New Zealand.

On July 10, 2013, PRADA spa and a third party company, Fin-Reta srl, incorporated in Italy, 60% and 40% respectively, the subsidiary Pellettieri d'Italia srl in order to develop manufacturing activities.

5. Operating segments

"IFRS 8 Operating Segments" 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.

Information on net revenues by brand, geographical area, product and distribution channel are anyway hereafter reported together with the information on the EBITDA by brand and on the non-current assets by geographical area. Information on net revenues 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 2013 (unaudited)	%	six months ended July 31 2012 (unaudited)	%	% change
Net sales by geographical area					
Italy	268,531	15.7%	259,326	17.0%	3.5%
Europe	374,300	21.9%	349,277	22.9%	7.2%
Americas	231,587	13.6%	204,161	13.4%	13.4%
Asia Pacific	627,564	36.8%	532,471	34.9%	17.9%
Japan (including Hawaii)	159,449	9.3%	164,415	10.8%	-3.0%
Middle East	43,287	2.5%	12,550	0.8%	244.9%
Other countries	2,866	0.2%	2,487	0.2%	15.2%
Total	1,707,584	100.0%	1,524,687	100.0%	12.0%
Net sales by brand					
Prada	1,410,062	82.6%	1,233,433	80.9%	14.3%
Miu Miu	255,950	15.0%	245,971	16.1%	4.1%
Church's	32,673	1.9%	31,010	2.1%	5.4%
Car shoe	7,551	0.4%	11,342	0.7%	-33.4%
Other	1,348	0.1%	2,931	0.2%	-54.0%
Total	1,707,584	100.0%	1,524,687	100.0%	12.0%
Net sales by product line					
Clothing	248,817	14.6%	248,677	16.3%	0.1%
Leather goods	1,156,369	67.7%	943,060	61.8%	22.6%
Footwear	282,396	16.5%	315,290	20.7%	-10.4%
Other	20,002	1.2%	17,660	1.2%	13.3%
Total	1,707,584	100.0%	1,524,687	100.0%	12.0%
Net sales by distribution channel					
DOS	1,422,460	83.3%	1,229,966	80.7%	15.7%
Independent customers and franchises	285,124	16.7%	294,721	19.3%	-3.3%
Total	1,707,584	100.0%	1,524,687	100.0%	12.0%
Net sales	1,707,584	98.8%	1,524,687	98.5%	12.0%
Royalties	20,481	1.2%	22,686	1.5%	-9.7%
Total net revenues	1,728,065	100.0%	1,547,373	100.0%	11.7%

EBITDA by brand

(amounts in thousands of Euro)						
six months ended July 31, 2013 (unaudited)	**Group**	**Prada**	**Miu Miu**	**Church's**	**Car Shoe**	**Others**
Net sales	1,707,584	1,410,062	255,950	32,673	7,551	1,348
Royalties	20,481	19,261	1,214	6	-	-
Net revenues	1,728,065	1,429,323	257,164	32,679	7,551	1,348
EBITDA	551,053	507,854	43,680	2,569	(2,916)	(134)
EBITDA %	31.9%	35.5%	17.0%	7.9%	-	-
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%	-	-

In the six months ended July 31, 2013, the EBITDA of the Prada brand totaled Euro 507.9 million, or 35.5% on relevant net revenues, up by 22.2% compared to Euro 415.7 million, or 33.1%, posted in the six months ended July 31, 2012. The improved margin was the direct expression of the business expansion combined with a more profitable mix of sales in terms of channel, product category and geographical area, which allowed the brand to sustain the increased operative expenses. In fact, in addition to the direct cost deriving from the retail business expansion, major efforts were spent to sustain the brand equity. Once again, in these first six months of 2013, Prada pursued its innovative and unconventional cooperation with the art world ranging over cinema, dressing the Great Gatsby movie, to literature, launching a literary contest with Giangiacomo Feltrinelli Editor and art, sponsoring through the Fondazione Prada the exposition "When Attitudes Become Form: Bern 1969/Venice 2013" in Venice. Moreover, for the fourth time, the Group also sponsored the Luna Rossa yacht challenging the XXXIV America's Cup edition that started with the America's Cup World Series in 2012.

The EBITDA of the Miu Miu brand amounted to Euro 43.7 million for the six months ended July 31, 2013, or 17% on net revenues, down by 17% compared to the same period of 2012, when the incidence on net revenues was 21.3%. As previously highlighted, Miu Miu is still undergoing an intense investment phase, aimed to enlarge its global DOS footprint and brand awareness in all international markets. Consequently, the relative growth at the topline, broadly in line with the average of the luxury market, was not sufficient to absorb the expansion of the retail network and the investments made in communication and other brand building activities, such as the revisiting of the stores concept or the Miu Miu Women's tales project that, in February 2013, added to its history the fifth short movie, "The Door" by Ava DuVernay.

The EBITDA of the Church's brand for the six months ended July 31, 2013, totaled Euro 2.6 million, up by 10.4% compared to the results achieved the same period of last year. As a percentage on net revenues, the profitability increased from 7.5% in the first half of 2012 to 7.9% in the current period. The improvement achieved at the gross margin level was essentially delivered by the sales expansion, but it was partially offset by the higher incidence of the selling expenses, following the recent openings in new countries for the brand.

In the six months ended July 31, 2013, the EBITDA of the Car Shoe brand totaled negative Euro 2.9 million. The further decline compared to negative Euro 0.9 million recorded in the same six months of 2012 was substantially caused by timing difference in deliveries to independent clients.

Geographical information

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

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Italy	507,299	484,945
Europe	960,634	842,289
Americas	197,052	185,688
Japan	107,119	93,156
Asia Pacific	199,377	175,674
Other countries	39,915	34,852
Total	2,011,396	1,816,604

The total amount of Euro 2,011.4 million (Euro 1,816.6 million at January 31, 2013) relates to the Group's non-current assets excluding, as requested by IFRS 8, those relating to financial instruments, deferred tax assets and surplus arising from a pension benefit scheme.

Consolidated statement of financial position

6. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Cash on hand	24,963	24,188
Bank deposit accounts	246,720	306,898
Bank current accounts	167,971	240,660
Total	439,654	571,746

At July 31, 2013, bank current accounts and deposits accounts generated interest income of between 0.0% and 4.25% per annum (between 0.0% and 4% at January 31, 2013).

7. Trade receivables, net

Trade receivables are detailed as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Trade receivables – third parties	294,351	286,390
Allowance for bad and doubtful debts	(12,140)	(11,547)
Trade receivables – related parties	35,308	29,682
Total	317,519	304,525

Trade receivables from third parties increased for the six months ended July 31, 2013, by Euro 8 million compared to January 31, 2012, and stood at Euro 294.4 million at July 31, 2013. The increase was generated by slightly higher volumes in general as well as by the higher sale prices of the fall/winter collection delivered to wholesalers at the end of the first half 2013.

Trade receivables from related parties included a total amount of Euro 31.9 million essentially arising from the sales of finished products and royalties to companies owned by the main shareholder of PRADA Holding bv and operating the retail business in Italy under franchise agreements. Details of trade receivables from related parties are provided in Note 36.

The allowance for doubtful debts was determined on a specific basis considering all information available at the date the financial statements were prepared.

Movements occurred during the period were as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Opening balance	11,547	11,681
Exchange differences	71	(67)
Increase	746	805
Uses	(224)	(754)
Reversals	-	(118)
Closing balance	12,140	11,547

8. Inventories, net

Inventories are detailed as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Raw materials	88,302	79,559
Work in progress	32,811	24,620
Finished products	362,044	314,244
Allowance for obsolete and slow moving inventories	(74,623)	(74,621)
Total	408,534	343,802

The increase in inventories was essentially attributable to the higher unitary value of the more expensive fall/winter finished products stocked at July 31, 2013, as well as to larger quantities of raw materials purchased to support the growth of the retail business.

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, 2013 (audited)	29,754	44,867	74,621
Exchange differences	(1)	3	2
Balance at July 31, 2013 (unaudited)	29,753	44,870	74,623

9. Derivative financial instruments, assets and liabilities, and financial risks

Derivative financial instruments: assets and liabilities, current portion.

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Financial assets regarding derivative instruments	22,863	43,060
Financial liabilities regarding derivative instruments	(1,845)	(912)
Net carrying amount – current	21,018	42,148

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

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Financial assets regarding derivative instruments	198	1,018
Financial liabilities regarding derivative instruments	(157)	(384)
Net carrying amount – non-current	41	634

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

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)	IFRS7 Category
Forward contracts	9,072	20,983	Level II
Options	13,989	23,095	Level II
Interest rate swaps	-	-	Level II
Positive fair value	23,061	44,078	
Forward contracts	(1,565)	(138)	Level II
Options	(9)	-	Level II
Interest rate swaps	(428)	(1,158)	Level II
Negative fair value	(2,002)	(1,296)	
Net carrying amount – current and non-current	21,059	42,782	

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 and interest rate fluctuations.

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

Foreign exchange rate transactions

The cash flows resulting from the Group's international activities are exposed to exchange rate 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 regard the collection of trade receivables, settlement of trade payables and financial flows. The most important currencies in terms of hedged amounts were: Hong Kong Dollar, US Dollar, Japanese Yen, GB Pound, Korean Won and Chinese Renminbi.

At the reporting date, the notional amounts of the derivative contracts designated as foreign exchange risk hedges (as translated at the European Central Bank exchange rate at July 31, 2013) were stated below.

Contracts in place at July 31, 2013, to hedge projected future trade cash flows.

(amounts in thousands of Euro)	Options	Forward sale contracts (*)	Forward purchase contracts (*)	July 31 2013 (unaudited)
Currency				
US Dollar	109,522	5,273	-	114,795
GB Pound	39,216	9,273	-	48,489
Japanese Yen	64,269	18,769	-	83,038
Hong Kong Dollar	57,603	49,541	-	107,144
Korean Won	-	27,786	-	27,786
Chinese Renminbi	27,409	49,409	-	76,818
Other	17,852	31,158	-	49,010
Total	315,871	191,209	-	507,080

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

Contracts in place as at July 31, 2013, to hedge projected future financial cash flows.

(amounts in thousands of Euro)	Options	Forward sale contracts (*)	Forward purchase contracts (*)	July 31 2013 (unaudited)
Currency				
Japanese Yen	-	28,000	-	28,000
Hong Kong Dollar	-	-	(52,455)	(52,455)
US Dollar	-	-	(47,834)	(47,834)
Other	-	15,399	-	15,399
Total	-	43,399	(100,289)	(56,890)

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

Contracts in place as at July 31, 2013, mature by twelve months. This except for some options expiring after July 31, 2014, whose notional amount was Euro 18.2 million at the reporting date.

Contracts in place at January 31, 2013, to hedge projected future trade cash flows.

(amounts in thousands of Euro)	Options	Forward sale contracts (*)	Forward purchase contracts (*)	January 31 2013 (audited)
Currency				
US Dollar	154,539	7,380	(32,472)	129,447
GB Pound	70,525	2,684	(1,167)	72,042
Japanese Yen	52,960	32,663	(32,436)	53,187
Hong Kong Dollar	109,033	76,114	(4,757)	180,390
Korean Won	-	49,249	(577)	48,672
Chinese Renminbi	-	56,962	-	56,962
Other	41,236	34,185	(4,924)	70,497
Total	428,293	259,237	(76,333)	611,197

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

Contracts in place as at January 31, 2013, to hedge projected future financial cash flows.

(amounts in thousands of Euro)	Options	Forward sale contracts	Forward purchase contracts	January 31 2013 (audited)
Currency				
Japanese Yen	-	47,356	-	47,356
Other	-	15,256	-	15,256
Total	-	62,612	-	62,612

Contracts in place as at January 31, 2013, had a maturity profile by twelve months. This was except for forward sale contracts and options expiring after January 31, 2014, whose notional amount was Euro 15.5 million at January 31, 2013.

All contracts in place at the reporting date were entered into with leading financial institutions and the Group did not expect them to default.

Interest rate transactions

The Group enters into Interest Rate Swaps agreements (IRS) in order to hedge the risk of interest rate fluctuations in relation to several bank loans. The key features of the IRS agreements in place as at July 31, 2013, and January 31, 2013, are summarized as follows:

Contract	Currency	Notional amount	Interest rate	Maturity date	July 31 2013 (unaudited)	Currency	Hedged loan – lending institution	Amount	Expiry
					fair value €.000				
IRS	Euro/000	7,500	1.545%	02/06/2014	(67)	Euro/000	Intesa-Sanpaolo	11,250	06/2014
IRS	Euro/000	3,000	2.210%	01/07/2015	(53)	Euro/000	MPS	3,000	07/2015
IRS	Yen/000	2,000,000	1.875%	31/03/2017	(308)	Yen/000	Mizuho	2,000,000	03/2017

Contract	Currency	Notional amount	Interest rate	Maturity date	January 31 2013 (audited)	Currency	Hedged loan – lending institution	Amount	Expiry
					fair value €.000				
IRS	Euro/000	100,000	1.511%	26/07/2013	(588)	Euro/000	Pool loan	100,000	07/2013
IRS	Euro/000	11,250	1.545%	02/06/2014	(141)	Euro/000	Intesa-Sanpaolo	11,250	06/2014
IRS	Euro/000	3,000	2.210%	01/07/2015	(77)	Euro/000	MPS	3,000	07/2015
IRS	Yen/000	2,000,000	1.875%	31/03/2017	(352)	Yen/000	Mizuho	2,000,000	03/2017

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

Movements in the cash flow hedge reserve included in Group shareholders' equity, before the tax effects, since February 1, 2012, were as follows:

(amounts in thousands of Euro)	
Closing balance at January 31, 2012 (audited)	(5,645)
Change in the translation reserve	19
Change in fair value, recognized in Equity	24,840
Change in fair value, charged to Income Statement	8,690
Closing balance at January 31, 2013 (audited)	27,904
Change in the translation reserve	5
Change in fair value, recognized in Equity	(1,272)
Change in fair value, charged to Income Statement	(12,827)
Closing balance at July 31, 2013 (unaudited)	13,810

Changes in the reserve that are charged to the income statement are recognized under Interest and other financial income/(expense), net or as operating income and expenses depending on the nature of the underlying.

Information on credit risks

Credit risk is defined as the risk that a counterparty in a transaction, by not fulfilling its obligations, causes a financial loss for another entity. The maximum risk to which an entity is potentially exposed is represented by all financial assets recorded in the financial statements.

The Group essentially believes that its credit risk mainly regards trade receivables generated in the wholesale channel and cash and cash equivalents. The Group manages the credit risk and reduces its negative effects through its commercial and financial strategy, as also explained under the Information on Risk factors included in the Financial review of this 2013 Interim Financial Report.

Trade receivables

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

(amounts in thousands of Euro)	July 31 2013 (unaudited)	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 120
Trade receivables	329,659	283,606	17,060	6,635	2,406	4,558	15,394
Total	329,659	283,606	17,060	6,635	2,406	4,558	15,394

(amounts in thousands of Euro)	January 31 2013 (audited)	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 120
Trade receivables	316,072	263,079	27,328	7,708	5,852	1,607	10,498
Total	316,072	263,079	27,328	7,708	5,852	1,607	10,498

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 2013 (unaudited)	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 120
Trade receivables less allowance for doubtful accounts	317,519	283,305	17,060	6,635	2,406	4,558	3,555
Total	317,519	283,305	17,060	6,635	2,406	4,558	3,555

(amounts in thousands of Euro)	January 31 2013 (audited)	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 120
Trade receivables less allowance for doubtful accounts	304,525	262,799	27,141	7,708	5,804	634	439
Total	304,525	262,799	27,141	7,708	5,804	634	439

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

Bank deposit accounts and bank current accounts

Bank deposit accounts are broken down by currency as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Euro	69,000	110,300
US Dollar	12,610	23,793
Korean Won	27,651	36,003
Hong Kong Dollar	110,595	90,798
Other currencies	26,864	46,004
Total bank deposit accounts	246,720	306,898

The Group seeks to mitigate the default risk on bank deposit accounts by allocating available funds to several accounts that differ in terms of currency, country and bank as well. These investments always have a short-term profile.

Bank current accounts

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Euro	68,936	42,755
US Dollar	36,758	75,690
Korean Won	2,929	1,994
Hong Kong Dollar	8,043	10,751
Other currencies	51,305	109,470
Total bank current accounts	167,971	240,660

The Group maintains that there is no significant risk regarding this kind of liquid asset as their use is strictly connected with the business operations and corporate processes and, as result, the number of parties involved is fragmented.

Trade payables

The following table summarizes trade payables by maturity date.

(amounts in thousands of Euro)	July 31 2013 (unaudited)	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 120
Trade payables	402,921	375,006	14,835	5,795	996	443	5,846
Total	402,921	375,006	14,835	5,795	996	443	5,846

(amounts in thousands of Euro)	January 31 2013 (audited)	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	> 120
Trade payables	330,613	301,940	14,991	3,859	3,119	1,180	5,524
Total	330,613	301,940	14,991	3,859	3,119	1,180	5,524

At July 31, 2013, the Group had a total of Euro 392.1 million of available unused credit facilities (Euro 473.1 million at January 31, 2013).

10. Receivables from and advance payments to parent company and other related parties

Receivables from and advance payments to parent company and other related parties are detailed below:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Financial receivables – other related parties	1,415	1,413
Other receivables – PRADA Holding bv	314	249
Other receivables – other companies controlled by PRADA Holding bv	17	3
Other receivables – other related parties	2,446	2,652
Advance payments – other related companies	13,781	15,176
Total	17,973	19,493

Advance payments included Euro 11 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 on the XXXIV edition of the America's Cup. The remaining Euro 2.8 million mainly consisted of advances paid to Progetto Prada Arte srl and Stichting Fondazione Prada, in accordance with the signed agreements, for cultural initiatives to be undertaken in the future. Details of receivables from related parties are provided in Note 36.

11. Other current assets

Other current assets are detailed as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
VAT	27,880	25,072
Income tax and other tax receivables	18,913	20,540
Other assets	26,097	16,731
Prepayments and accrued income	49,402	41,266
Deposits	2,332	1,214
Financial assets held for trading	983	-
Total	125,607	104,823

Other assets

Other assets are detailed as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Advertising contributions under license agreements	8,363	5,258
Advances to suppliers	3,096	1,478
Incentives for retail investments	1,052	1,318
Advances to employees	1,795	1,392
Other receivables	11,791	7,285
Total	26,097	16,731

Prepayments and accrued income

Prepayments and accrued income are detailed as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Rental charges	18,276	17,116
Insurance	2,589	1,472
Design costs	14,701	11,970
Fashion shows and advertising campaigns	4,657	4,021
Consulting	945	1,233
Amortized costs on loans	1,653	197
Other	6,581	5,257
Total	49,402	41,266

Design costs mainly included costs incurred for the conception and the realization of collections that will generate revenue after the reporting date.

Deposits

Deposits mainly included guarantee deposits paid under commercial lease agreements.

12. Property, plant and equipment

Changes in the historical cost of Property, plant and equipment in the period ended July 31, 2013, and in prior year 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, 2012 (audited)	215,587	104,023	641,136	210,796	103,076	82,620	1,357,238
Additions	35,371	8,977	136,368	48,655	24,347	73,617	327,335
Disposals	(3)	(810)	(823)	(1,633)	(32,347)	(1)	(35,617)
Exchange differences	(1,346)	(214)	(37,710)	(8,207)	(1,225)	(5,448)	(54,150)
Other movements	3,308	122	37,324	3,544	1,223	(44,583)	938
Impairment	-	-	(13,458)	(2,574)	(1,242)	(700)	(17,974)
Balance at January 31, 2013 (audited)	252,917	112,098	762,837	250,581	93,832	105,505	1,577,770
Additions	109,613	4,049	47,054	25,766	24,644	65,604	276,730
Disposals	(5)	(306)	(185)	(523)	(174)	(24)	(1,217)
Exchange differences	(2,062)	(151)	(3,795)	(1,708)	(252)	(817)	(8,785)
Other movements	7,883	48	25,736	6,062	5,634	(45,614)	(251)
Impairment	-	-	(14,352)	(3,755)	(323)	(6)	(18,436)
Balance at July 31, 2013 (unaudited)	368,346	115,738	817,295	276,423	123,361	124,648	1,825,811

Changes in accumulated depreciation of Property, plant and equipment in the period ended July 31, 2013, and in prior year 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, 2012 (audited)	32,503	88,547	336,812	122,412	63,094	643,368
Depreciation	5,977	7,087	84,272	25,324	6,932	129,592
Disposals	-	(793)	(115)	(777)	(14,693)	(16,378)
Exchange differences	(448)	(191)	(19,463)	(4,710)	(874)	(25,686)
Other movements	(26)	-	(446)	292	-	(180)
Impairment	3,331	-	(11,266)	(2,270)	(40)	(10,245)
Balance at January 31, 2013 (audited)	41,337	94,650	389,794	140,271	54,419	720,471
Depreciation	3,776	3,778	52,391	14,823	3,442	78,210
Disposals	(2)	(272)	(133)	(158)	(141)	(706)
Exchange differences	214	(135)	(683)	(900)	(207)	(1,711)
Other movements	522	-	(589)	(3)	-	(70)
Impairment	-	-	(14,022)	(3,331)	(321)	(17,674)
Balance at July 31, 2013 (unaudited)	45,847	98,021	426,758	150,702	57,192	778,520

Changes in the net book value of Property, plant and equipment in the period ended July 31, 2013, and in prior year 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, 2012 (audited)	183,084	15,476	304,324	88,384	39,982	82,620	713,870
Additions	35,371	8,977	136,368	48,655	24,347	73,617	327,335
Depreciation	(5,977)	(7,087)	(84,272)	(25,324)	(6,932)	-	(129,592)
Disposals	(3)	(17)	(708)	(856)	(17,654)	(1)	(19,239)
Exchange differences	(898)	(23)	(18,247)	(3,497)	(351)	(5,448)	(28,464)
Other movements	3,334	122	37,770	3,252	1,223	(44,583)	1,118
Impairment	(3,331)	-	(2,192)	(304)	(1,202)	(700)	(7,729)
Balance at January 31, 2013 (audited)	211,580	17,448	373,043	110,310	39,413	105,505	857,299
Additions	109,613	4,049	47,054	25,766	24,644	65,604	276,730
Depreciation	(3,776)	(3,778)	(52,391)	(14,823)	(3,442)	-	(78,210)
Disposals	(3)	(34)	(52)	(365)	(33)	(24)	(511)
Exchange differences	(2,276)	(16)	(3,112)	(808)	(45)	(817)	(7,074)
Other movements	7,361	48	26,325	6,065	5,634	(45,614)	(181)
Impairment	-	-	(330)	(424)	(2)	(6)	(762)
Balance at July 31, 2013 (unaudited)	322,499	17,717	390,537	125,721	66,169	124,648	1,047,291

The addition to land and buildings, amounting to Euro 109.6 million, mainly related to the purchase of two retail real estates in prestigious locations of London and St. Petersburg.

The increases in production plant and machinery mainly related to purchases of equipment for use in the manufacturing processes.

The increases in leasehold improvements, furniture and fixture and assets under construction were mostly explained by the Group's strategy of retail network expansion and renovation.

Total capital expenditure in the retail channel for the period ended July 31, 2013, amounted to some Euro 250 million. This included Euro 106 million invested in newly opened stores (Euro 48 million for stores opened at the reporting date and Euro 58 million for stores opening shortly) while Euro 144 million were invested in existing stores through refurbishments and relocations, as well as for the purchase of the two above mentioned locations.

All of the land owned by the Group at July 31, 2013, and January 31, 2013, was freehold outside Hong Kong.

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	7,116	20	-175	115	6,846

13. Intangible assets

Changes in the historical amount of Intangible assets in the period ended July 31, 2013, and in prior year 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, 2012 (audited)	392,598	534,003	123,139	66,206	45,581	1,476	1,163,003
Change in scope of consolidation	-	-	15,694	-	-	-	15,694
Additions	286	-	17,476	1,909	9	7,740	27,420
Disposals	-	-	-	(84)	-	-	(84)
Exchange differences	(1,995)	(712)	(864)	(314)	-	(57)	(3,942)
Other movements	-	-	-	576	86	(819)	(157)
Impairment	-	-	-	27	(96)	(110)	(179)
Balance at January 31, 2013 (audited)	390,889	533,291	155,445	68,320	45,580	8,230	1,201,755
Change in scope of consolidation	-	-	-	-	-	-	-
Additions	175	-	5,411	571	-	10,144	16,301
Disposals	-	-	-	-	-	-	-
Exchange differences	(1,437)	(513)	(9)	(58)	-	(552)	(2,569)
Other movements	-	-	3,765	1,736	-	(5,517)	(16)
Impairment	-	-	(693)	(268)	(7)	(48)	(1,016)
Balance at July 31, 2013 (unaudited)	389,627	532,778	163,919	70,301	45,573	12,257	1,214,455

Changes in the accumulated amortization of Intangible assets in the period ended July 31, 2013, and in prior year are as follows:

(amounts in thousands of Euro)	Trademarks	Goodwill	Store Lease Acquisitions	Software	Development costs	Total accumulated amortization
Balance at January 31, 2012 (audited)	89,290	29,783	80,465	57,628	42,311	299,477
Change in scope of consolidation	-	-	-	-	-	-
Amortization	11,137	-	9,471	2,963	1,677	25,248
Disposals	-	-	-	(3)	-	(3)
Exchange differences	(643)	(479)	(364)	(288)	-	(1,774)
Other movements	-	-	110	5	-	115
Impairment	-	-	-	27	(85)	(58)
Balance at January 31, 2013 (audited)	99,784	29,304	89,682	60,332	43,903	323,005
Change in scope of consolidation	-	-	-	-	-	-
Amortization	5,488	-	5,973	1,699	455	13,615
Disposals	-	-	-	-	-	-
Exchange differences	(440)	(345)	10	(33)	-	(808)
Other movements	-	-	55	-	-	55
Impairment	-	-	(693)	(189)	(7)	(889)
Balance at July 31, 2013 (unaudited)	104,832	28,959	95,027	61,809	44,351	334,978

Changes in the net book value of Intangible assets in the period ended July 31, 2013, and in prior year 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, 2012 (audited)	303,308	504,220	42,674	8,578	3,270	1,476	863,526
Change in scope of consolidation	-	-	15,694	-	-	-	15,694
Additions	286	-	17,476	1,909	9	7,740	27,420
Amortization	(11,137)	-	(9,471)	(2,963)	(1,677)	-	(25,248)
Disposals	-	-	-	(81)	-	-	(81)
Exchange differences	(1,352)	(233)	(500)	(26)	-	(57)	(2,168)
Other movements	-	-	(110)	571	86	(819)	(272)
Impairment	-	-	-	-	(11)	(110)	(121)
Balance at January 31, 2013 (audited)	291,105	503,987	65,763	7,988	1,677	8,230	878,750
Change in scope of consolidation	-	-	-	-	-	-	-
Additions	175	-	5,411	571	-	10,144	16,301
Amortization	(5,488)	-	(5,973)	(1,699)	(455)	-	(13,615)
Disposals	-	-	-	-	-	-	-
Exchange differences	(997)	(168)	(19)	(25)	-	(552)	(1,761)
Other movements	-	-	3,710	1,736	-	(5,517)	(71)
Impairment	-	-	-	(79)	-	(48)	(127)
Balance at July 31, 2013 (unaudited)	284,795	503,819	68,892	8,492	1,222	12,257	879,477

The net book value of Trademarks at July 31, 2013, and January 31, 2013, was broken down as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Miu Miu	168,197	170,961
Church's	100,165	103,087
Luna Rossa	5,640	6,132
Car Shoe	5,661	5,770
Prada	4,231	4,311
Other	901	844
Total	284,795	291,105

No impairment losses were recorded in relation to the Group's trademarks for the six months ended July 31, 2013. Other included trademark registration expenses.

The additions in store lease acquisitions and in most of those of assets under construction referred to key-money paid to enter into lease agreements to develop the retail business across Europe and in South America.

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 2013 (unaudited)	January 31 2013 (audited)
Retail	250,224	265,356
Production and logistics	11,906	42,767
Corporate	30,901	46,632
Total	293,031	354,755

Impairment test

As at July 31, 2013, Goodwill amounted to Euro 503.8 million, detailed by Cash Generating Unit (CGU) as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Italy Wholesale	78,355	78,355
Asia Pacific and Japan Retail	311,936	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	8,722	8,890
Total	503,819	503,987

The Group does not recognize other intangible assets with an indefinite useful life other than goodwill. IAS36 requires an entity to test goodwill for impairment and to test whether there is any indication that an asset may be impaired at least once a year by comparing carrying amounts with recoverable amounts. Accordingly, at January 31, 2013, the Group performed the impairment tests on Goodwill, but also on the Car Shoe trademark.

The method used to identify the recoverable value (value in use) was based on the Discounted expected free Cash-Flow (hereafter "DCF") generated by the assets directly attributable to the business to which the goodwill or the trademark subject to impairment have been allocated (Cash Generating Unit). Value in use is 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).

None of the impairment tests performed as at January 31, 2013, identified any impairment losses for the Group CGUs and other intangible assets for which the Group highlighted indicators of impairment.

No evidence emerged during the period under review to suggest any indication of impairment. However, as value in use is measured based on estimates, the Group cannot guarantee that the value of goodwill or other intangible assets will not be impaired in future.

14. Investments

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Investment in associated undertaking	1,739	1,739
Investment available for sale	14,918	21,270
Other investments	15	15
Total	16,672	23,024

Investment in associated undertaking regarded a 49% interest in Pac srl, an unlisted Italian company under a liquidation procedure at the reporting period that has been measured under the equity method.

Investment available for sale regarded the 4.88% stake in the issued share capital of Sitoy Group Holdings ltd, a company listed on the Hong Kong Stock exchange (HK: 1023) 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 as at July 31, 2013 (Level I of the fair value hierarchy per IFRS 7). The fair value adjustment for the six months ended July 31, 2013, amounted to negative Euro 6.4 million and was recognized in a specific equity reserve, net of the relevant taxation effect. On May 9, 2013, the Group collected from Sitoy Group Holdings a net of HKD 2.9 million (Euro 0.3 million) as dividend income.

15. Other non-current assets

Other non-current assets are detailed as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Guarantee deposits	56,932	50,898
Deferred rental income	5,337	2,410
Other receivables	9,759	8,374
Total	72,028	61,682

Other receivables included Euro 4.1 million representing the actuarial valuation of the Group's pension plans in the United Kingdom, as described in Note 23.

Guarantee deposits are analyzed below by nature and maturity:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Nature:		
Stores	54,589	48,719
Offices	1,504	1,563
Warehouses	162	161
Other	677	455
Total	56,932	50,898

(amounts in thousands of Euro)	July 31 2013 (unaudited)
Maturity:	
By July 31, 2015	17,208
By July 31, 2016	3,924
By July 31, 2017	2,524
By July 31, 2018	4,547
After July 31, 2018	28,729
Total	56,932

16. Short-term financial payables and bank overdrafts

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Bank overdrafts and commercial lines of credit	13	24
Short-term bank loans	118,463	16,218
Current portion of long term loans	41,556	159,867
Deferred costs on loans	(564)	(539)
Total	159,468	175,570

The decrease of Euro 118.3 million in the caption Current portion of long-term loans was mainly due to the repayment of the Pool loan borrowed by PRADA spa, for a total amount equal to Euro 100 million, and to that of PRADA Japan co ltd, for an amount equal to Euro 21.5 million, as well as to the repayment of the loan borrowed by PRADA Japan co ltd from Mizuho bank. The decrease was partially offset by the reclassification of the current portion of some long-term loans.

The increase in the caption Short-term bank loans of Euro 102.2 million mainly related to the new revolving credit facility for a total amount of Euro 170 million signed by PRADA spa on May 6, 2013 (at reporting date it was partially drawn for an amount equal to Euro 100 million); the lending banks were: Barclays, BNP Paribas, Credit Agricole CIB, JP Morgan Chase, Mizuho, Banco do Brasil. The facility expires in May 2016. The facility is subject to interest rate at Euribor for the period plus an initial margin of 100 basis points, variable in relation to the ratio between consolidated total net borrowings and consolidated EBITDA. The credit line is subject to compliance with certain covenants based on the Consolidated financial statements of the Group. Specifically, the ratio of consolidated total net borrowings and consolidated EBITDA cannot exceed 3.0 at both year end and six–months reporting date, while the ratio of consolidated EBITDA to consolidated net financial interest must be greater than 4.

Short-term bank loans and the current portion of long-term borrowings by currency are analyzed as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Euro	118,726	118,722
Japanese Yen	27,684	44,528
Chinese Renminbi	12,183	11,951
Other currencies	1,426	884
Total	160,019	176,085

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

Considering hedges in place at the reporting date, some 36% of the current portion of medium/long-term loans consisted of fixed rate loans (70% at January 31, 2013) with variable rate loans making up the remaining 64% (30% at January 31, 2013).

Bank borrowings are stated net of amortized costs incurred to arrange the loans. At July 31, 2013, amortized costs were deducted from long-term loans for Euro 1.1 million and from short-term loans for Euro 0.6 million.

17. Payables to parent companies and related parties

Payables to parent company and other related parties are detailed as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Other payables – PRADA Holding bv	118	120
Other payables – other companies controlled by PRADA Holding bv	-	3
Financial payables – other related parties	4,205	5,018
Other payables – other related parties	695	458
Total	5,018	5,599

Financial payables towards other related parties, totaling Euro 4.2 million at July 31, 2013, included an interest-free loan contributed by Al Tayer Insigna llc, the Non-controlling shareholder of PRADA Middle East fzco, according to its stake in the PRADA Group’s subsidiary. The loan was partially repaid during the period. Details of payables from related parties are provided in Note 36.

18. Trade payables

Trade payables are summarized as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Trade payables – third parties	390,078	323,894
Trade payables – related parties	12,843	6,719
Total	402,921	330,613

The increase in Trade payables was due to the growth of the business in general. Details of trade payables to related parties are provided in Note 36.

19. Tax payables

Current tax payables are summarized as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Current income taxes	78,843	68,505
VAT and other taxes	26,386	28,643
Total	105,229	97,148

20. Obligations under finance leases

At July 31, 2013, Obligations under finance leases included short-term payables of Euro 0.2 million and long-term payables of Euro 0.4 million. They mainly related to leases of properties situated in Italy. The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. Further information is provided in Note 37.

21. Other current liabilities

Other current liabilities are analyzed as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Payables for capital expenditure	53,169	57,969
Accrued expenses and deferred income	10,748	9,810
Other payables	68,236	63,866
Total	132,153	131,645

Other payables are detailed below:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Short term benefits for employees and other personnel	51,627	52,018
Customer advances	7,687	3,340
Returns from customers	7,651	7,364
Other	1,271	1,144
Total	68,236	63,866

22. Long-term financial payables

Long-term financial payables are as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Long-term loans	82,248	78,945
Deferred costs on loans	(1,124)	(115)
Total	81,124	78,830

The increase was mainly due by new long-term loans arranged during the six month ended July 31, 2013, in currencies other than Euro to fund retail business expansion. This increase was partially offset by the reclassification to short-term of the current portions of most of the long-term loans existing at January 31, 2013.

The Group generally borrows at variable rates of interest and manages the risk of interest rate fluctuation by entering into hedging agreements as described in Note 9. At the reporting date, some 15% of long-term loans consisted of fixed rate loans (7% at January 31, 2013) with variable rate loans making up the remaining 85% (93% at January 31, 2013).

Details of long-term borrowing at July 31, 2013, are provided below.

Borrower	amount in thousands of Euro	Loan currency	Lender	Expiry date	Interest rate (1)
PRADA spa	1,200	Euro	Monte dei Paschi di Siena	07/2015	3.310%
PRADA spa	7,779	Euro	Cariparma	08/2015	1,319%
PRADA Japan co ltd	11,538	Yen	Mizuho Bank	03/2017	1,875%
PRADA Japan co ltd	6,155	Yen	Sumitomo Mitsui Trust	08/2016	0.749%
PRADA Japan co ltd	10,769	Yen	Syndicate Loan	01/2018	1,128%
PRADA Japan co ltd	14,769	Yen	Syndicate Loan	07/2018	1,130%
PRADA Middle East fzco	12,114	US Dollar	ENBD	09/2016	3,811%
PRADA Fashion Commerce (Shanghai) co limited	13,827	Renmimbi	Mizuho Bank	11/2015	6,150%
PRADA Fashion Commerce (Shanghai) co limited	4,097	Renmimbi	Intesa SanPaolo	06/2015	6,027%
Total	82,248				

(1) the interest rates include the effect of interest rate risk hedging transactions

Details of long-term borrowing at January 31, 2013, are provided below.

Borrower	amount in thousands of Euro	Loan currency	Lender	Expiry date	Interest rate (1)
PRADA spa	1,800	Euro	Monte dei Paschi di Siena	07/2015	3.310%
PRADA spa	3,750	Euro	IntesaSanPaolo	06/2014	2.145%
PRADA spa	2,400	Euro	Unicredit	05/2014	0.953%
PRADA spa	10,338	Euro	Cariparma	08/2015	1.575%
PRADA Middle East FZCO	15,433	US Dollar	ENBD	09/2016	3.811%
PRADA Japan co ltd	7,298	Japanese Yen	Sumitomo Mitsui Trust	08/2016	0.810%
PRADA Japan co ltd	14,191	Japanese Yen	Mizuho Bank	03/2017	1.055%
PRADA Fashion Commerce (Shanghai) co limited	17,801	Renminbi	Mizuho Bank	11/2015	6.150%
PRADA Fashion Commerce (Shanghai) co limited	5,934	Renminbi	Intesa SanPaolo	06/2015	6.027%
Total	78,945				

(1) the interest rates include the effect of interest rate risk hedging transactions

On March 29, 2013, the subsidiary PRADA Japan co ltd entered into a syndicate loan agreement with a pool of Japanese banks for a total amount of JPY 9 billion, out of which a five years term-loan of JPY 2.4 billion to be repaid in 10 semi-annual equal installments starting from January 2014, a five years term-loan of JPY 3.6 billion to be repaid in 5 installments for JPY 300 million starting from July 2015 and a final istallment for JPY 2.1 billion on the termination date and a working capital loan of JPY 3 billion due by July 2014. At July 31, 2013, the total amount drawn was equal to Euro 47.7 million, reported for Euro 22.2 million under bank overdrafts and short-term loans and for Euro 25.5 million under long-term bank debt.

On July 11, 2013, the subsidiary Church & Co Limited signed a five years term-loan facility agreement with HSBC for a total amount of British Pound 3 million. The term loan is subject to interest at Libor plus a spread of 1.5%. It has to be repaid in 6 equal semi-annual installments starting 2 years after the date of the first drawdown. The availability period ends on April 2014. At the reporting date the loan was undrawn.

The long-term loan granted by Banca Monte dei Paschi di Siena to PRADA spa in 2008, that was outstanding at July 31, 2013, for an amount of Euro 1.2 million under long-term and for Euro 1.2 million under short-term, was secured by a mortgage on a building in Tuscany that houses offices and research and development workshops.

The long-term loan granted by Cassa di Risparmio Parma e Piacenza to PRADA spa in 2008 – outstanding amount of Euro 7.8 million reported at July 31, 2013 (including current portion of Euro 5.1 million) - was secured by a mortgage on a building in Tuscany where the Group has concentrated the logistics activities of the footwear and leather goods divisions.

On July 29, 2013, PRADA spa issued Euro 130 million 2.75 per cent Notes due on August 1, 2018. The Notes were issued to professional and institutional investors and the settlement occurred on August 1, 2013. The Irish Stock Exchange admitted the Notes to the official list and trading on its regulated market. PRADA spa may, at its option, redeem all, but not some only, of the Notes on August 1, 2013, or at any time thereafter (Optional Redemption Date) at an amount equal to their principal amount plus (if applicable) a premium, together with any accrued interest or at par plus accrued interest, in the event of certain tax changes. The Notes are not rated. Save as disclosed above, neither the Company nor any of its subsidiaries issued any debt securities at the end of the current period or in the previous year.

All bank borrowings are analyzed by security profile as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Secured	15,280	18,396
Unsecured	227,000	236,658
Total	242,280	255,054

23. Long-term employee benefits

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Post-employment benefits	38,211	38,665
Other long term employee benefits	19,677	6,873
Total liabilities for long term benefits	57,888	45,538
Post-employment benefit (pension plan surplus)	(4,072)	(4,150)
Net liabilities for long term benefits	53,816	41,388

Post-employment benefits

Liabilities and assets for post-employment benefits reported at July 31, 2013, totaled a net of Euro 34.1 million (Euro 34.5 million at January 31, 2013) and all of them were qualified as defined benefit plans according to IAS19. The pension plan surplus relating to Group companies operating in the United Kingdom is included in Other non-current assets, Note 15.

The balance included Euro 23.5 million of liabilities recorded in the financial statements of Italian companies and Euro 10.6 million reported by non-Italian 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 net liabilities for post-employment benefits for the period ended July 31, 2013.

	Post-employment benefits Italian companies (TFR)	Post-employment benefits non-Italian companies	Group Total
Balance at January 31, 2013 (audited)	23,794	10,721	34,515
Current service cost	83	1,387	1,470
Interest cost/(revenue)	56	31	87
Actuarial (gains)/losses	385	-	385
Benefits paid	(774)	(866)	(1,640)
Exchange differences	-	(679)	(679)
Balance at July 31, 2013 (unaudited)	23,544	10,594	34,138

The current service cost and the interest cost/(revenue) were recognized through income statement.

The TFR liability was determined based on an independent appraisal by Federica Zappari, an Italian registered actuary (no 1134) of Ordine Nazionale degli Attuari. The technical part of the computation was based on an historical analysis of the data. For the demographic assumptions, variables such as mortality, early retirement and resignation, dismissal, expiry of employment contract, advance payment on leaving indemnities and supplementary pension schemes were considered. Economic and financial assumptions were made based on variables such as inflation and discount rates.

Post-employment benefits of non-Italian companies were stated net of the surplus on pension plans relating to Group companies operating in the United Kingdom which provide pension services for their employees. As at July 31, 2013, these pension plans had a positive fair value of Euro 4.1 million and the valuation was not updated since January 2013. The Directors believed that no significant changes incurred in their fair value during the six months ended July 31, 2013.

Other long-term employee benefits

Other long-term employee benefits were qualified into the IAS 19 category "Other long-term employee benefits" and related to long-term retention and performances plan recognized to Group employee. As at July 31, 2013, their actuarial valuation, obtained using the Projected Unit Cost Method, was Euro 19.7 million (Euro 6.9 million as at January 31, 2013), as determined based on the appraisal of the independent actuary Federica Zappari.

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, 2013 (audited)	1,775	27,467	17,672	46,914
Exchange differences	7	(259)	(272)	(524)
Reversals	(8)	-	-	(8)
Uses	(22)	(118)	(317)	(457)
Increases	29	188	1,608	1,825
Balance at July 31, 2013 (unaudited)	1,781	27,278	18,691	47,750

Provisions represented the Directors' best estimate of maximum contingent liabilities. In the Directors' opinion, and based on the information available to them as supported by the opinions of independent experts at the reporting date, the total amount provided for risks and charges was reasonable considering the contingent liabilities that might arise. During the six months ended July 31, 2013, there were neither significant development regarding the outstanding litigations at January 31, 2013, nor new controversy occurred during the period so as to considerably adjust the estimates made to account for Provisions for risks and charges at January 31, 2013.

Provision for litigation

The provision for litigation amounted to Euro 1.8 million at July 31, 2013, and mainly regarded disputes with suppliers, former employees of the Group and government authority on social contribution.

Other provisions for risks

Other provisions for risks amounted to Euro 18.7 million as at July 31, 2013, and related to onerous lease agreements and to obligations to reinstate premises under lease agreements in their original state.

25. Other non-current liabilities

Other non-current liabilities amounted to Euro 89.1 million (Euro 84.9 million as at January 31, 2013). They regarded liabilities to be recognized on a straight-line basis in relation to commercial lease costs. The increase was due to the expansion of the retail network.

26. Shareholders' equity - Group

The Group's shareholders' equity is as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Share Capital	255,882	255,882
Share premium reserve	410,047	410,047
Other reserves	1,446,923	1,051,536
Actuarial reserve	(6,778)	(6,470)
Fair value reserve	722	5,486
Cash flow hedge reserve	9,923	20,148
Translation reserve	(36,862)	(42,288)
Net income for the period	308,239	625,681
Total	2,388,096	2,320,022

Share capital

At July 31, 2013, some 80% 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.

Translation reserve

The change in the Translation in the six months ended July 31, 2013, resulted from the appreciation of net assets denominated in currencies other than Euro.

Other reserves

At July 31, 2013, other reserves amounted to Euro 1,446.9 million and mainly consisted of prior years retained earnings.

Net income for the year

The Group's net income for the year amounted to Euro 308.2 million (Euro 625.7 million for the twelve months ended January 31, 2013).

Capital gain tax in Italy

Capital gains realized on disposals of shares in the Company's shares may be subject to tax in Italy. Further details of Italian capital gains taxation have already been provided in the Tax Booklet available on the Company's website at www.pradagroup.com.

27. Shareholders' equity – Non-controlling interests

The following table shows movements on the Shareholders' equity of Non-controlling Interests during the years ended July 31, 2013, and January 31, 2013.

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Opening balance	10,470	8,224
Translation differences	28	(940)
Dividends	(1,881)	(5,576)
Net income for the period	4,580	7,596
Capital injection in subsidiaries	10	1,166
Closing balance	13,207	10,470

Dividends recognized in the six months ended July 31, 2013, and totaling Euro 1.9 million, were distributed by the subsidiaries TRS Hong Kong ltd and Artisans Shoes srl. The capital injection into subsidiaries related to Pellettieri d'Italia srl, a company incorporated in the period, and was made by Non-controlling shareholders in proportion to the number of share held by them.

Consolidated income statement

28. Net revenues

Consolidated net revenues were mainly generated by sales of products and were stated net of returns and discounts.

(amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Net sales	1,707,584	1,524,687
Royalties	20,481	22,686
Total	1,728,065	1,547,373

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

In the six months ended July 31, 2013, the contribution of the licensed products business was equal to Euro 20.5 million, down by 9.7% compared to Euro 22.7 million posted in the same period of 2012. The results of the first half of 2012 were boosted for some Euro 4.6 million by the income following the launch of the PRADA phone by LG 3.0 that finished contributing royalties by the end of last year.

29. Cost of goods sold

Cost of goods sold is analyzed as follows:

(amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Purchases of raw materials and production costs	426,385	360,694
Logistics costs, duties and insurance	90,780	76,156
Change in inventories	(56,758)	4,022
Total	460,407	440,872

Cost of goods sold increased from Euro 440.9 million in the six months ended July 31, 2012, to Euro 460.4 million in the current period. Meanwhile, as a percentage on net revenues, it decreased from 28.5% to 26.6% mainly because of a more favorable mix of net sales in terms of channel, product and geographical area.

30. Operating costs

Operating costs are analyzed as follows:

(amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	% of net revenues	six months ended July 31 2012 (unaudited)	% of net revenues
Product design and development costs	66,405	3.8%	56,226	3.6%
Advertising and communications costs	82,053	4.7%	68,295	4.4%
Selling costs	563,954	32.6%	488,920	31.6%
General and administrative costs	96,908	5.6%	98,178	6.3%
Total	809,320	46.8%	711,619	46.0%

Operating costs went from Euro 711.6 million in the six months ended July 31, 2012, to Euro 809.3 million in the current period. The incidence on net revenues was slightly higher at 46.8% from 46%.

Product design and development expenses raised mainly because of higher labor costs following the introduction of new retention plans in favor of key resources operating in this corporate area.

Advertising and communications costs increased from Euro 68.3 million in the six months ended July 31, 2012, to Euro 82.1 million in the current period. The sponsorship of the Luna Rossa yacht challenging the XXXIV edition of the America's Cup raised significantly the spending in the current period.

Selling costs increased from Euro 488.9 million in the six months ended July 31, 2012, or 31.6% on net revenues, to Euro 564.0 million in the current period, or 32.6% on net revenues. The DOS expansions program undertaken in the last years involved the growth of the most important expenses typical of the selling area, namely rent, labor and depreciation and amortization.

General and administrative expenses remained almost unchanged in absolute terms essentially thanks to economies of scale, as most of the costs of this area are fixed. In fact, they decreased from Euro 98.2 million in the six months ended July 31, 2012, or 6.3% on net revenues, to Euro 96.9 million in the current period, or 5.6% on net revenues.

Operating expenses included depreciation, amortization and impairment adjustments for both property, plant and equipment and intangible assets, for a total amount of Euro 87.2 million (Euro 69.8 million in 2012), labor costs for a total amount of Euro 237.8 million (Euro 213.7 million in 2012), fixed rent for a total amount of Euro 112.1 million (Euro 98.5 million in 2012) and variable rent for a total amount of Euro 143.2 million (Euro 119.9 million in 2012).

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

Interest and other financial income/(expenses), net are analyzed as follows:

(amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Interests expenses on borrowings	(4,527)	(6,184)
Interest income	2,035	2,557
Exchange gains / (losses) – realized	(4,148)	8,203
Exchange gains/ (losses) – unrealized	(6,248)	(5,074)
Other financial income / (expenses)	(2,306)	(2,413)
Total	(15,194)	(2,911)

Interest and other financial income/(expenses), net increased by Euro 12.3 million compared to first half of 2012, resulting in a total of Euro 15.2 million for the six months ended July 31, 2013.

Interest expenses on borrowings decreased essentially because of a reduction in bank borrowings.

The negative impact on exchange gains/(losses) in the six months ended July 31, 2013, essentially resulted from the decrease in the fair value of the derivative financial instruments and from losses on the revaluation of monetary assets in currencies other than Euro.

32. Income taxes

Income taxes are analyzed as follows:

(amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Taxation	143,557	119,942
Deferred taxation	(12,948)	(17,186)
Income taxes	130,609	102,756

The charge for income taxes raised from Euro 102.8 million in the six months ended July 31, 2012, or 26.2% as a percentage on result before taxation, to Euro 130.6 million in the current period, or 29.4% as a percentage on result before taxation. The higher incidence rate mainly resulted from a change in the geographical mix of taxable incomes.

Movements in deferred tax assets and liabilities, net are shown in the following table:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Opening balance	120,421	128,071
Exchange differences	(633)	(7,910)
Deferred taxes on derivative instruments recorded in equity (cash flow hedges)	3,873	(9,209)
Deferred taxes on post-employment benefits recorded in equity (reserve for actuarial differences)	77	1,091
Other movements	53	104
Deferred taxes for the period in income statement	12,948	8,274
Closing balance	136,739	120,421

The following table shows deferred tax assets and liabilities classified by nature:

(amounts in thousands of Euro)	July 31, 2013 (unaudited)		January 31, 2013 (audited)	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Inventories	85,898	3	78,572	-
Receivables and other assets	361	1,551	452	1,551
Useful life of non-current assets	48,129	13,860	50,563	15,447
Deferred taxes due to acquisitions	-	22,416	-	25,112
Provision for risks / accrued expenses	27,018	842	26,454	2,257
Non deductible / taxable charges / income	5,642	681	4,964	1,515
Tax loss carry-forwards	7,363	-	7,611	-
Derivative financial instruments	89	3,814	89	7,702
Long term employee benefits	6,820	1,137	6,796	1,312
Other	924	1,201	555	740
Total	182,244	45,505	176,057	55,636

33. Earnings and Dividends per share

Earnings per share

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

	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Group net income in Euro	308,238,604	286,408,505
Weighted average number of ordinary shares in issue	2,558,824,000	2,558,824,000
Earnings per share in Euro, calculated on weighted average number of ordinary shares	0.120	0.112

Dividends per share

During the period ended July 31, 2013, the Company distributed dividends for Euro 230,294,160, as approved by the Annual General Meeting held on May 23, 2013, to approve the financial statements for the year ended January 31, 2013. The payment was arranged on June 2013, net of the Italian withholding tax payable (Euro 9.2 million), 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.

During the period ended January 31, 2013, the Company distributed dividends of 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 of the dividends and the related Italian withholding tax payable, arising from the application of the Italian ordinary withholding tax rate to the whole amount of dividends paid to beneficial owners of the Company shares held through the Hong Kong Central Clearing and Settlement System, was completed by January 31, 2013.

34. Additional information

The average headcount by functional area for the periods ended July 31, 2013, and July 31, 2012, was as follows:

(no of employees)	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Production	1,852	1,736
Product design and development	890	849
Advertising and Communications	112	109
Selling	6,637	5,612
General and administrative services	873	795
Total	10,364	9,101

Employee remuneration

Employee remuneration by functional area for the periods ended July 31, 2013, and July 31, 2012, is analyzed below:

(amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Production	45,385	41,412
Product design and development	30,187	28,513
Advertising and Communications	5,977	5,530
Selling	161,641	140,536
General and administrative services	40,029	39,150
Total	283,219	255,141

Employee remuneration by nature for the periods ended July 31, 2013, and July 31, 2012, is analyzed below:

(amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Wages and salaries	212,662	192,454
Post-employment benefits	13,117	10,960
Social security	47,244	42,735
Other	10,196	8,992
Total	283,219	255,141

Distributable reserves of parent company PRADA spa

(amounts in thousands of Euro)	Amount at July 31, 2013 (unaudited)	Possible utilization	Distributable amount	Summary of utilization in last three years and current period	
				Coverage of losses	Distribution of dividends
Share Capital	255,882				
Share premium reserve	410,047	A,B,C	410,047		
Legal reserve	51,176	B			
Other reserves	182,899	A,B,C	182,899		
Non distributable reserves Art. 7 of Legislative Decree 38/2005	20,516				
Retained earnings	221,842	A,B,C	221,842		504,235(*)
Fair Value Reserve	10,056				
Distributable Amount			814,788		

(*) dividends distributed include also the dividends paid during the six months ended July 31, 2013 on the financial statements ended January 31, 2013.

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 July 31, 2013, no adjustment is required to reach this amount.

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, 2013, January 31, 2013 and July 31, 2012, are shown below.

Currency	Average rate for the six months ended July 31, 2013	Average rate for the six months ended July 31, 2012	Closing rate	Opening rate
US Dollar	1.310	1.287	1.328	1.355
Canadian Dollar	1.342	1.294	1.367	1.358
GB Pound	0.856	0.815	0.874	0.857
Swiss Franc	1.231	1.203	1.232	1.234
Australian Dollar	1.323	1.248	1.473	1.301
Korean Won	1,460.408	1,469.141	1,489.980	1,472.100
Japanese Yen	127.466	102.994	130.000	123.320
Hong Kong Dollar	10.167	9.986	10.295	10.511
Singapore Dollar	1.638	1.623	1.690	1.677
Thai Baht	39.327	40.077	41.537	40.420
Taiwan Dollar	39.058	38.146	39.781	40.066
Russian Ruble	41.200	39.608	43.759	40.777
Czech Koruna	25.762	25.154	25.857	25.619
Macau Pataca	10.472	10.285	10.603	10.826
Chinese Renminbi	8.091	8.141	8.136	8.427
New Zealand Dollar	1.599	1.601	1.665	1.616
Malaysian Ringgit	4.063	3.983	4.315	4.209
Turkish Lira	2.409	2.312	2.562	2.388
Brazilian Real	2.708	2.444	3.033	2.689
Mexican Peso	16.474	17.039	17.009	17.217
UAE Dirham	4.813	4.725	4.876	4.977
Ukrainian Hryvna	10.476	10.296	10.618	10.823
Moroccan Dirham	11.149	11.114	11.169	11.220
Kuwait Dinar	0.373	0.359	0.378	0.381
Kazakhstani Tenge	198.134	-	203.950	203.820
Qatari Riyal	4.769	4.688	4.815	4.933
Sweden Koruny	8.536	8.832	8.713	8.633

35. Remuneration of Board of Directors and Senior Management

Remuneration of the PRADA spa Board of Directors for the six months ended July 31, 2013

(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	4,500	-	1	9,851
Patrizio Bertelli	500	3,000	6,500	-	1	10,001
Carlo Mazzi	150	-	-	40	10	200
Donatello Galli	20	153	91	19	90	373
Marco Salomoni	30	-	-	-	-	30
Gian Franco Oliviero Mattei	70	-	-	-	2	72
Giancarlo Forestieri	30	-	-	-	4	34
Gaetano Micciché	20	-	-	-	-	20
Sing Cheong Liu	30	-	-	-	6	36
Total	1,350	8,003	11,091	59	114	20,617

The remuneration of Chairperson and Executive Director Miuccia Prada Bianchi reported for the six months ended July 31, 2013, fell within the scope of application of Chapter 14A of the Hong Kong Stock exchange Listing Rules as it was qualified as continuing connected transactions subject to reporting and announcement, but exempted from independent shareholders' approval requirement. As requested by the Listing Rules, comprehensive disclosure of this continuing connected transaction was reported by the PRADA spa Announcements dated April 27, 2012, and April 5, 2013.

The remuneration and bonus of Chief Executive Officer and Executive Director Patrizio Bertelli reported for the six months ended July 31, 2013, fell within the scope of application of Chapter 14A of the Hong Kong Stock exchange Listing Rules as it was qualified as continuing connected transactions subject to reporting and announcement, but exempted from independent shareholders' approval requirement. As requested by the Listing Rules, comprehensive disclosure of this continuing connected transaction was reported by the PRADA spa Announcements dated April 27, 2012, and April 5, 2013.

Remuneration of the PRADA spa Board of Directors for the period ended July 31, 2012

(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

Senior Management remuneration

The remuneration of the Senior Management were as follows:

(amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Wages and salaries	6,232	4,314
Bonus and other incentives	2,517	2,859
Non-monetary benefits	703	511
Contributions to retirement benefits scheme	1,189	958
Total	10,641	8,642

The remuneration of the Senior Managers is provided by bands as follows:

(amounts in Hong Kong Dollars)	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Less than HKD 2,000,000	1	5
between HKD 2,000,000 and HKD 4,000,000	14	10
between HKD 4,000,000 and HKD 8,000,000	3	3
between HKD 8,000,000 and HKD 25,000,000	1	-
in excess of HKD 25,000,000	1	1
Total number of individuals	20	19

36. Transactions with related parties

The Group enters into transactions with parties that can be qualified as related according to "IAS 24 Related Party Disclosure". These transactions mainly refer to the sale and purchase of goods, supply of services, the granting and receipt of loans as well as sponsorship, lease and franchise agreements. These transactions take place on an arm's length basis.

The following tables show details of transactions with related party for each item in the Statement of financial position and in the Income statement.

Statement of financial position amounts at July 31, 2013 (unaudited)

(amounts in thousands of Euro)	Trade receivables from related parties	Other receivables and prepayments from related parties	Trade payables to related parties	Other payables and prepayments to related parties
PRADA Holding bv	-	314	-	118
Other companies controlled by PRADA Holding bv	-	17	-	-
Prapar Corporation	-	-	-	-
EXHL Italia srl	-	17	-	-
Other related parties	35,308	17,642	12,843	4,900
DFS Hawaii	-	-	662	-
DFS Venture Singapore pte ltd	-	-	46	50
DFS Cotai ltd	25	-	1,388	-
DFS New Zealand ltd	-	-	33	-
F.lli Prada srl	31,883	-	5,830	320
Al Tayer Travels	-	-	94	-
Al Tayer Insignia llc	-	-	141	4,205
Al Tayer Logistics	-	-	-	-
Al Tayer Motors	-	-	-	-
Al Tayer Trends	14	-	12	-
Al Tayer Group llc	-	-	5	-
Danzas llc UAE	-	-	144	182
Luna Rossa Challenge 2013 NZ ltd	1,172	10,261	-	-
Luna Rossa Challenge 2013 srl	143	739	-	-
Aati Contracs	-	-	36	-
Stiching Fondazione Prada	-	1,453	-	62
Progetto Prada Arte srl	-	3,417	-	78
Gipafin sarl	-	-	-	3
Granello sa	-	153	-	-
HMP srl	-	138	-	-
Prada America's Cup srl	-	1,397	-	-
PRA 1 srl	1,090	-	-	-
Premiata srl	792	-	1,851	-
Le Mazza srl	189	-	625	-
Calzaturificio Mazza Graziano	-	-	61	-
Peschiera Immobiliare srl	-	81	-	-
Secva srl	-	-	1,914	-
PRADA Arte bv	-	3	-	-
Other	-	-	1	-
Members of the Board of Directors	-	-	178	-
Relative of a member of the Board of Directors	-	-	283	-
Total at July 31, 2013 (unaudited)	35,308	17,973	13,304	5,018

Statement of financial position amounts at January 31, 2013 (audited)

(amounts in thousands of Euro)	Trade receivables from related parties	Other receivables and prepayments from related parties	Other non-current assets from related parties	Trade payables to related parties	Other payables and prepayments to related parties
PRADA Holding bv	-	249	-	-	120
Other companies controlled by PRADA Holding bv	-	3	-	-	3
Prapar Corporation	-	-	-	-	3
EXHL Italia srl	-	3	-	-	-
Other related parties	29,683	19,241	113	6,719	5,476
DFS Hawaii	-	-	-	293	-
DFS Venture Singapore pte ltd	-	-	-	88	-
DFS Cotai ltd	17	-	-	1,243	-
DFS New Zealand ltd	-	-	-	45	-
F.lli Prada srl	28,432	3	-	1,568	320
Al Tayer Travels	-	-	-	58	-
Al Tayer Insignia llc	-	-	-	44	5,085
Al Tayer Logistics	-	-	-	8	-
Al Tayer Motors	-	-	-	1	-
Al Tayer Trends	319	-	-	148	-
Al Tayer Group llc	-	-	-	13	-
Danzas llc UAE	-	-	-	284	-
Luna Rossa Challenge 2013 NZ ltd	592	11,263	-	-	-
Luna Rossa Challenge 2013 srl	117	1,070	-	-	-
Aati Contracs	-	-	-	49	-
Stiching Fondazione Prada	-	671	-	-	33
Progetto Prada Arte srl	-	3,470	-	-	37
Gipafin sarl	-	6	-	-	-
Granello sa	-	148	-	-	-
HMP srl	-	86	113	-	-
Prada America's Cup srl	-	1,397	-	-	-
PRA 1 srl	39	1,041	-	-	-
Premiata srl	124	-	-	1,386	-
Le Mazza srl	42	-	-	37	-
Calzaturificio Mazza Graziano	-	-	-	61	-
Peschiera Immobiliare srl	-	81	-	-	-
Secva srl	-	-	-	1,393	-
PRADA Arte bv	-	4	-	-	-
Other	1	1	-	-	1
Members of the Board of Directors	-	-	-	88	-
Relative of a member of the Board of Directors	-	-	-	131	-
Total at January 31, 2013 (audited)	29,683	19,493	113	6,939	5,599

Income statement amounts for the six months ended July 31, 2013 (unaudited)

(amounts in thousands of Euro)	Net sales	Cost of goods sold	General, admin. & selling costs (income)	Royalties income	Interest income
PRADA Holding bv	-	-	(48)	-	-
Other companies controlled by PRADA Holding bv	-	-	(3)	-	-
EXHL Italia	-	-	(3)	-	-
Other related parties	24,091	4,234	28,927	689	1
F.lli Prada srl	24,090	988	(1,834)	689	-
Danzas llc	-	585	17	-	-
DFS Hawaii	(1)	-	2,043	-	-
DFS New Zealand ltd	-	-	281	-	-
DFS Australia pty ltd	-	-	-	-	-
DFS Cotai ltd	-	-	3,819	-	-
DFS Venture Singapore pte ltd	-	-	284	-	-
Al Tayer Travels	-	-	164	-	-
Al Tayer Group llc	-	-	22	-	-
Al Tayer Insignia llc	-	17	75	-	-
Al Tayer Trends	-	40	265	-	-
Secva srl	-	-	1,352	-	-
Luna Rossa Challenge 2013 NZ ltd	1	(8)	16,536	-	-
Luna Rossa Challenge 2013 srl sl	-	-	1,209	-	-
HMP srl	-	-	227	-	1
PRA 1 srl	-	-	178	-	-
Stitching Fondazione Prada	-	-	1,353	-	-
Progetto Prada Arte srl	-	(17)	2,398	-	-
Peschiera Immobiliare srl	-	-	245	-	-
Premiata srl	-	1,844	-	-	-
Calzaturificio Mazza Graziano	-	-	300	-	-
Le Mazza srl	-	785	-	-	-
Gipafin sarl	-	-	(18)	-	-
PRADA Arte bv	-	-	(3)	-	-
Other	1	-	14	-	-
Relative of a member of the Board of Directors	-	-	365	-	-
Total at July 31, 2013 (unaudited)	24,091	4,234	29,241	689	1

Income statement amounts for the six months ended July 31, 2012 (unaudited)

(amounts in thousands of Euro)	Net sales	Cost of goods sold	General, admin. & selling costs (income)	Royalties income	Interest income	Interest expense
PRADA Holding bv	-	-	(77)	-	-	-
Other companies controlled by PRADA Holding bv	-	-	(6)	-	-	-
EXHL Italia	-	-	(6)	-	-	-
Other related parties	20,004	3,054	14,101	563	1	90
F.lli Prada srl	20,004	1,041	(1,143)	563	-	-
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
Al Tayer Trends	-	-	-	-	-	-
Secva srl	-	-	480	-	-	-
Luna Rossa Challenge 2013 NZ ltd	-	-	6,838	-	-	-
Luna Rossa Challenge 2013 srl sl	-	-	461	-	-	-
Luna Rissa Challenge sl	-	-	22	-	-	-
HMP srl	-	-	248	-	1	-
PRA 1 srl	-	-	-	-	-	-
Stitching Fondazione Prada	-	(1)	1,044	-	-	-
Progetto Prada Arte srl	-	(1)	1,292	-	-	-
Peschiera Immobiliare srl	-	-	-	-	-	-
Premiata srl	-	-	(5)	-	-	-
Calzaturificio Mazza Graziano	-	-	300	-	-	-
Le Mazza srl	-	1,737	1	-	-	-
Gipafin sarl	-	-	-	-	-	-
PRADA Arte bv	-	-	-	-	-	-
Other	-	-	(25)	-	-	-
Relative of a member of the Board of Directors	-	-	199	-	-	-
Total at July 31, 2012 (unaudited)	20,004	3,054	14,217	563	1	90

The above tables report information on transactions with related parties in accordance with IAS 24. As stated below, some of these transactions fell also within the application of the Hong Kong Listing Rules.

The transactions with related party Fratelli Prada spa reported for the six months ended July 31, 2013, fell within the scope of application of Chapter 14A of the Hong Kong Stock exchange Listing Rules as they were qualified as continuing connected transactions subject to reporting and announcement, but exempted from independent shareholders' approval requirement. As requested by the Listing Rules, comprehensive disclosure of these continuing connected transactions was reported by the PRADA spa Prospectus dated June 13, 2011.

The transactions with related parties Luna Rossa Challenge 2013 NZ ltd and Luna Rossa Challenge 2013 srl reported for the six months ended July 31, 2013, fell within the scope of application of Chapter 14A of the Hong Kong Stock exchange Listing Rules as they were qualified as connected transactions subject to reporting and announcement, but exempted from the independent shareholders' approval requirement. As requested by the Listing Rules, comprehensive disclosure of these connected transactions was reported by the PRADA spa Announcements dated January 10, 2012, and April 16, 2013.

The transactions with related party Progetto Prada Arte srl (hereafter "PPA") included a rental income of Euro 546 thousands accrued for the six months ended July 31, 2013, and reported under the caption General, administrative & selling costs/(income), as a fee payable by PPA to PRADA spa in accordance with the PPA Business Combination Agreement signed on January 29, 2013. The PPA Business Combination Agreement fell within the scope of application of Chapter 14A of the Hong Kong Stock exchange Listing Rules as it was qualified as continuing connected transactions subject to reporting and announcement, but exempted from the independent shareholders' approval requirement. As requested by the Listing Rules, comprehensive disclosure of these continuing connected transactions was included in the PRADA spa Announcement dated January 29, 2013.

The transactions with related party Progetto Prada Arte srl (hereafter "PPA"), other than the rental income above-reported, fell within the scope of application of Chapter 14A of the Hong Kong Stock exchange Listing Rules as they were qualified as connected transactions subject to reporting and announcement, but exempted from the independent shareholders' approval requirement. As requested by the Listing Rules, comprehensive disclosure of these connected transactions was reported by the PRADA spa Announcements dated June 28, 2013.

With the exception of the above reported non-exempt continuing connected transactions and non-exempt connected transactions no other transaction reported for the six months ended July 31, 2013, fell under the definition of "connected transaction" or "continuing connected transaction" or, whether it fell under the definition of "connected transaction" or "continuing connected transaction", it was exempted from reporting, annual review, announcement and independent shareholders' approval requirements contained in Chapter 14A of the Listing Rules.

37. Commitments

Operating leases

At July 31, 2013, and January 31, 2013, operating lease commitments, by maturity date, were as follows:

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Within a year	294,903	281,598
After between one year and five years	961,067	847,816
After more than five years	932,310	723,323
Total	2,188,280	1,852,737

The operating leases commitments as at July 31, 2013, included Euro 2,084 million regarding agreements to lease commercial premises (Euro 1,738 million for the financial year 2012).

The following table shows the amounts paid in first half 2013 and 2012:

(amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Fixed minimum lease payments	113,634	100,109
Variable lease payments	143,162	119,916
Total	256,796	220,025

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

Finance leases

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

(amounts in thousands of Euro)	July 31 2013 (unaudited)	January 31 2013 (audited)
Land and buildings	7,836	12,284
Furniture and fittings	-	12,446
Other tangibles	72	3,007
Accumulated depreciation	(1,591)	(16,468)
Total	6,317	11,269

The present value of lease payments due after July 31, 2013, is detailed by maturity date below:

(amounts in thousands of Euro)	
Payable by:	
July 31 2014	197
July 31 2015	437
July 31 2016	4
July 31 2017	7
After July 31 2017	-
Total	645

38. Financial summary

(amounts in thousands of Euro)	January 31 2013 (audited)	January 31 2012 (audited)	January 31 2011 (audited)	January 31 2010 (audited)	January 31 2009 (audited)
Net revenues	3,297,219	2,555,606	2,046,651	1,561,238	1,643,629
Gross margin	2,376,541	1,828,025	1,387,888	974,656	953,096
Operating income (EBIT)	889,781	628,935	418,387	187,032	190,954
Group net income	625,681	431,929	250,819	100,163	98,806
Total assets	3,385,279	2,943,568	2,366,015	2,147,481	2,176,054
Total liabilities	1,054,787	1,112,601	1,155,877	1,090,822	1,163,755
Total Group shareholders' equity	2,320,022	1,822,743	1,204,350	1,047,903	1,003,107

39. Definitions

DOS: Directly Operated Store.

EBITDA: Earnings Before Interest, Tax, Depreciation, Amortization and imparement.

SSSG: Same Stores Sales Growth, which means a comparison of the results at constant exchange rates of all of the Group DOS in operation for more than one year using the actual comparable days of operation for each DOS for the prior year (meaning only the days in which such DOS were open in both years).

Net Financial Position: short-term and long-term financial payables to third and related parties, plus lease obligations, less cash and cash equivalent and short-term and long-term financial receivable from third and related parties.

40. 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
Pellettieri d'Italia srl (*)	EUR	25	60.00	Milan, Italy	10/07/2013	Production

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	26,000	100.00	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
Prada Sweden AB	SEK	500	100.00	Stockholm, Sweden	18/12/2012	Retail
Church Footwear AB	SEK	100	100.00	Stockholm, Sweden	18/12/2012	Retail
Prada Switzerland sa (*)	CHF	226	100.00	Geneve, Switzerland	28/09/2012	Retail
Erfico SA (*)	CHF	50	100.00	Geneve, Switzerland	28/09/2012	Retail
Prada Kazakhstan llp (*)	KZT	500	100.00	Almaty, Kazakhstan	24/06/2013	Retail
Kenon Limited	GBP	50,000	100.00	London, UK	07/02/2013	Real Estate

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	100.00	Mexico City, Mexico	12/07/2011	Retail
PRADA Brasil Importação e Comércio de Artigos de Luxo Ltda. (*)	BRL	30,000	100.00	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	115,100	100.00	Hong Kong	03/11/1997	Dormant
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	THB	172,000	100.00	Bangkok, Thailand	19/06/1997	Retail
PRADA Japan co ltd	JPY	1,200,000	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, Australia	21/04/1997	Retail
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	174,950	100.00	Shanghai, China	31/10/2005	Retail
Church Japan co ltd	JPY	3,050	100.00	Tokyo, Japan	17/04/1992	Retail
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
Prada Dongguan Trading Co., Ltd	HKD	3,000	100.00	Dongguan, China	28/11/2012	Service company
Church Footwear (Shanghai) Co., Ltd	RMB	11,900	100.00	Shanghai, China	05/12/2012	Retail
Prada New Zeland ltd	NZD	80,000	100.00	Wellington, New Zealand	05/07/2013	Retail

Entity	Local currency	Share capital (000s of local currency)	% interest	Registered office	Date of incorporation/ establishment	Main business
Middle East						
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	49.00	Dubai, United Arab Emirates	04/08/2011	Retail
Prada Kuwait wll (**)	KWD	50	49.00	Kuwait city, Kuwait	18/09/2012	Retail
Prada Retail SPC (*)	QAR	15,000	100.00	Doha, Qatar	03/02/2013	Retail
Other countries						
PRADA Maroc sarlau (*)	MAD	44,000	100.00	Casablanca, Morocco	11/11/2011	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, 2013	Percentage direct interest as at July 31, 2012	Note	Consolidation method
PAC srl (in liquidation)	49.00	49.00	Associate	Equity method

41. Events after the reporting period

On August 1, 2013, the Euro 130 million Notes admitted on the Irish Stock Exchange was settled.